

9/20/79 [1]

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 9/20/79
[1]; Container 131

To See Complete Finding Aid:

http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
<p>Briefing Book</p> <p><u>Folder 2</u></p> <p><u>Folder 1</u></p>	<p>From Brzezinski to The President (125 pp.) re: Overseas Employment</p> <p>59117-1 ed 102 pp RAC NLC-126-18-15-1-6 KS 10/23/13</p> <hr/> <p>Declass 11 pp RAC NLC-126-18-14-1-6 NLC-126-18-14-2-5</p> <p>Sanitized 48 pp RAC NLC-126-18-14-2-6 NLC-126-18-14-3-5 NLC-126-18-14-5-3 NLC-126-18-14-6-2 NLC-126-18-14-7-1</p> <p>KS 10/31/13</p>	<p>9/20/79</p>	<p>A</p>

FILE LOCATION
 Carter Presidential Papers- Staff Offices, Office of the Staff Sec. - Pres. Hand-writing File Overseas Employment [Briefing Book] 9/20/79 BOX 147

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

THE PRESIDENT'S SCHEDULE

Thursday - September 20, 1979

NOT ISSUED

8:00 Dr. Zbigniew Brzezinski - The Oval Office.

✓ # 8:30 Meeting with Congressional Delegation. (Mr. Frank
(45 min.) Moore) - The Cabinet Room. *necessary*
Modeline Albright (Dee) no talking of subject just → *tomorrow!*
basic format

✓ 9:30 Senator Pete V. Domenici. (Mr. Frank Moore).
(10 min.) The Oval Office. *Regina 7866* → *7:00 P.M. tonight*

9:45 Mr. Hamilton Jordan and Mr. Frank Moore.
The Oval Office.

✓ # 12:00 Lunch with Governor Edwin W. Edwards. *Weddington/Watson*
(30 min.) The Oval Office. *(Alicia)*

3:30 Drop-By Briefing for Leadership of the National
(15 min.) Conference of State Legislatures. (Mr. Jack
Watson) - Room 450, EOB.

Marcia → waiting for final list of attendees otherwise ready

✓ 6:00 Buffet Dinner with the United Democrats of
Congress - The State Dining Room.

Here

I AM TODAY APPOINTING AN EMERGENCY BOARD, UNDER THE RAILWAY LABOR ACT, TO INTERVENE IN THE LABOR DISPUTE THAT HAS CRIPPLED THE ROCK ISLAND RAILROAD SINCE AUGUST 27.

THIS STRIKE IS HAVING A SEVERE ADVERSE ECONOMIC IMPACT ON FARMERS ~~OF VIRTUALLY EVERY STATE IN THE CENTRAL UNITED STATES.~~ ^{THROUGHOUT} ~~ALREADY~~ ^{ALREADY} ~~MARKETING~~ ^{MARKETING} ~~HARVESTING~~ ^{HARVESTING} OF WHAT PROMISES TO BE A RECORD GRAIN HARVEST COULD BE GENUINELY THREATENED.

IF THE GRAIN DOES NOT BEGIN TO MOVE ON SCHEDULE WITH THE HARVEST, NOT ONLY WOULD THERE BE ECONOMIC LOSS TO THE FARMERS, EMPLOYMENT LOSS IN THE PROCESSING INDUSTRY,...BUT ULTIMATELY THE CONSUMER WOULD BE AFFECTED BY HIGHER FOOD PRICES AS WELL.

(=OVER=) (THE PURPOSE OF THIS ACTION,...)

Electrostatic Copy Made
for Preservation Purposes

THE PURPOSE OF THIS ACTION IS TO GET THE TRAINS ROLLING AGAIN IN A MATTER OF DAYS, AND TO START MOVING GRAIN THAT HAS BEEN PILING UP IN THE LARGE AREAS OF THE MIDWEST SERVED BY THE ROCK ISLAND LINE.

BECAUSE THE ROCK ISLAND IS CRITICALLY SHORT OF CASH, IT IS PROBABLE THAT THE RAILROAD WILL NOT BE ABLE TO RESTORE SERVICE ON ITS OWN. TO MEET THAT DIFFICULTY, I AM ASKING THE INTERSTATE COMMERCE COMMISSION TO TAKE THE STEPS NEEDED TO PERMIT OTHER RAILROADS TO EMPLOY ROCK ISLAND WORKERS TO MAINTAIN SERVICE.

I AM TAKING THESE STRONG ACTIONS BECAUSE WE ABSOLUTELY MUST MOBILIZE ALL OUR TRANSPORTATION RESOURCES FOR THE MOVEMENT OF GRAIN DURING THIS PERIOD OF RECORD-BREAKING GRAIN HARVESTS AND RECORD-BREAKING EXPORT DEMANDS.

(=NEW CARD=) (NOT ONLY OUR.....)

NOT ONLY OUR FARMERS, BUT ALSO THE CONSUMERS OF GRAIN -- AND THAT MEANS MANY MILLIONS OF PEOPLE, BOTH HERE AND ABROAD -- MUST BE PROTECTED.

I HAVE ACTED BECAUSE THE NORMAL PROCESS FOR SETTling LABOR DISPUTES HAS BROKEN DOWN, PRIMARILY AS A RESULT OF THE LIKELIHOOD THAT THE ROCK ISLAND'S FINANCIAL SITUATION WOULD NOT PERMIT IT TO RESTORE SERVICE EVEN IF A SETTLEMENT COULD BE REACHED.

AS AN ADDITIONAL STEP, I HAVE DIRECTED THE SECRETARIES OF TRANSPORTATION, LABOR, AND AGRICULTURE TO WORK CLOSELY WITH STATE OFFICIALS AND WITH THE CHAIRMAN OF THE ICC IN SOLVING THE DAY-TO-DAY SAFETY AND OPERATIONAL PROBLEMS ASSOCIATED WITH GETTING THE ROCK ISLAND TRAINS ROLLING AGAIN ACROSS THE GRAIN BELT.

Electrostatic Copy Machine
for Preservation Purposes

(=OVER=) (WE MUST NOW MOVE.....)

WE MUST NOW MOVE QUICKLY BEYOND THIS IMMEDIATE PROBLEM AND WORK TO RESTORE ALL OUR RAIL SERVICES TO A HIGH DEGREE OF EFFICIENCY AND FINANCIAL STABILITY.

THE CURRENT SITUATION OF THE ROCK ISLAND RAILROAD IS SYMPTOMATIC OF THE PROBLEMS THAT CONFRONT THE ENTIRE UNITED STATES RAIL INDUSTRY.

TO PREVENT FURTHER PROBLEMS SUCH AS THOSE I HAVE CONFRONTED WITH ROCK ISLAND, I CALL UPON THE CONGRESS TO PASS MY RAIL DEREGULATION PROPOSAL TO BREAK THE STRANGULATION OF OUTDATED, UNNECESSARY ECONOMIC REGULATIONS WHICH WILL HELP THE INDUSTRY GENERATE THE REVENUES IT NEEDS TO MAINTAIN AND IMPROVE SERVICES.

(=NEW CARD=) (ONLY BY SUCH.....)

**Electrostatic Copy Made
for Preservation Purposes**

ONLY BY SUCH FUNDAMENTAL ACTION CAN WE AVOID FURTHER BANKRUPTCIES
AND DISLOCATION IN OUR RAIL INDUSTRY.

SUCH A ^{Deregulation} REFORM BILL WILL BE A VICTORY FOR THE HARD-PRESSED RAIL
INDUSTRY, THE SHIPING AND CONSUMING PUBLIC, AND THE TAXPAYERS WHO ARE
INCREASINGLY HAVING TO SUBSIDIZE THE RAIL INDUSTRY.

#

**Electrostatic Copy Made
for Preservation Purposes**

Susan
cards

1:15
Jim Wms.
Jody's
Office
straight participate - notes J + W

Rock Island Railroad statement

I am today appointing an Emergency Board, under the
Railway Labor Act, to intervene in the labor dispute that
has crippled the Rock Island Railroad since August 27.

INSERT

^{Purpose} The ~~effect~~ of this action ^{today is} ~~will be~~ to get the trains
rolling again in a matter of days, and to start moving
the ~~tons of~~ grain that ^{has} ~~have~~ been piling up in the large
areas of the Midwest served by the Rock Island line.

Because the Rock Island is critically short of cash,
it is probable that the railroad will not be able to
restore service on its own. To meet that difficulty, I
am ^{asking} ~~also today calling upon~~ the Interstate Commerce Commission
to take the steps needed to permit other railroads to
employ Rock Island workers to maintain service.

I am taking these strong actions because we absolutely must mobilize all our transportation resources for the movement of grain during this period of record-breaking grain harvests and record-breaking export demands. Not only our farmers but also the consumers of grain -- and that means many millions of people, both here and abroad -- must be protected.

I have acted because the normal process for settling labor disputes has broken down, primarily as a result of the likelihood that the Rock Island's financial situation would not permit it to restore service even if a settlement could be reached.

As an additional step, I ~~am directing~~ *have directed* the Secretaries of Transportation, Labor and Agriculture to work closely with state officials and with the Chairman of the ICC ~~on~~ *in* solving the ~~many~~ day-to-day safety and operational problems

associated with getting the Rock Island trains rolling again across the grain belt.

[The impact of the shutdown and probable restructuring of the Rock Island again demonstrates just how fundamental rail transportation is to our economy. Our rail system was built at a time when there was little or no competition from other means of large-scale transportation such as trucks, barges, pipelines and airplanes. We are now in a wrenching period of transition as we struggle to adapt our rail system to a new era.] [Possible deletion]

We must now move quickly beyond this immediate problem and *work to restore* ~~get down to the business of restoring~~ all our rail services to a high degree of efficiency and financial stability. ~~[The emergency action I am taking today is a step in that direction.]~~

add

#

BA

A

add

The current situation of the Rock Island Railroad is symptomatic of the problems that confront the entire United States rail industry. To prevent further problems such as those I have confronted with Rock Island, I call upon the Congress to pass ^{my} the rail deregulation proposal to break the strangulation of outmoded, unnecessary economic regulations which will help the industry generate the revenues it needs to maintain and improve services. Only by such fundamental action can we avoid further bankruptcies ^{and} ~~in this~~ dislocation in our rail industry. Such a reform bill will be a victory for the hard-pressed rail industry, the shipping and consuming public, and the taxpayers who are increasingly having to subsidize the rail industry.

INSERT

(This strike is having a severe adverse economic impact on farmers of virtually every state in the Central United States. Already grain processing mills are closing down. Within two weeks, the harvesting of what promises to be a ~~year~~ record grain harvest could be genuinely threatened. ~~Not only would there be~~ If the grain does not begin to move on schedule with the harvest, not only would there be economic loss to the farmers, ~~loss of employment~~ employment loss in the processing industry, but ultimately the consumer would be affected by higher food prices as well.

||

Hertzberg/Rubenstein
9/19/79
Draft

Susphy
cards ✓

Rock Island Railroad statement

I am today appointing an Emergency Board, under the Railway Labor Act, to intervene in the labor dispute that has crippled the Rock Island Railroad since August 27.

The ^{Purpose} ~~effect~~ of this action ^{is} ~~will be~~ to get the trains rolling again in a matter of days, and to start moving ~~the tons of~~ grain that ^{has} ~~have~~ been piling up in the large areas of the Midwest served by the Rock Island line.

Because the Rock Island is critically short of cash, it is probable that the railroad will not be able to restore service on its own. To meet that difficulty, I am ^{asking} ~~also today calling upon~~ the Interstate Commerce Commission to take the steps needed to permit other railroads to employ Rock Island workers to maintain service.

**Electrostatic Copy Made
for Preservation Purposes**

I am taking these strong actions because we absolutely must mobilize all our transportation resources for the movement of grain during this period of record-breaking grain harvests and record-breaking export demands. Not only our farmers but also the consumers of grain -- and that means many millions of people, both here and abroad -- must be protected.

I have acted because the normal process for settling labor disputes has broken down, primarily as a result of the likelihood that the Rock Island's financial situation would not permit it to restore service even if a settlement could be reached.

As an additional step, I ^{have directed} ~~am directing~~ the Secretaries of Transportation, Labor and Agriculture to work closely with state officials and with the Chairman of the ICC ~~on in~~ solving the ~~many~~ day-to-day safety and operational problems

associated with getting the Rock Island trains rolling again across the grain belt.

[The impact of the shutdown and probable restructuring of the Rock Island again demonstrates just how fundamental rail transportation is to our economy. Our rail system was built at a time when there was little or no competition from other means of large-scale transportation such as trucks, barges, pipelines and airplanes. We are now in a wrenching period of transition as we struggle to adapt our rail system to a new era.] [Possible deletion]

We must now move quickly beyond this immediate problem and *work to restore* ~~get down to the business of restoring~~ all our rail services to a high degree of efficiency and financial stability. [The emergency action I am taking today is a step in that direction.]

ok

The current situation of the Rock Island Railroad is symptomatic of the problems that confront the entire United States rail industry. To prevent further problems such as those I have confronted with Rock Island, I call upon the Congress to pass ^{my} ~~the~~ rail deregulation proposal to break the strangulation of outmoded, unnecessary economic regulations which will help the industry generate the revenues it needs to maintain and improve services. Only by such fundamental action can we avoid further bankruptcies ^{and} ~~in this~~ dislocation in our rail industry. Such a reform bill will be a victory for the hard-pressed rail industry, the shipping and consuming public, and the taxpayers who are increasingly having to subsidize the rail industry.

Electrostatic Copy Made
for Preservation Purposes

TAB C

~~SECRET/SENSITIVE~~

TAB C

REVIEW GROUP RECOMMENDATIONS REQUIRING LONGER TERM ANALYSIS

The following Review Group recommendations require extensive analysis before we can recommend implementation. We will make recommendations to you after the first of the year, with some issues ready for decision as early as February 1, 1980.

1. The Secretary of State should --

- a. with the assistance of the Administrator of AID and the Director of ICA, undertake a study aimed at clarifying overseas hiring regulations and practices and making them more flexible so that clear directions can be given to Chiefs of Mission by October 1, 1980.

ACTION: State will conduct this review with a view to an agreed approach to the personal and non-personal service contract hire, hire of dependents of U.S. Government employees, hire of American citizens resident overseas and, on a selective basis, hire of American citizens in positions now designated for foreign service national employment.

- b. establish a task force to review and streamline consular regulations, many of which are out of date or unnecessarily complex.

ACTION: State's Bureau of Consular Affairs will undertake urgently a review of these consular regulations.

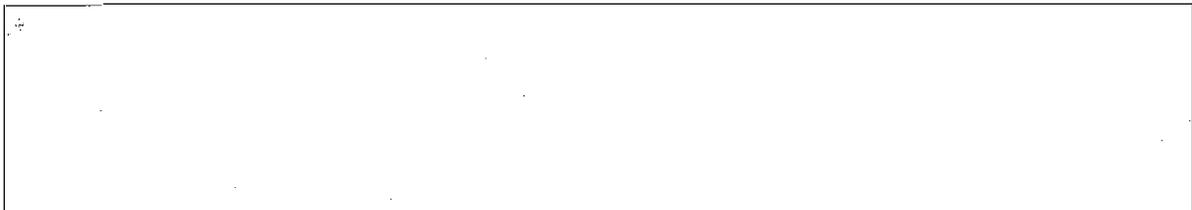
- c. give high priority to the development and implementation of automated systems to assist with consular functions.

ACTION: State's Bureau of Administration and Consular Affairs will develop these proposals.

- d. form an interagency task force charged with developing programs and equipment requirements for Automated Data Processing.

ACTION: State will establish a task force to review work already done in that area, to update it, and to develop additional program and equipment requirements. 25X1

e.



MORI per C03351676

~~SANITIZED~~

~~Per, Rac Project~~

~~ESDN: NLC-126-18-14-2-C~~

BY 945 NARA DATE 1-13-13

~~SECRET/SENSITIVE~~

DERIVATIVE CL BY Dept. of State

DECL REVW ON 7/9/99

DERIVED FROM Brown, L.D.

25X1

~~SECRET/SENSITIVE~~

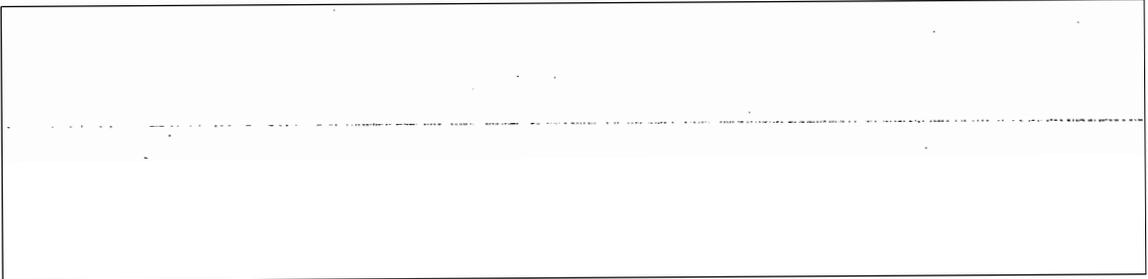
2.

- b. establish an interagency task force to review the overseas diplomatic communications system in order to eliminate duplication whenever possible. 25X1

ACTION: OMB will pursue this objective with [redacted] a view to providing a single unified system for more rapid and secure communications.

- c. prepare a Presidential directive requiring the Secretary of Defense to review the justification for miscellaneous defense offices with the participation of the Secretary of State and the Director of OMB and determine whether these offices should be included in MODE.

ACTION: OMB will ask Defense and State to conduct a review of miscellaneous Defense offices.



~~SECRET/SENSITIVE~~

25X1



Serial: N6006

15 August 1979

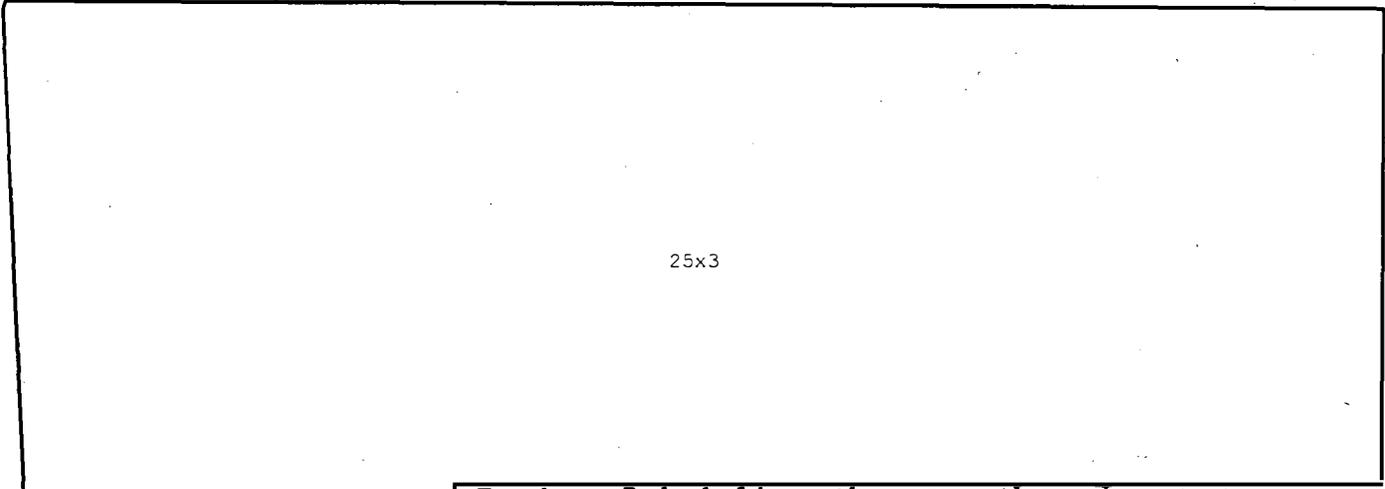
~~SECRET~~

NSA REVIEWED 08-Sep-2011: NSA REVIEW COMPLETED

MEMORANDUM FOR THE ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS

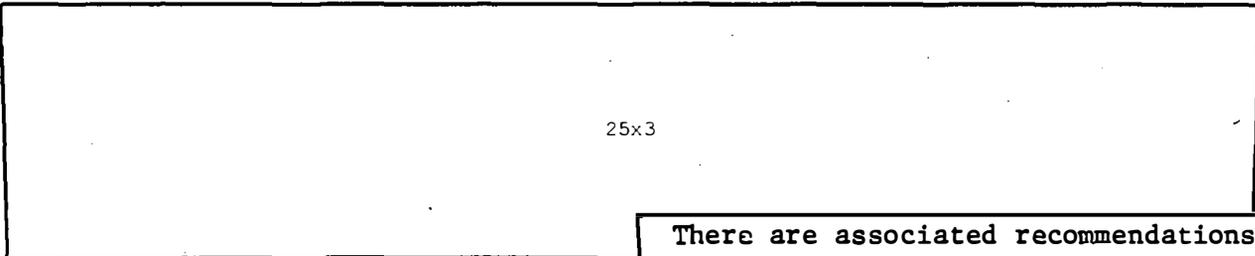
SUBJECT: Report to the President Recommending Reducing U.S. Activities
Abroad

1. The opportunity to comment on the report is greatly appreciated, particularly since it contains errors of fact and is replete with misunderstandings and incomplete information. Perhaps I should take solace that in this instance, security has apparently been excellent about how the U.S. SIGINT system is managed and what it produces, even though I would have preferred that a study for the President be based on a full understanding of the facts. I believe such would have been easily accomplished if the Secretary of Defense had been represented on the study group.



25x3

Further, I do believe that more than adequate study of this issue is ongoing all the time.



25x3

There are associated recommendations calling for a consolidation of communications and administrative services. These proposals, if approached cautiously and in full coordination with all parties, taking into consideration special security and operational response requirements of the SIGINT system, may produce some savings.

CLASSIFIED BY NSA/CSSM 123-2

REVIEW ON 15 AUG 2007

1999

SANITIZED

Per, Rac Project

ESDN: NLC-126-18-14-3-5

BY KS NARA DATE 10/01/13

~~SECRET~~

~~HANDLE VIA COMINT CHANNELS ONLY~~

Serial: N6006

4. With respect to the proposed study to determine the value of signals intelligence activities overseas, NSA welcomes knowledgeable evaluation of our activities in support of the intelligence requirements of the United States. We have received a number of such evaluations by several bodies and we are prepared to participate fully in future reviews of this nature. I urge that any review be undertaken in the context of the total set of requirements against which the U.S. SIGINT system is operating and that it take full advantage of existing mechanisms designed for this specific purpose, e.g., the SIGINT Committee.

5. In summary, I urge deletion of all portions related to NSA from the study and a separate tasking to the Secretary of Defense to pursue any item considered to have merit.



B. R. INMAN
Vice Admiral, U. S. Navy
Director, NSA/Chief, CSS

2

~~SECRET~~

~~HANDLE VIA COMINT CHANNELS ONLY~~



Washington, D. C. 20505

15 August 1979

MEMORANDUM FOR: The Honorable Zbigniew Brzezinski
Assistant to the President for National Security Affairs

SUBJECT : Comments on the State/OMB Recommendation to the President
on Reducing US Employment Abroad (U)

1. We have reviewed Secretary Vance's and Mr. McIntyre's memorandum to the President on reducing US employment abroad and the supporting material. My comments on the most significant issues therein relating to the conduct of US intelligence are forwarded in this memorandum for the President's consideration. (U)

2. We support the concept of reducing overseas staffing and eliminating unnecessary duplication of [redacted] services abroad whenever these goals can be accomplished without adverse effect to operational activities. There is no doubt in my mind that questionable overseas activities merit re-examination and rejustification with the full participation and input of the agencies involved. As a general observation, I would like to note

X1

[redacted] While it may be possible to effect additional modest reductions in selected areas as requirements change, I feel quite strongly that any further substantial reductions run the risk of serious adverse effect on this Agency's ability to carry out its basic intelligence mission. Thus, I strongly support the Review Group's recommendation "against across-the-board percentage cuts as a method of accomplishing further reductions." Further, the statutory responsibilities of the Director to protect intelligence sources and methods obviously must be afforded full consideration in any change in the way our activities are conducted abroad. (S)

25X1

X1

3. The complete package prepared for the President (including Tabs A, B, and C) contains a substantial set of topics which indeed span many areas vital to the successful continuation of intelligence operations. We agree thoroughly with the three-tiered approach to the recommendations and have no problems with Tab A, the topic of currently proposed action. And we would hope to be involved in the review of the items in Tab B. The recommendations in Tab C, however, cause us serious concern. Their study must be planned and executed with extreme wisdom and care to avoid potential damage to U.S. intelligence. The following paragraphs illustrate the area of our concern. (U)

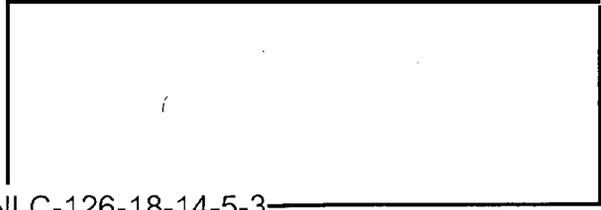
25X1

SANTIZED

Per, Rac Project

ESDN: NLC-126-18-14-5-3

BY 125 NARA DATE 10/31/02



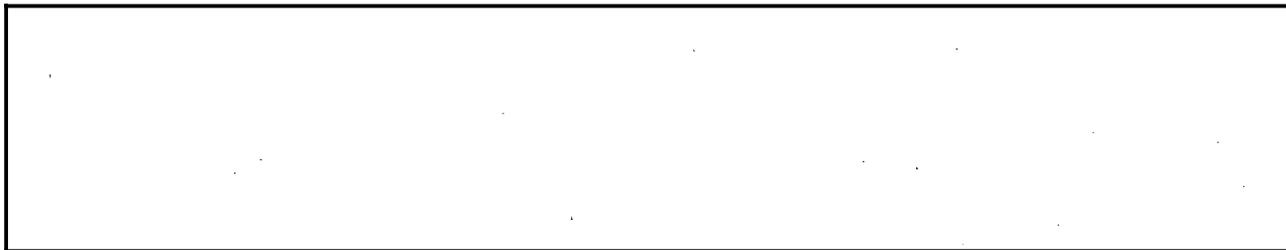
4. We will support the OMB zero-base review of overseas functions and positions as part of the FY 1981 budget formulation process, though within the time frame it will be difficult for us to give the subject the thoughtful consideration that it deserves. I point out that Mr. McIntyre's 3 August letter to the DCI on this subject requested "overall recommendations ... including a Community-wide ranking ... should be provided to OMB as part of (our) November 15 submission." That request gives us somewhat longer than is indicated in the Vance/McIntyre memorandum. (S)

25X1

~~SECRET~~

~~SECRET~~

25X1



8. My staff and I remain available to discuss these very vital issues with you. (U)

Frank C. Carrucci
Frank C. Carrucci

~~SECRET~~

State Dept. review completed

~~SECRET/SENSITIVE~~

DOJ Review Completed.

MEMORANDUM TO: The Secretary of State July 10, 1979

The Director, Office of Management & Budget

NSA review completed

SUBJECT: REVIEW OF OVERSEAS STAFFING

DHS review(s) completed.

In response to the President's approval of your joint memorandum of May 25, 1979 (Tab A), two OMB/State Teams briefly visited 12 overseas Missions in 22 days. The Teams reassembled in Washington. They drafted and concurred in findings and recommendations, which are attached. The Teams also completed 12 country studies (Tab B).

Several salient features of the official American community abroad quickly emerged. First, the era of the automatic percentage cut, applicable to all agencies, is over. It has resulted in reduced personnel ceilings that have cut deeply into the ability of Chiefs of Mission to direct and provide the type of careful, analytical reporting that Washington needs and, in many cases, have reduced administrative support below adequate levels. In addition, sharply escalating demands on Consular Sections have forced our Government to dedicate constantly increasing numbers of staff to performance of these essential functions.

Shifting interpretations of what American interests are or the emergence of new and difficult problems in an already complex world have pushed overseas Missions into new endeavors with mixed success; it has forced some concentration on what is important. It has also left undone things which should be done.

Many agencies, especially those whose foreign activities are but a small percentage of their total programs, have survived or escaped past cuts. The

~~SECRET/SENSITIVE~~

OSD review completed

On file OMB release instructions apply.

SANITIZED
Per; Rac Project
ESDN; NLC-126-18-14-6-2
BY 120 NARA DATE 10/31/13

~~SECRET/SENSITIVE~~

2

traditional foreign affairs agencies, whose main efforts are abroad, have taken heavy reductions.

It is our firm belief that the across-the-board percentage cut is not appropriate at this time. Preferable is the review of functions, specifically identifying those activities which can be discontinued with little or no cost to American interests. This we have sought to do in two ways. First, we have prepared papers identifying activities and manpower where considerable savings can be made, albeit not easily, as strong objections from agencies can be expected. Second, country papers were prepared setting forth cuts of functions within Missions from which were derived the more general findings.

If all our recommendations were carried out for the 12 countries surveyed, cuts in American manpower would total 516 (12 percent). Some of these cuts should be taken immediately. Others would require time to phase down. Still others would require legislation. We cannot estimate the number of positions that might be saved worldwide if the country recommendations were generalized to cover all overseas posts. The savings would obviously be substantial. They would not, in our judgment, seriously impair the ability of the American Government to carry out its tasks abroad.

The Review Group believes that its report should be considered in the context of an extremely cynical atmosphere in the foreign affairs community on the subject of overseas staff reductions. This attitude results, in part, from Congressional efforts to increase presence in certain locations and functional areas and the recent success in frustrating consular closings and other reductions proposed by the Administration. Another cause of the lack of credibility concerning staff reductions has been the inability of Chiefs of Mission to effect even minor adjustments because of Washington's unwillingness or inability to carry out expeditiously their recommendations. Finally, some agencies still believe it is in their best interest to place more rather than fewer people abroad.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

There is a dilemma facing the U.S. Government in dealing with the complexity of the world today. Washington agencies want their own specialists in the field. Recent pressure to increase science and technology officers from a wide range of agencies is symptomatic of the solutions offered. Yet expansion of the specialist corps runs counter to the expressed desire for lean Missions. Generalists are often what a Chief of Mission seeks as he surveys all the problems with which he must deal. As the U.S. Government looks into the future and seeks to restrain employment abroad, it will probably have somehow to weaken the silver cord which binds the specialist to his Washington agency and thus permit the Chief of Mission to deploy more rationally the smaller staff he will have in light of local conditions and constraints.

The Review Group notes that there is a "gray area" of overseas employment. It consists of those American officials who work for agencies or organizations which do not report either to the Chief of Mission nor to area military commanders. Their lines of authority and communication lead directly to Washington or even to small military organizations scattered throughout the United States. The total numbers are not small. [redacted]

25X3

25X3

[redacted] This number is double that of the 7,037 Americans employed overseas by State, AID, ICA [redacted]

25X1

X1

It is obvious to the Review Group that the "gray area" units must be drawn into the control mechanism (MODE). Otherwise serious personnel cuts for regular line agencies can be completely negated by uncontrolled increases of personnel.

For convenience, the Review Group's recommendations are summarized below. Each of the 19 action areas is discussed separately in the papers which follow:

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

4

1. State/OMB and the NSC staff should prepare a Presidential directive to strengthen the system for Monitoring Overseas Direct Employment (MODE).
2. State, with AID and ICA, should study hiring practices aimed at making them more flexible.
3. State/OMB should prepare a Presidential directive requiring Chiefs of Mission to further integrate the use of all personnel available at a post.
4. State/OMB should prepare a Presidential statement calling on agency heads to reduce TDY travel; State should establish a system for controlling travel to certain posts.
5. State should ascertain where additional reporting officers are required with emphasis on the less developed countries, particularly those where there is the greater potential for instability and where vital U.S. interests are involved.
6. OMB should prepare a Presidential directive requiring the establishment of Joint Administrative Organizations at all posts.
7. State should take eight separate actions in the area of consular operations.
8. State should establish an inter-agency task force on the use of automated data processing overseas.
9. OMB should establish an inter-agency task force to review overseas communications systems on the principle that the agency with the predominant amount of traffic should operate the facilities.
10. State and Justice should take action to expand rapidly overseas staffing of the refugee program.
11. OMB should review the need for regional offices overseas with the agencies involved.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

5

12. OMB should prepare a Presidential directive requiring all Executive Branch audit staffs to work from U.S. territory and request GAO to follow the same principle.

13. OMB should prepare a special study of AID organization, personnel and paperwork requirements and a Presidential directive requiring AID regional organization be disbanded.

14. OMB should prepare a Presidential directive requiring that the DEA regional offices in Mexico, Bangkok, and Paris be closed by the end of FY 80 and that State, Justice and OMB review DEA country programs with a view toward additional reductions.

15. OMB should prepare a Presidential directive regarding consolidation of DAOs and ODCs except in certain circumstances.

16. OMB should prepare a Presidential directive terminating the C-12 aircraft program for DAOs and MAAGs.

17. OMB should prepare a Presidential directive requiring Defense, State and OMB to determine the justification for certain DOD offices in Europe and whether these units should be included in the MODE system.

18. OMB should prepare a Presidential directive requiring (1) the establishment of an inter-agency task force to determine the value of intercept materials to user agencies, (2) a study of the cost/benefits of investing in modern electronic systems to "remote" collection operations and (3) the inclusion of all in the MODE system.

25X3

25X1

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

TEAM X

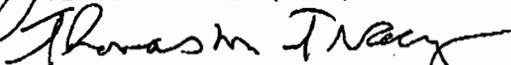
(Brazil, France, Germany,
Mexico, United Kingdom,
Switzerland)



L. DEAN BROWN



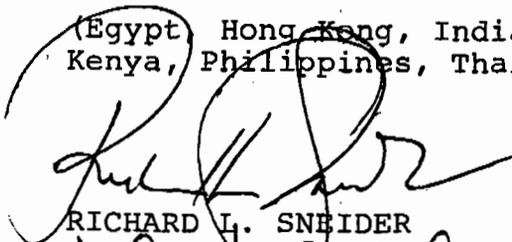
JAMES BARRIE (OMB)



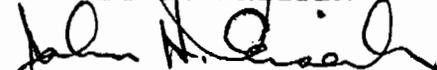
THOMAS M. TRACY (STATE)

TEAM Y

(Egypt, Hong Kong, India,
Kenya, Philippines, Thailand)



RICHARD L. SNEIDER



JOHN H. EISENHOUR (OMB)



N.G.W. THORNE (STATE)

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~STAFFING - AMERICANS ONLY

<u>COUNTRY</u>	<u>MODE BASE</u>	<u>NET CUT FROM MODE</u>	<u>GRAY AREA (approx.) NON-MODE</u>
Brazil	224	- 19	-
Egypt	286	+ 14	-
France	446	- 56	10
Germany	959	-110	4,500
Hong Kong	157	+16	-
India	237	- 12	-
Kenya	195	- 36	-
Mexico	472	-114	-
Philippines	402	- 60	258
Switzerland	56	- 5	-
Thailand	431	- 85	-
United Kingdom	488	- 49	2,300
	<u>4,353</u>	<u>-516 (12%)</u>	<u>7,068</u>

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

The following sections of recommendations are classified as listed below if detached from this report:

- | | |
|---|------------------|
| 1. Monitoring Overseas Direct Employment (MODE) | UNCLASSIFIED |
| 2. Hiring Flexibility | UNCLASSIFIED |
| 3. Mission Management | UNCLASSIFIED |
| 4. Visitors | UNCLASSIFIED |
| 5. Political and Economic/ Commercial Staffing | SECRET |
| 6. Administrative Support | UNCLASSIFIED |
| 7. Consular Operations | UNCLASSIFIED |
| 8. Automated Data Processing | UNCLASSIFIED |
| 9. Communications | SECRET/SENSITIVE |
| 10. The Refugee Problem | UNCLASSIFIED |
| 11. Regional Offices | UNCLASSIFIED |
| 12. Overseas Audit Operations | UNCLASSIFIED |
| 13. AID Organization Overseas | UNCLASSIFIED |
| 14. Drug Enforcement Agency | UNCLASSIFIED |
| 15. Foreign Military Sales and Defense Attaches | SECRET |
| 16. C-12 Aircraft | SECRET |
| 17. Miscellaneous Defense Department Offices | UNCLASSIFIED |
| 18. National Security Agency | SECRET/SENSITIVE |
| 19. Central Intelligence Agency | SECRET/SENSITIVE |

~~SECRET/SENSITIVE~~

RDS-2 July 9, 1999 (BROWN, L.D.)

~~SECRET/SENSITIVE~~DHS review(s)
completed.NSA review
completedMONITORING OVERSEAS DIRECT EMPLOYMENT (MODE)

American and foreign service national direct hire employment abroad, supervised by Chiefs of Diplomatic Missions, is controlled under a system established by the National Security Council and is under the direction of the NSC Policy Review Committee, chaired by the Secretary of State. The State Department and its MODE office is the focal point for the administration of the MODE control and reporting system. For ten years, the system has been useful in trying to assure (1) that employment abroad is the minimum needed to fulfill U.S. interests and (2) that Chiefs of Diplomatic Missions are aided in supervising overseas staff of all agencies under their authority. The system has significant weaknesses, however.

OSD review completed
w/referral DIA

1. Out-Year Planning. The MODE system is directed primarily to current year ad hoc employment changes. It is not directed toward up-coming plans as are the budget process and the State Department's "Goals and Objectives Resource Management" (GORM) ZBB budget process. Consequently, agencies pay little attention to budget year and out-year decision-making about employment abroad.

2. Protracted Decision-Making. MODE is a weak action-forcing process. Decisions made by State regional assistant secretaries, as authorized by MODE guidelines, tend to be stalled or ignored by top level officials of other agencies. High State officials are reluctant to confront higher officials of these agencies. The resulting indecision weakens the resolve of Chiefs of Missions to identify employment problems and confirm in the agencies the low priority they place on MODE.

3. Coverage. There are some activities, primarily within the Defense Department, that are not clearly under the direction of Chiefs of Missions nor under the command of area military commanders. This ambiguity leaves no one responsible for in-country presence concerns regarding substantial numbers of Americans. It also results in unnecessary conflict when employment numbers are challenged by Chiefs of Missions.

DOJ Review
Completed.

On file OMB release instructions apply.

State Dept. review
completed~~SECRET/SENSITIVE~~

SANITIZED

Per, Rac Project

~~SECRET/SENSITIVE~~

2

4. Agency Cooperation. Some agencies fail to cooperate fully in providing needed information and agency recommendations on a timely basis to the State Department. This results in some cases from differing interpretations of the MODE guidelines and from a tendency to treat employment abroad as a minor concern.

5. Poor Record-Keeping. State Department record-keeping on MODE ceilings and on-board employment is incomplete and slow. An accurate, current foundation of appropriate numbers is not readily available, because of lack of cooperation from agencies and an adequate staff that must manually maintain records.

We believe that the present MODE system should be updated and strengthened. The improved system should include:

1. Integration of the MODE system into the State Department's GORM process, whereby views of Chiefs of Mission on staffing are provided.

-- MODE data would be on a fiscal year basis.

-- MODE estimates would be made for the budget year and preferably for one year beyond.

2. A requirement for more rapid decision-making in Washington. Authorize the Under Secretary of State for Management to make decisions, which shall be final unless appealed by an agency head to the Director of the Office of Management and Budget.

3. A requirement that all Missions report quarterly confirming the existence and status of MODE positions.

4. The utilization of special State/OMB teams more frequently in those situations where Chiefs of Mission believe such a visit would be helpful.

5. Adoption of automated data record-keeping for MODE by State as early as practicable.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

3

The Review Group recommends:

that the Secretary of State, the Director of OMB, with the Assistant for National Security Affairs, review jointly the weaknesses and possible improvements to the MODE system and draft a comprehensive strengthening of that system for the President to promulgate.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

HIRING FLEXIBILITY

It is clear that current hiring regulations and practices severely restrict the capability of diplomatic Missions to administer effectively and efficiently various Mission activities. Particularly affected are administrative support and consular activities, although some of the other Mission elements might also be accomplished at less cost if management had a wider choice of hiring relationships to apply to various employment situations.

At the present time the greatest constraint on management flexibility is each agency's employment ceiling for full-time permanent and part-time, temporary and intermittent employees. Reductions of those ceilings for a few agencies over a period of years have contributed to undone work, the most obvious and expensive being poor upkeep and postponed maintenance of many U.S.-owned buildings abroad. It is highly unlikely that employment ceilings will be removed, but it is clear that tight ceilings and other employment practices tend to force Mission management into some dubious employment practices. The whole area of employment in diplomatic Missions needs study and clarification. Management needs to have its hiring tools identified and defined so that rational choices can be made to meet varying situations.

Direct hire, either on a full-time permanent, or a part-time or temporary basis, can often be the best, low cost alternative. Cost estimates indicate that full-time skilled maintenance employees are often less expensive than utilizing maintenance contracts. Temporary or part-time employees can be utilized to meet peak-load situations, like the issuance of non-immigrant visas.

Personal service contracts are ideal where management has a specific job it wishes to manage for some period of time but does not want to make a permanent commitment of Federal employment. AID and the Peace Corps have this general authority; State has it for engineer/architects overseeing construction of a building. Broader uses by other agencies, especially State and ICA, are appropriate, e.g., managing a conference or lecture series, preparing special studies or reports, overseeing the maintenance of buildings.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

2

Non-personal service contracts can advantageously be utilized to provide a product or service where Mission management need not exercise direct supervision. It appears that these contracts work especially well for guard, janitorial and gardening services. Broader use for particular products may be advantageous, however, it is clear that this kind of contract, entered into by Embassies with the local U.S. employees recreation association, is used as a means of escaping employment ceilings. This whole area needs urgent attention and clarification.

Consular Agents - The section on consular activities urges greater use of retired or resident Americans to provide special consular services at some places abroad.

There are distinct advantages to a more flexible utilization of the hiring devices mentioned above.

1. Lower Cost - This should always be the central consideration. Standard rules for the comparative computation of cost are needed to aid Missions in making appropriate hiring proposals and decisions.

2. More flexibility is provided management to make the right hiring decision to meet on-the-spot needs.

3. Reduced American presence results if dependents of American employees or American residents are hired to meet needs that do not require permanent full-time U.S. employees.

4. Continuity of staff is enhanced if either resident American or foreign service nationals are hired rather than rotating U.S. career employees.

There are, however, disadvantages that apply to particular situations:

1. The risk of favoritism toward particular dependents or residents could result in Mission morale problems.

2. The narrowing of job opportunities for American career employees could also create morale problems, especially regarding secretaries and nurses, and make the Foreign Service as a career less attractive because of reduced opportunities abroad.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

3

3. Increases risk of utilizing hiring devices other than direct hire that may be more expensive as a way of avoiding employment ceiling constraints and trade-offs.

4. Opposition of foreign service national employees, and their governments, may result as such employees are replaced by American dependents or residents.

The Review Group recommends:

that the Secretary of State, with the assistance of the Administrator of the Agency for International Development and the Director of the International Communications Agency, undertake a study aimed at clarifying overseas hiring regulations and practices and making them more flexible so that clear directions can be given to Chiefs of Mission by October 1, 1980.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

MISSION MANAGEMENT

The critical factor in effective use of scarce personnel resources overseas and the maintainence of the necessary level of overseas presence is strong Mission management. The Chief of Mission must have the authority to use the full resources of his Mission in the manner best suited to fulfill the Mission's responsibilities. He must also be held responsible for exercising this authority. At the present time, both are the exception rather than the rule.

The fundamental problem lies in the competitive pull, both in Washington and in the field, of agency programs and responsibilities as against those of the overseas Mission. The various U.S. Government agencies' overseas activities focus on their individual programs and their representatives overseas reflect this emphasis. The Mission management necessarily concentrates on the broader country responsibilities facing it. If the U.S. overseas presence is to be minimized and used effectively, there must be greater emphasis on strengthening the overall Mission role as against the agency interests.

The Review Group recommends:

1. that the Secretary of State and the Director of OMB should prepare a Presidential directive requiring each Chief of Mission to provide strong management of all elements in his Mission, not just the State elements, to integrate these elements and to shift personnel of other agencies when necessary, and to report and analyse longer term country developments;
2. that the Secretary of State and the Director of OMB should prepare a Presidential directive requiring that overseas staffs of other agencies, including AID and ICA, provide, on a continuing and regular basis, reporting to be integrated into the overall Mission reports. All resources and contacts in the country of assignment should be available to the Chief of Mission.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

VISITORS

Large numbers of visitors at certain Embassies require substantial staff time. Embassy London estimates as many as 10,000 official visitors are provided some kind of service annually. Embassy Paris believes it handles about 12,000 annually. Mexico City is also faced with a substantial visitor workload. Embassy Cairo with its limited staff found it particularly difficult to handle 1,645 visitors last year and the increasing number in 1979.

An Embassy London study estimates that, of thirty work years devoted to visitors in 1978, 73 percent fell on State Department elements (primarily the administrative, political and economic sections), while 17 percent fell on the Defense Attache Office. The remaining ten percent of the time was scattered among 11 other agency elements of the Embassy. Visitors invariably become a first priority call on staff time reducing regular work, e.g., the preparation of substantive reporting and analysis. The execution of Embassy reporting plans appears to lag in these posts with larger visitor workloads.

Embassy officials do not, however, object to all visitors. Generally speaking, Congressional Delegations (CODELS) are believed to be worthwhile to the Embassy as well as to the Members of Congress. Embassy officials tend to be less impressed with the value of Congressional Staff Delegations (STAFFDELS) which are unaccompanied by Members of Congress. Embassy London found that about 36 percent of the time devoted to visitors in 1978 was applied to Congressional visitors. There was little expectation that this workload would decrease.

The London analysis indicates that the Executive Branch generates over 60 percent of the visitor workload. It is clear that some attention must be paid to reducing Executive Branch visitors. Perhaps, with some example by Executive agencies, Congressional committees will more carefully review their needs for travel abroad.

Arbitrary control of temporary duty travel (TDY) abroad by Executive agencies would be administratively difficult and would undoubtedly introduce some managerial inflexibilities and inequities. However, the problem

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

2

of visitor workload is such as to warrant some urgent action to reduce unessential and low priority TDY travel.

The Review Group recommends:

1. that the Secretary of State and the Director of OMB prepare a strong Presidential statement calling on agency heads and senior executives to reduce TDY travel overseas at once and to manage it more carefully in the future;
2. that the Secretary of State designate posts which are especially pressed as "minimize travel" missions: travel to these posts shall be cleared in advance with him or his designees as may be determined.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

POLITICAL AND ECONOMIC/COMMERCIAL STAFFING

Invariably, the Review Group found that the staffing of the Political and Economic/Commercial Sections of the Missions was lean to inadequate. This situation was particularly true for the Political Sections, whose responsibilities have continually mounted due to increasing diversity of U.S. international activity and to the essentiality of analyzing longer term factors of potential instability, a need emphasized by the Iranian experience.

The Political Sections in Missions have been major victims of the personnel stringencies imposed by various reductions in State staffing and the need over the past two decades to staff numerous Embassies within essentially the same personnel ceiling as existed in 1960. Political Sections in the major Embassies in Europe have survived better than those in the developing world, partly because the initial base was higher and partly because individual Missions sought to minimize reductions in the Political Section by taking them elsewhere. Nevertheless, these Political Sections are barely adequate to perform the high priority current tasks facing them. A major problem is in the inadequacy of the political staffing in the developing world. If there is to be effective analysis of basic trends and of the potential for instability, these sections need strengthening urgently.

The Economic/Commercial Sections were generally found to be barely adequate to meet their current and more urgent responsibilities. Some savings may be possible in Missions containing AID organizations by consolidating economic analysis. Additional commercial officers may be required in some posts, but no evidence was found that additional staffing would necessarily lead to enhanced trade opportunities for U.S. exports.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

2

The solution to the inadequacies of reporting staff lies in various directions. Gaps in filling positions of a number of months in some cases need to be minimized. The planning of political reporting by the Mission executives should be strengthened and emphasized. However, the one measure that will most help in meeting current requirements for political reporting beyond current activities is to utilize effectively and constantly the full resources of the Mission in this task. AID and ICA staff, particularly those active outside the capitals, have broad contacts and are potential sources of valuable information, but neither considers it is responsible for reporting except on an ad hoc basis. However, Mission management often fails to encourage such reporting. The deficiency can only be overcome by strong Mission direction fully supported by Washington agency headquarters.

The Review Group recommends:

that the Secretary of State should ascertain where additional reporting officers are required with emphasis on the less developed countries, particularly those where there is the greater potential for instability and where vital U.S. interests are involved.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

ADMINISTRATIVE SUPPORT

The Review Group found administrative support activities badly fragmented in most Missions. The result is too many people doing too little work, while at the same time some basic services are not being performed adequately. There are two general reasons for this situation. First, many agencies prefer to have their own motorpool and local personnel and housing policies rather than share common facilities and practices. Second, the State Department has not always had sufficient administrative personnel. Presently Cairo's situation is grossly inadequate and European posts have smaller shortages of administrative personnel. As a result, the quality and range of State support services has declined, encouraging other agencies to provide their own. The result is singularly inefficient.

Joint Administrative Organizations, which supply a full range of support services to all agencies, are the most efficient approach. The pooling of expensive administrative resources will not only provide better services, but also reduce the total number of persons involved by ending fragmentation.

The Review Group recommends:

that the Director of OMB prepare a Presidential directive requiring the establishment of joint administrative organizations at U.S. Missions abroad.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

CONSULAR OPERATIONS

The Review Group found consular workloads rising rapidly at virtually all posts visited. The present situation can be described as overloaded but bearly coping. However, cheaper airfares and the decline of the dollar are causing a dramatic increase in requests for non-immigrant visas by foreign visitors. At many Western European and East Asian consular offices visa applications are running 30 to 40 percent ahead of last year. Some East Asian posts face mounting refugee problems which are covered in a separate section of this report. Services to U.S. citizens, such as the issuance of passports and notarials, are growing albeit at a slower rate. Congressional interest and related publicity about the provision of consular services to American citizens in distress abroad including those awaiting trial and in prison, the destitute and the sick also contribute to growing demand for assistance. The most immediate and pressing problem, however, is the dramatic increase in non-immigrant visas.

The Review Group recommends that the Secretary of State:

1. prepare legislation waiving non-immigrant visas for low fraud countries;
2. prepare legislation to extend the validity of U.S. passports from five to ten years;
3. consolidate non-immigrant visa work in certain consular posts so as to permit the use of more automated equipment and other labor saving techniques;
4. make greater use of consular agents to provide assistance to American citizens and representation in cities which do not require full consular establishments, including the use the consular agents in such cities as Bremen, Nice, Turin, Matamoros and Hermosilla;
5. make greater use in Mexico of long-term border crossing documents such as the "mica" instead of visas

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

2

so as to permit greater centralization of consular personnel with resulting higher productivity;

6. consult with the Attorney General to eliminate the use of Immigration and Naturalization Service personnel in such countries as Mexico, Germany, Malaysia, Thailand, Indonesia, Hong Kong and the Philippines who investigate and approve immigration petitions and rely on consular officers, as is presently the case in most countries; only INS personnel handling parole and other matters related to refugee work should remain abroad;

7. establish a task force to review and streamline consular regulations many of which are out of date or unnecessarily complex;

8. give high priority to the development and implementation of automated systems to assist with consular functions.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

AUTOMATED DATA PROCESSING (ADP)

Basic to any program to reduce overseas personnel staffing is the need to survey possibilities for all practical forms of automation, the most prominent for consideration being ADP.

The Non-Immigrant Visa (NIV) workload in many countries is rising steadily. Examples are an estimated 750,000 NIVs in London and 150,000 NIVs in Manila in 1979. Other areas of Consular operations should be studied also.

ADP applications to property, supply, housing and transportation management will save U.S. and foreign service national positions.

AID programs and project statistics, ICA's Audience Response Survey, DEA and State Department overseas security case files, Foreign Military Sales reporting, commercial work -- all are examples of time -- and personnel -- saving ADP applications.

Micrographics in fiscal operations and for control of Consular files as well as word processing equipment are used at only a few overseas Missions.

The current State/ICA program should be expedited and broadened to cover possible applications of other agencies overseas.

The Review Group recommends:

that the Secretary of State form on an urgent basis an inter-agency task force charged with developing programs and equipment requirements.

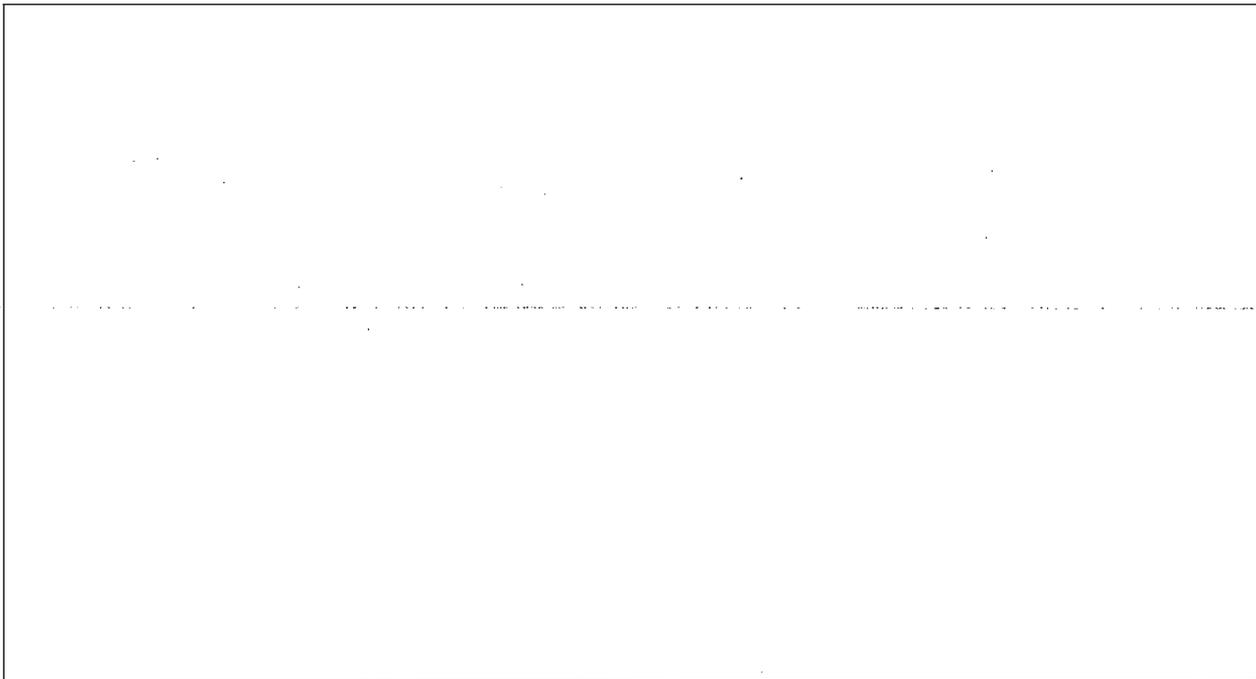
~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

COMMUNICATIONS

<p>A number of U.S. agencies maintain communications systems overseas, including State, DOD, [redacted] ICA and NSA. In some cases the communications links are dedicated to specialized applications. [redacted]</p> <p>[redacted] In others eliminating the duplication of circuitry by sharing facilities would result in substantial savings. The Review Group believes that the agency with the predominant amount of traffic at a diplomatic post, [redacted] should be responsible for communications.</p>	<p>25X1</p> <p>25X3 25X3</p> <p>25X1</p>
---	--

X1



The Review Group recommends:

that the Director of OMB establish an inter-agency task force review of overseas diplomatic communications systems in order to eliminate duplication whenever possible.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

THE REFUGEE PROBLEM

There are approximately 300,000 refugees in Southeast Asia and an annual outflow of nearly 50,000 refugees from the Soviet Union passing through Europe. Voluntary agency personnel provide most of the logistic support, initial processing and sponsorship matches. Supervisory personnel provided by the State Department are responsible for overall operation at the large refugee centers in Southeast Asia. These staffs are lean and undermanned to cope with a steadily rising refugee total. In Thailand, for example, the U.S. Government staff totaling 11 persons, with three positions vacant, must cope with an estimated 160,000 refugee population. One Consular Officer provides the liaison between the Hong Kong Consulate General and the 60,000 refugee program there. INS personnel on TDY are struggling with the parole workload in Southeast Asia; for example, one INS employee is attempting to deal with the Hong Kong problem where the total is expected to more than double in the next six months. As a result, the organization overseas is unable to cope with the projected monthly quota of 14,000.

The Review Group recommends:

that the Secretary of State and the Attorney General expand the overseas staffing of the refugee program immediately to enable it to cope with rapidly growing Southeast Asia refugee totals.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

REGIONAL OFFICES

There are a number of regional offices worldwide whose functions should be carefully differentiated.

1. One group of regional offices consists of a group of functional offices, not an intermediate level of management, which provide technical support on a quick response basis to Missions in a geographic area. Examples are: Regional Diplomatic Courier, Regional Security, Regional Finance and Regional Communications Offices. No changes in these offices except in Communications (see separate memo) are recommended.

2. A large group of offices of various executive agencies which provide an intermediate level of management.

A. Agency for International Development (AID)

(1) Area Auditor General (AAG) and Inspection and Investigation Service (IIS) Offices. (See separate memo on the audit function.)

(2) Regional Economic Development Offices (REDSO).

(3) Regional Housing and Urban Development Offices (RHUDO). (See separate memo on AID organizations.)

B. Department of Justice

(1) Although its charter established the FBI as a domestic agency, there are a number of FBI Offices abroad. Their functions should be reviewed. Some should be eliminated and carried out on a TDY basis from Washington.

(2) The Drug Enforcement Agency. (See separate memo.)

(3) The Immigration and Naturalization Service. (See separate memo on Consular operations.)

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

2

C. The Treasury Department

(1) Internal Revenue Service (IRS) offices provide much appreciated advice and services to American residents abroad; however, some of the offices appear to be overstaffed at some times of the year. There are opportunities for reducing permanent IRS staff at some posts and utilizing TDY assignments during times of peak workloads.

(2) Some Customs Service offices are involved in on-the-job procedural advice and training to local governments. These activities should be replaced by United States-based training courses.

D. Library of Congress

The Library of Congress (LOC) has a number of offices overseas dedicated primarily to accessions of official publications, books, periodicals and newspapers. Cataloguing and reproduction of some items is done overseas. An examination of accession lists should be made to determine whether the enormously detailed volume of accessions is justified and if so, could be provided by private services.

E. State Department

The Office of Foreign Buildings Operations (FBO) maintains offices in a number of overseas locations although FBO has no charter for maintenance or any continuing overseas operations. These offices should be replaced by project supervisors whose presence is limited to the duration of each major construction or rehabilitation project.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

3

The Review Group recommends:

that the Director of OMB review with the agencies concerned their regional offices throughout the world with the agencies concerned and recommend changes, reduction or elimination of each, as appropriate.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~OVERSEAS AUDIT OPERATIONS

Today there are over 400 full-time U.S. direct-hire auditors permanently stationed overseas to examine U.S. Government programs.

COUNTRY	GAO	DEFENSE				AID		TOTALS
		AF	A	DAS	DCAA	AG	I	
Belgium	-	-	-	-	8	-	-	8
Bolivia	-	-	-	-	-	1	-	1
Colombia	-	-	-	-	-	3	-	3
Egypt	-	-	-	-	-	6	3	9
Germany	54	42	70	15	22	-	-	203
Greece	-	6	-	-	-	-	-	6
Japan	-	15	-	-	4	-	-	19
Kenya	-	-	-	-	-	11	-	11
Korea	-	10	8	4	6	-	-	28
Pakistan	-	-	-	-	-	14	5	19
Panama	14	-	-	-	-	12	4	30
Philippines	-	10	-	-	-	9	3	22
Saudi Arabia	-	-	-	-	19	-	-	19
Spain	-	7	-	-	-	-	-	7
Thailand	10	-	-	-	-	-	-	10
U.K.	-	19	-	-	-	-	-	19
TOTAL	78	109	78	19	59	56	15	414

Of all aspects of program management overseas, the audit function has the least immediate benefit to the U.S. in terms of advancing its foreign policy objectives. In the vast majority of cases, the performance of programs is measured against U.S. legal and managerial standards. While such audits are useful and necessary, especially in today's domestic political environment, they do not relate closely to overseas objectives except in those instances where outright fraud is uncovered. We believe that audit activities in general can be reduced and that those reviews which are deemed necessary can be conducted on a TDY basis from offices on United States territory. The Departments of State and the Navy successfully operate on a TDY basis at this time.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

2

In conversations with audit officials stationed overseas, the following became apparent:

-- Auditors stationed overseas spend a large percentage of their time on TDY because most U.S. Government activities are not co-located with the audit office.

-- The impetus for stationing audit personnel overseas always comes from Washington, including in some cases Congressional committees.

-- Auditors are currently in great demand throughout the Government and the prospect of overseas living is often the principal drawing card available to managers charged with hiring personnel to review overseas programs.

The Review Group recommends:

1. that the Director of OMB prepare a Presidential directive requiring that Executive Branch auditors work from United States territory.

2. that the Director of OMB approach the Comptroller General with a request to follow the Executive Branch example.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

AID OVERSEAS ORGANIZATION

The overseas staffing of AID Missions varies greatly from country to country. In India, the AID staff consists of 12 with a program of about \$200 million, whereas, in Thailand, the current staff is 23 with a program of \$13 million. A common problem faced by Chiefs of Mission has been a constant tendency on the part of AID to expand overseas personnel, partially as a result of a deliberate AID policy to shift personnel overseas from Washington because of Congressional criticism of over-concentration of personnel in Washington.

The size of AID Missions overseas will necessarily vary, depending upon the nature of local programs and special circumstances within a country. Basic human needs programs, for example, tend to be more personnel intensive than commodity or large project programs. Countries with a record for corruption necessitate closer monitoring of projects. Overseas staffs are also burdened by very heavy requirements from Washington for a wide variety of project justifications and reports. Nevertheless, AID overseas staffing is inordinately large, particularly when compared to the overseas personnel levels of other assistance donors and the international financial institutions. A consistent pattern of overseas staffing has not been discernible. Staffing tends to be susceptible to ad hoc requests, with little apparent effort to achieve personnel economies through such steps as assigning officers able to cover more than one specialty and more extensive use of TDY assignments of specialists, and the reduction of staff on completion of projects.

One specialized AID activity, the Housing Investment Committee program, projects three-man Regional Housing and Urban Development Offices (RHUDO) for six locations to function on a regional basis. We agree that these activities are sufficiently unique so as to require specialists to manage the program, but, we do not agree with the regional office concept. Instead the program should be managed primarily from Washington, using

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

2

liberal amounts of TDY if necessary, and individual specialists should be assigned to country Missions as needed. We see no reason why individuals assigned to country Missions cannot be given responsibilities for handling programs in more than one country.

A more specialized problem is the continuation of the two AID regional offices in Africa (Regional Economic Development Services Offices (REDSO)) which were established in lieu of country Missions and continue despite subsequent establishment of these Missions. The need for specialists in these small country Missions can be filled in most cases by TDY assignments from Washington. (NOTE: The problem of AID regional auditors and inspectors is covered separately.)

The Review Group recommends:

1. that the Director of OMB review the AID overseas personnel structure with a view to streamlining and reducing overseas personnel and to developing common criteria for overseas organizations. The review should include steps to reduce the heavy paper-work requirements now imposed on overseas AID Missions.

2. that the Director of OMB prepare a Presidential directive requiring that the AID regional housing organizations be disbanded with housing specialists assigned to country Missions with regional functions as necessary; and that the AID (REDSOs) be disbanded with regional responsibilities handled from Washington.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

DRUG ENFORCEMENT AGENCY (DEA)

The Review Group agrees with the recent recommendation of an inter-agency study group that the DEA regional activities in Mexico City, Bangkok and Paris be transferred to Washington. The Teams verified the findings of the inter-agency group that it is difficult to distinguish between most regional and in-country activities in those capitals and that regional activities seem to be marginal.

The Teams also found a tendency in DEA offices to believe that American agents must continually monitor host country operations and provide detailed casework assistance even in those countries, like Mexico, where there is an increasing recognition of the importance of narcotics enforcement. There appears to be little effort on the part of DEA toward developing plans with host governments toward an eventual phase-out of DEA activities other than liaison.

The Review Group recommends:

1. that the Director of OMB prepare a Presidential directive to the Attorney General requiring all three regional DEA offices be closed by the end of FY 80.
2. that the Director of OMB prepare a Presidential directive requiring the Attorney General and the Secretary of State and the Director of OMB to review immediately DEA country programs and staff levels with the objective of reducing U.S. activities as host governments improve their ability to assume increased responsibilities.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

FOREIGN MILITARY SALES AND DEFENSE ATTACHES

Under various titles, the most common of which is the Office of Defense Cooperation (ODC), DOD maintains small offices in 33 countries to manage the foreign military sales program. Altogether there are over 200 American positions in these offices.

The following factors suggest that consolidation of these functions into the Defense Attache Office (DAO) may be feasible.

DAO

Non-technical reporting considered to be of poor quality by most consumers.

Needs access to logistics demands of host country military establishment.

Movement and access often restricted by local ground rules.

Senior officer normally a Colonel (O-6).

ODC

Recently assigned intelligence reporting responsibilities.

Works primarily with host country military logistics element.

Movement and access seldom restricted.

Senior officer normally a Colonel (O-6).

In some 22 countries where there is no ODC or Military Assistance Advisory Group (MAAG), the Defense Attache is responsible for the foreign military sales management function. We believe that the DAO/ODC consolidation is feasible in almost all countries where we maintain separate offices and that major personnel savings can be achieved in the process. In short, we believe the Defense Attache can serve DIA and handle foreign military sales. Intelligence access will be improved in process and inter-sectional rivalry will be eliminated. A further positive benefit will be the creation of a single senior DOD officer to whom the Chief of Mission can turn for advice on military matters.

~~SECRET/SENSITIVE~~

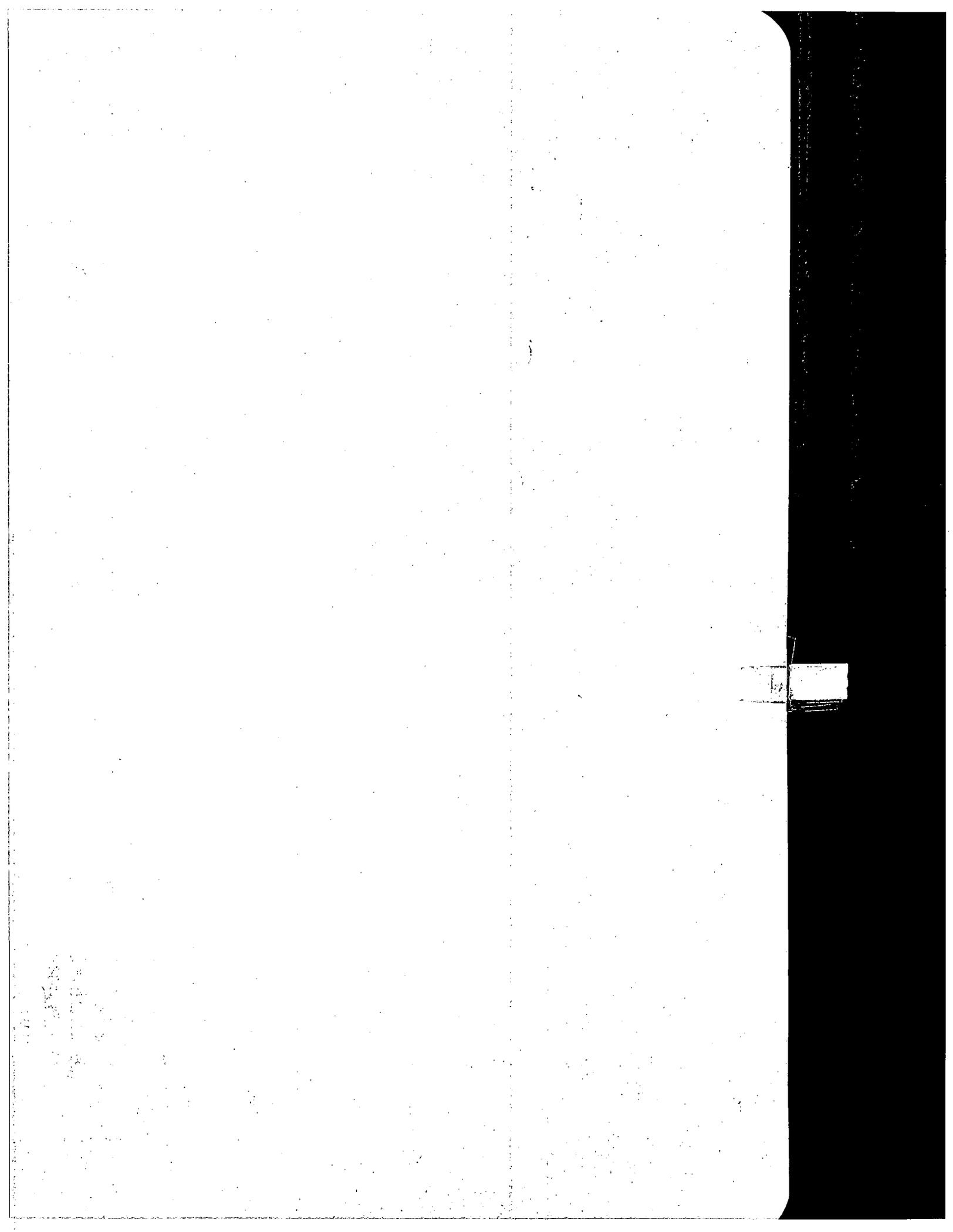
~~SECRET/SENSITIVE~~

2

The Review Group recommends:

that the Director of OMB prepare a Presidential directive requiring consolidation of DAOs and ODCs unless the Secretaries of State, Defense and the Director of OMB agree that exceptional circumstances pertain.

~~SECRET/SENSITIVE~~



~~SECRET/SENSITIVE~~C-12 AIRCRAFT

Elements of some Missions, usually Military Assistance Advisory Groups (MAAGs) and/or Defense Attache Offices (DAOs), have twin propeller Beach King Air aircraft (military, designation C-12) assigned. These aircraft are maintained by Americans employed by Beach under the contract to DOD and piloted by U.S. military offices assigned to the DAO or MAAG. Currently, 22 C-12s are deployed overseas in the service of U.S. Missions:

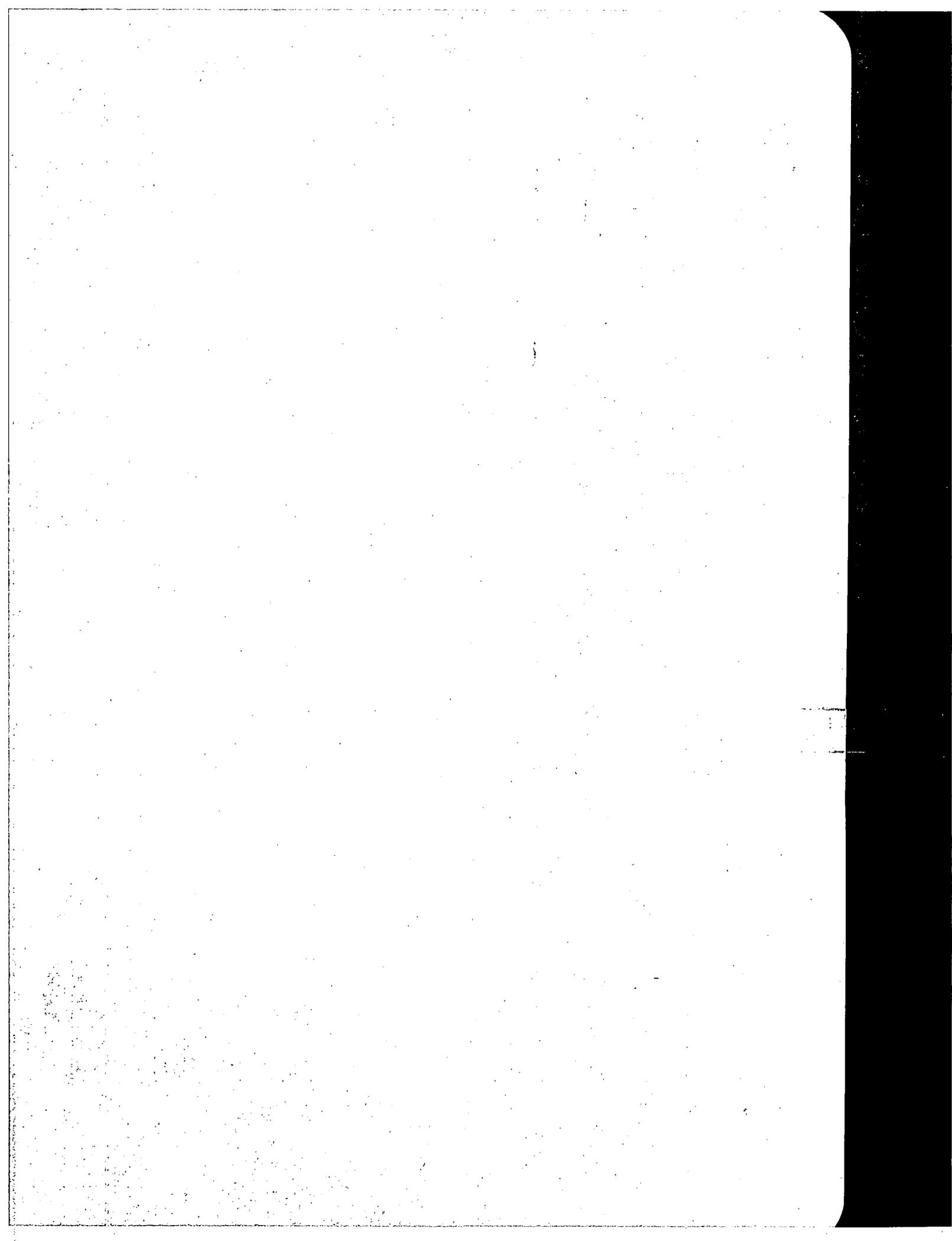
Argentina (1)	Liberia (1)
Australia (1)	Pakistan (1)
Bolivia (1)	Philippines (2)
Brazil (1)	Saudi Arabia (1)
Egypt (1)	Spain (1)
Ecuador (1)	Thailand (2)
Greece (2)	Turkey (1)
Honduras (1)	Venezuela (1)
Indonesia (2)	Zaire (1)

The stated purpose of DAO aircraft is intelligence collection (as was the case in South Africa) and MAAGs justify them as a means to reach far flung projects and military units. Much of the actual flight time, however, is devoted to transporting high level U.S. officials and their families. Because of the rapid modernization of transportation networks in most countries, these aircraft are now largely prestige items rather than essential intelligence or transportation assets. Private air charter services are available almost anywhere in the world today and U.S. military aircraft operated by a nearby military command or host government aircraft can be usually arranged if air travel is essential or the rank of the traveler demands special treatment. No other government provides official aircraft as part of its diplomatic presence in foreign countries.

The Review Group recommends:

that the Director of OMB prepare a Presidential directive requiring that the aircraft C-12 program for U.S. Missions (i.e., for DAOs and MAAGs) be terminated unless the Secretaries of State and Defense and the Director of OMB agree that exceptional circumstances pertain.

~~SECRET/SENSITIVE~~



~~SECRET/SENSITIVE~~

MISCELLANEOUS DEFENSE DEPARTMENT OFFICES

The Team visiting Europe found a number of small offices in the United Kingdom, the Federal Republic of Germany, and France whose functions appeared to be either unclear, duplicative, or of marginal utility (list attached). Similar offices exist in Japan; those in Thailand are being abolished. Some seemed to be residual remnants of larger offices established years ago. Many report back to various units in the U.S. It was not clear why some of the functions could not be carried out either by temporary duty travel from neighboring military commands or from continental U.S. commands or by the Defense Attaches. The chain of command and supervisory responsibilities are often unclear, although the Defense Attaches usually try to keep track of them.

The Review Group recommends:

that the Director of OMB prepare a Presidential directive requiring the Secretary of Defense to review the justification for miscellaneous Defense offices with the participation of the Secretary of State and the Director of OMB. The review will determine whether these offices should be included in MODE.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

2

LIST OF MISCELLANEOUS DEFENSE DEPARTMENT OFFICES

United Kingdom

Office of Naval Research (London)
Army Research and Standardization Group (London)
AF Research Office (Mildenhall)
Naval Sea Systems Command (Bath)
Army Medical Liaison
DIA Liaison Detachment
Defense Mapping Agency Office
Army Training and Doctrine Unit
Defense Fuel Supply Center
Sevenoaks Research Office

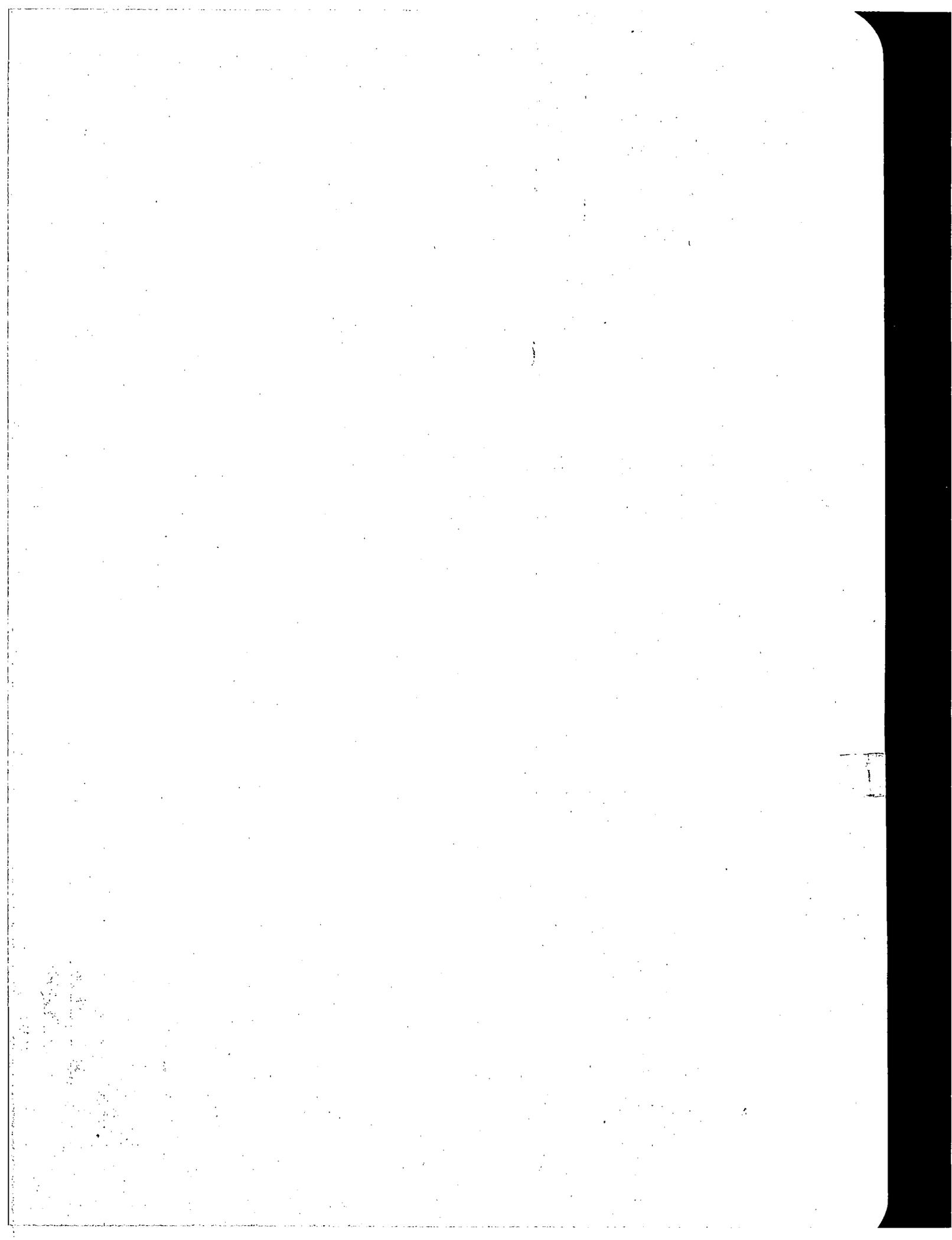
Federal Republic of Germany

USAREUR Liaison Office (Bonn)
USAFE Liaison Office (Bonn)
USAFE Liaison Office
Army Training and Doctrine Liaison Office
Berlin Document Center
USAFE Research and Development Liaison Office
Bonn Liaison Office
Army Research and Development Liaison Office
Bonn Army Unit
Bonn Air Force Unit
Bremen Army Unit
Dusseldorf Army Unit
Frankfurt Army Unit
Stuttgart Army Unit

France

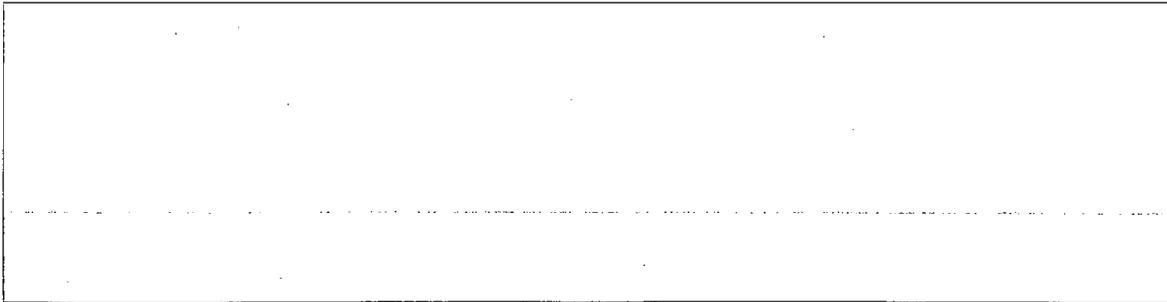
ROLAND European Field Office
Army Pipeline Liaison Office
Office of Special Investigation (USAF)
NATO Central Europe Operating Agency
NATO Hawk Liaison Office
NATO Advisory Group for Aerospace Research and
Development (AGARD)
Defense Subsistence Region Europe Office
Air Traffic Control Liaison Office (ATCLO)
DAO Legal Section
Army Defense Fuel Supply Center
Liaison Office for French War College

~~SECRET/SENSITIVE~~

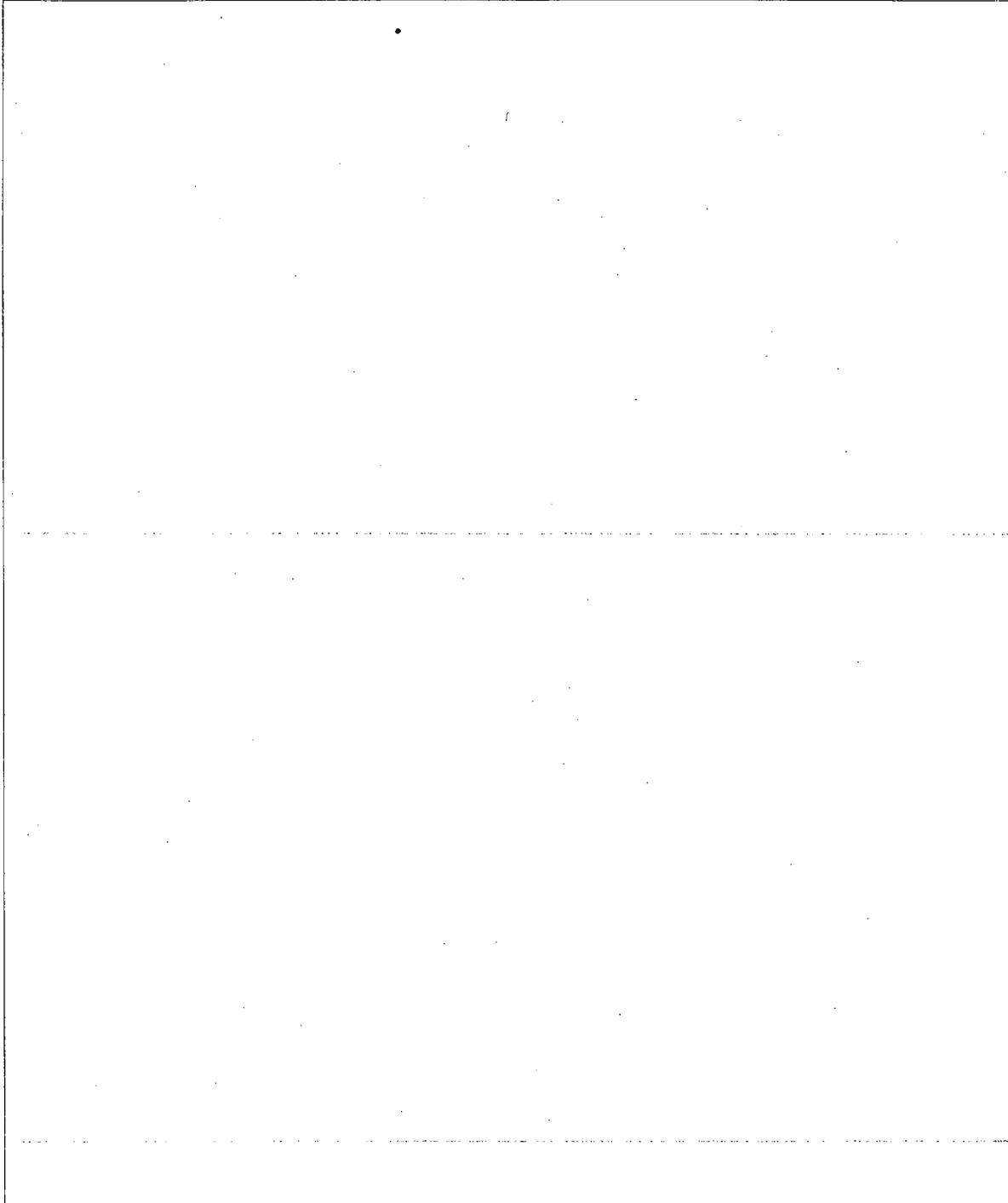


Page Denied

25X1



25X1



5X1

TAB B

REVIEW GROUP RECOMMENDATIONS RESULTING IN DECISIONS THIS YEAR

- A. During the next three months, we intend to conduct with the affected agencies an intensive study of this list of Review Group recommendations, to decide which should be implemented, and to prepare an appropriate Presidential directive for you to promulgate in November.
1. The Secretary of State should --
 - a. consult with the Attorney General to eliminate the use of Immigration and Naturalization Service personnel who investigate and approve immigration petitions.
 - b. ascertain where additional reporting officers are required with emphasis on less-developed countries.
 2. The Director of OMB should --
 - a. prepare a Presidential directive requiring that the AID regional housing organizations and regional service organizations be disbanded with these responsibilities to be handled on a temporary duty basis from Washington or by assignment of some specialists with regional responsibilities to country missions.
 - b. prepare a Presidential directive requiring consolidation of Defense attache and foreign military sales offices unless exceptional circumstances pertain.
 - c. prepare a Presidential directive requiring that the C-12 aircraft program for U.S. Missions be terminated unless exceptional circumstances pertain.
 - d. prepare a Presidential directive requiring that Executive Branch auditors work from United States territory.
 - e. approach the Comptroller General with a request to follow the Executive Branch example by requiring that its auditors operate from U.S. territory.
 - f. prepare a Presidential directive requiring that all NSA activities abroad be subject to the MODE process.
 3. The Secretary of State and the Director of OMB should jointly --
 - a. prepare a Presidential directive requiring each Chief of Mission to provide strong management of all elements in his Mission, to integrate these elements and to shift personnel of other agencies when necessary.

DECLASSIFIED

Per: Rac Project

ESDN; NLC-12C-18-M-1-6

BY 269 NARA DATE 6-13-13

DERIVATIVE CL BY Dept. of State
 DECL REVW ON 7/9/99
DERIVED FROM Brown, L.D.

- b. prepare a Presidential directive requiring that overseas staffs of other agencies, including AID and ICA, provide, on a continuing and regular basis, reporting to be integrated into the overall Mission reports.
- c. with the Assistant for National Security Affairs, review the weaknesses and possible improvements to the MODE system and draft a comprehensive strengthening of that system for the President to promulgate.

NOTE: State and OMB believe that this is the most important recommendation in the Review Group's report and have assigned high priority to the study and follow-on implementation of the revised procedures. As a result of the report, State has already increased the size of the full-time MODE management staff from four to ten positions.

B. During the budget review, we will examine the following Review Group recommendations, reporting to you where appropriate. We will also examine the many country specific recommendations which are included in the report.

1. The Secretary of State should --

- a. prepare legislation waiving non-immigrant visas for low-fraud countries.
- b. prepare legislation to extend the validity of U.S. passports from five to ten years.
- c. consolidate non-immigrant visa work in certain consular posts so as to permit the use of more automated equipment and other labor-saving techniques.
- d. make greater use of consular agencies in cities which do not require full consular establishments, including such cities as Bremen, Nice, Turin, Matamoros, and Hermosillo.
- e. make greater use in Mexico of long-term border-crossing documents instead of visas.

2. The Director of OMB should --

- a. review with the agencies certain regional offices throughout the world and recommend changes, reduction or elimination of each, as appropriate.
- b. review the AID overseas personnel structure with a view to streamlining and reducing overseas personnel and to developing common criteria for overseas organizations. The review should include steps to reduce the heavy paperwork requirements now imposed on overseas AID missions.

- c. review DEA country programs and staff levels with the objective of reducing U.S. activities as host governments improve their ability to assume increased responsibilities.

~~SECRET~~

May 25, 1979

*cc: Jim, Warner
proceed -
good
J*

MEMORANDUM FOR: THE PRESIDENT
From: James T. McIntyre, Jr. *J.M.*
Warren Christopher *W.C.*
Subject: Review of Overseas Staffing

We have discussed how to carry out your directive to review the staffing of our missions abroad. As Ambassadors Warner and Eilts have noted, we may have excessive personnel in some areas, shortfalls in others, such as export promotion and political reporting.

We have decided to study our missions in Mexico, Brazil, United Kingdom, France, Federal Republic of Germany, Switzerland, Japan, the Philippines, Thailand, India, Kenya and Egypt. These posts include our largest official communities abroad and contain the greatest number of federal agencies.

In order to visit these posts quickly, we plan to send two teams. They would leave Washington on or about June 1. Each team will include a retired and exceptionally able Ambassador and a senior OMB analyst. These individuals were selected on the basis of their considerable knowledge of the operations of our various agencies abroad. In accordance with your wishes, neither the posts nor Washington agencies will be told of the team's visit until shortly before arrival.

The teams will prepare a report which we expect to have on your desk in early July. The report will identify areas where staffing changes can be made and indicate those activities which deserve greater attention. Your reactions will provide us the basis for organizing a thorough ZBB review of all positions at all posts abroad; this review will state specifically what changes need to be made in our missions abroad and will be completed in time for your decision on FY-81 agency budget submissions this fall.

Attached are the terms of reference which the teams will use.

Attachment:
As stated.

DECLASSIFIED
Per: Rad Project
ESDN: NLC-126-18-14-2-5
BY: /CS NARA DATE 10/31/13

~~SECRET~~

GDS, 5/24/85

TERMS OF REFERENCE
FOR ASSESSMENT TEAMS

I. OVERALL OBJECTIVE

- . At the direction of the President, visit selected posts and assess ~~adequacy~~ of staffing of agencies relative to the U.S. goals and objectives.

necessary level of govt. interest

II. PROCEDURE

- . General briefings in Washington prior to departure.
- . Post visit/talk to key personnel.
- . Consult with agencies on return.
- . Prepare assessment report indicating recommendations for further steps.

III. APPROACH

- . Time and circumstance do not permit assessment teams to conduct desk audits or similar detailed examinations.
- . Consequently, principal reliance will be placed on existing information and discussions with key officials, especially Chiefs of Mission.
- . Emphasis will be placed on identifying specific overstaffing and understaffing situations, the causes thereof, and possible remedies, which, following the assessment report, will be addressed by the relevant agencies and in the interagency context, resulting in FY 1981 ZBB ranked agency budget submissions to be reviewed and decided upon by the President in the fall.
- . All positions under the authority of Ambassadors will be considered by the assessment team.

(Such as funds in staffing level)

IV. PRINCIPAL SOURCES OF INFORMATION

- . Access to any and all personnel, State and all other agencies: authority to keep confidential any or all conversations.
- . Access to agency reporting; program documents; procedures; evaluations, etc.
- . Access to most recent inspection reports as well as other agency inspections or evaluations.
- . Access to all relevant agency staffing data and evaluations.

V. METHODOLOGY

- . A separate set of questions will be prepared for each post to be visited raising issues relevant to that post.
- . Ambassadors will not be provided with questions in advance of the teams arrival.

~~SECRET~~

Brazil

BRAZIL

Nine years ago, U.S. official presence in Brazil was substantially greater than it is today -- 1,022 Americans compared to 338. During those nine years, our substantial development assistance involvement has been phased out, Peace Corps activity has been reduced, and U.S. military representation sharply cut -- largely at the request of the Brazilian Government. Although closer relationships are likely in the future, it is doubtful that American involvement in Brazilian affairs will ever be as strong or broad as it once was.

As military rule is loosened and as the economy comes under severe economic strains, there will be significant political changes in Brazil. This giant of South America has a history of weathering the crosscurrents of politics, economics and military intervention and to continue its steady development toward becoming a major political and economic influence in the world. Brazilian/U.S. relations have been severely strained in recent years but, with the inauguration of the new Brazilian administration, there are indications that opportunities for improved communications are increasing. That being the case, the Team believes it is important that the U.S. diplomatic Mission be adequately, but leanly staffed, with quality employees from all U.S. agencies.

I. Reporting and Analysis

Central to maintaining open and understanding communications with Brazil are timely political and economic reporting and analysis from the diplomatic Mission. It is clear that current staff is hard pressed to provide needed in-depth reporting and analysis. American staff for this function has been reduced over the past ten years, to the extent that the team could identify only about ten work years in the Embassy and Consulates devoted to this important function.

As useful as some additional staff may be, however, it is clear that other actions can also help the situation. In spite of instructions to the contrary from Secretary Vance, it appears that not enough use is being made of the knowledge of representatives of other agencies, espe-

cially Treasury, Foreign Agricultural Service and the International Communication Agency. This criticism pertains to other Embassies as well. Furthermore, it is clear that gaps between assignments of Foreign Service Officers are hurting reporting and analysis.

II. Defense Attache Office (DAO)

The Team found the quality of intelligence reporting marginal and the quantity meager. The DAO does not appear to have significant contacts with important Brazilian military figures, nor does there appear to be definite plans to develop those contacts.

The value of the DAO unit at Rio de Janeiro was not adequately explained. That office produced only five intelligence reports in May 1979. The fact that U.S. Navy ships visit Rio about 12 times a year or the fact that the Brazilian fleet is based in Rio (the Naval Ministry is in Brasilia) do not appear to create a workload sufficient to warrant a permanent office in Rio. Naval bases in most nations are situated in cities other than the capital city.

About \$37 million of military sales equipment remains in the pipeline, but is rapidly being drawn down. The Defense Attache anticipates a phase-out of the activity and the security assistance management staff at the end of FY 80.

The military exchange program has become largely a one-way street with six American officers in Brazil, but only one Brazilian officer in the United States. There appears to be significant Brazilian indifference to the program and attainment of its objectivity is obviously severely impaired.

III. Peace Corps

It is obvious that the Brazilian Government wishes to close out Peace Corps activities as soon as feasible, with no publicity, and without offending American sensibilities. A staff of four Americans and 15 foreign service nationals are now supporting only 78 volunteers spread around the country. This number will drop to 20 by November 1980 and to zero by December 1980 unless new volunteers are assigned. The Brazilian Government has not approved any entry of volunteers for over a year; there is little chance it will do so.

IV. Inter-American Geodetic Survey (Defense Mapping Agency)

The Brazilian Government has denounced the agreement authorizing IAGS mapping activities, thus there is no authority for continued operation. The two American positions and three foreign service national positions remain with little work to do. (The Team also found this agency operating in Mexico.) The Team was told the activity throughout Latin American is at least 25 years old. There was no evidence of an overall plan guiding the activity nor of a planned termination date. It seems to be an operation that has not been seriously questioned for some time.

V. Trade Center, Sao Paulo

All Mission staff indicate that the Center provides a unique opportunity to exhibit and see American goods since the Center is the only entity in Brazil with authority to import display samples without paying a substantial import tax. All agreed, however, that the value of the Center would decline sharply once the Brazilian Government liberalizes the entry of other display goods.

VI. Agency for International Development

One American officer and two foreign service nationals are administering the closeout of the AID development assistance program. These jobs are scheduled to be abolished by September 1979.

Another AID officer with a foreign service national employee will remain to serve as a liaison with the Brazilian Government and American voluntary agencies population planning, about which the Brazilian Government has begun to take some serious interest.

VI. Maritime Administration

An American and a foreign service national secretary in Rio gather operating expense data of foreign shipping lines throughout South America. This involves temporary duty travel around South America. The same job can be accomplished through travel from the United States.

I. Reporting and Analysis

RECOMMENDATION: Add one political officer and one economic officer to fill analysis gaps.

RECOMMENDATION: Undertake a stronger effort to involve non-State elements of the Mission in overall reporting in Brazil, especially Treasury, ICA and the Foreign Agricultural Service.

II. Defense Attache Office (DAO)

RECOMMENDATION: Close the DAO office in Rio, abolishing four American and one Brazilian positions. Handle Rio work from Brazilia with temporary duty travel.

RECOMMENDATION: Phase out the security assistance management staff by April 1980 (7 Americans and 3 foreign service nationals) and assign residual work to the DAO.

RECOMMENDATION: Abolish four of the six American exchange positions.

III. Peace Corps

RECOMMENDATION: The Peace Corps should forthwith reduce its administrative complement to one American and two foreign service national employees and move out volunteers as quietly as possible before tours are completed.

IV. Inter-American Geodetic Survey

RECOMMENDATION: Abolish the two American and three foreign service national positions.

V. Trade Center, Sao Paulo

RECOMMENDATION: Maintain the Center with its current activities and staff until the Brazilian Government authorizes others to import samples without paying import taxes. At such time, its effectiveness should be reassessed.

VI. Agency for International Development

RECOMMENDATION: Phase out staffing for residual AID activities no later than September 1979 and conduct residual phase out activities through the Embassy or with temporary duty assignments from Washington or neighboring AID Missions.

VII. Maritime Administration

RECOMMENDATION: Abolish the one American and one foreign service national positions in Rio.

THE WHITE HOUSE

WASHINGTON

9/20/79

Stu Eizenstat
Jody Powell

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

Rick Hutcheson

cc: Phil Wise

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND
<input type="checkbox"/>	NO DEADLINE
<input type="checkbox"/>	FOR APPROPRIATE HANDLING
<input type="checkbox"/>	LAST DAY FOR ACTION

<input type="checkbox"/>	ADMIN CONFID
<input type="checkbox"/>	CONFIDENTIAL
<input type="checkbox"/>	SECRET
<input type="checkbox"/>	EYES ONLY

ACTION
FYI

<input type="checkbox"/>	VICE PRESIDENT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	CUTLER
<input type="checkbox"/>	DONOVAN
<input checked="" type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	MCDONALD
<input type="checkbox"/>	MOORE
<input checked="" type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON
<input type="checkbox"/>	WEDDINGTON
<input type="checkbox"/>	WEXLER
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	MCINTYRE
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	
<input type="checkbox"/>	ANDRUS
<input type="checkbox"/>	ASKEW
<input type="checkbox"/>	BERGLAND
<input type="checkbox"/>	BROWN
<input type="checkbox"/>	CIVILETTI
<input type="checkbox"/>	DUNCAN
<input type="checkbox"/>	GOLDSCHMIDT
<input type="checkbox"/>	HARRIS
<input type="checkbox"/>	KREPS
<input type="checkbox"/>	LANDRIEU
<input type="checkbox"/>	MARSHALL

<input type="checkbox"/>	MILLER
<input type="checkbox"/>	VANCE
<input type="checkbox"/>	
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CAMPBELL
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	CRUIKSHANK
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	FRANCIS
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HERTZBERG
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	KAHN
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MARTIN
<input type="checkbox"/>	MILLER
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SANDERS
<input type="checkbox"/>	SPETH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	TORRES
<input type="checkbox"/>	VOORDE
<input checked="" type="checkbox"/>	WISE

THE WHITE HOUSE

WASHINGTON

September 19, 1979

Mr. President,

Attached is the recommendation coming from the group you asked me to convene. I would only add my private assessment that I doubt the Clerks union would continue to defy your order to return to work if they do not prevail in court. The Railway Brotherhoods have never openly defied a Presidential order, and the head of the UTU, Fred Hardin, has assured us he will return to work. Thus the Clerks would be isolated in the position of being the only obstacle to renewal of rail service.

Also, regarding your earlier decision to let Secretary Goldschmidt handle the statement, and I believe that you should personally appear on TV, however briefly, in this matter. Conversations with affected Congressmen and Senators have convinced me that this is the issue at this time in the Midwest.

ok

Stu

Stu Eizenstat

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

Stu -
Jody -
ok
J

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
JACK WATSON *Jack*
SUBJECT: The Rock Island Railroad

**Electrostatic Copy Made
for Preservation Purposes**

The Departments of Agriculture, Labor and Transportation recommend that you establish an Emergency Board in the Rock Island strike. We concur, and recommend that you take this action tomorrow morning.

The effect of this action would be to order the parties to return to work for 60 days. Because the Rock Island is critically short of cash, it is unlikely that they can restart operations. In this event the ICC is prepared to step in to direct another railroad to operate the system. Following such a takeover by another railroad, a politically difficult process of restructuring the railroad would begin. This process would involve sales of lines to other railroads, subsidies and abandonments. Legislation might be needed. The restructuring would take several months, during which time the railroad, or substantial segments of it, would continue to operate. These interim operations are important in order to move this year's record grain harvest.

You should be aware that there are some risks in this course of action. The Emergency Board order may be challenged in court, just as a similar order was challenged in the case of the Norfolk and Western strike. In addition the leader of the Brotherhood of Railway and Airline Clerks, Fred Kroll, has refused to assure us that he will urge his members to return to work. The possibility exists that decisive action on our part to end the strike will not result in a resumption of service.

Despite this risk we are recommending that you take this step. This issue has achieved enormous visibility and importance in the midwest. The criticism of our inaction is building daily, and the dangers of doing nothing seem to us to outweigh the risks of acting.

Because of the overwhelming importance of this issue to virtually the entire farm belt (including in particular, Iowa, Kansas, Illinois, Oklahoma, Texas, Arkansas, Minnesota and other midwestern states) we strongly recommend that you personally deliver the attached statement. The statement has been cleared by the speechwriters and by all affected agencies. Those most familiar with the situation in Kansas, Iowa, and other states in the midwest feel that this is a great opportunity for you to appear on TV in this region taking decisive, bold action to address a critical issue in their area. We urge you to do it. After your reading of the brief statement outlining your actions, Neil Goldschmidt and Jim Williams would be prepared to take questions.

6:00 PM

THE WHITE HOUSE
WASHINGTON

1

September 19, 1979

Electrostatic Copy Made
for Preservation Purposes

DINNER WITH THE UNITED DEMOCRATS OF CONGRESS

Thursday, September 20, 1979
6:00 p.m. (60 minutes)
The State Dining Room

From: Frank Moore *f.m./pd*

I. PURPOSE:

To hear from these 100 Members of Congress about the "status" of things in their home districts. You asked for this meeting to report to you when you first met with the UDC on August 2, just prior to the August recess.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN:

Background: As you will recall, the UDC was organized in 1972 during George McGovern's candidacy for the Presidency, in an effort to stem what was perceived as the party's shift to the left.

Your last meeting with the UDC was very well-received within the group; as one evidence of this, about 15 Members have joined the UDC since then.

Press Plan: White House Photographer only

Participants: The President, the UDC (headed by Congressman Gunn McKay), Frank Moore, Bill Cable, Terry Straub, Jim Free, Valerie Pinson, Bob Maher, Bob Beckel, Gael Sullivan, Chris Davis, Suzy Elfving, Gary Fontana, Herky Harris.

III. SCENARIO:

The Members will be seated at small tables; we would prefer that you float from table to table to talk to the Members individually at first to talk about their concerns. After

THE WHITE HOUSE

WASHINGTON

DINNER WITH THE UNITED DEMOCRATS OF CONGRESS

PARTICIPANTS

MEMBER	STATE	SUPPORT
> McKay, Gunn	Utah	90.0%
Addabbo, Joe	New York	58.3
Alexander, Bill	Arkansas	100.0
Akaka, Daniel	Hawaii	84.6
Anderson, Glenn	California	53.8
Annunzio, Frank	Illinois	92.9
Anthony, Beryl	Arkansas	71.4
Bailey, Don	Pennsylvania	64.3
Barnard, Doug	Georgia	64.3
Beilenson, Tony	California	85.7
Benjamin, Adam	Indiana	85.7
Bevill, Tom	Alabama	53.8
Boland, Eddie	Massachusetts	100.0
Boner, Bill	Tennessee	78.6
Bouquard, Marilyn L.	Tennessee	30.8
> Breaux, John	Louisiana	63.6
Brooks, Jack	Texas	84.6
Byron, Beverly	Maryland	21.4
> Coelho, Tony	California	78.6
Corman, Jim	California	90.0
Corrada, Baltasar	Puerto Rico	--
Cotter, Bill	Connecticut	85.7
Danielson, George	California	100.0
de la Garza, Kika	Texas	36.4
Dicks, Norm	Washington	92.3
Dodd, Chris	Connecticut	66.7
Early, Joe	Massachusetts	53.8
English, Glenn	Oklahoma	30.8
Ertel, Allan	Pennsylvania	53.8
Fazio, Vic	California	78.6
Ferraro, Geraldine	New York	53.8
Fithian, Floyd	Indiana	76.0
Flippo, Ronnie	Alabama	45.5
Frost, Martin	Texas	66.7

about 40 minutes you should move to the podium at the front of the room to initiate a discussion and take questions. You will have no prepared remarks.

IV. ADDITIONAL INFORMATION:

Endorsements: You should be aware that the following members of the UDC have endorsed you for another term as President:

McKay	Barnard
Brooks	Jenkins
Jones, Ed	Ginn
Steed	Fuqua
McHugh	> Mica
Jones, Walter	Stack
Preyer	Lehman
Rose	Pepper
Beilenson	Corman
Mineta	Fazio
Anthony	Alexander
Bevill	Flippo

Tellico Dam: Many Members are concerned about the Public Works Appropriations bill; rumors are rampant on the Hill that you will again veto this legislation. Marilyn Lloyd Bouquard has gone so far as to say that she will have reservations about supporting your candidacy if you veto the bill; you should be prepared for questions and comments about the bill.

Fuqua, Don	Florida	60.0
Gephardt, Dick	Missouri	100.0
Giaimo, Bob	Connecticut	100.0
Ginn, Bo	Georgia	85.7
Guarini, Frank	New Jersey	69.2
Harkin, Tom	Iowa	38.5
Hefner, Bill	North Carolina	84.6
Heftel, Cec	Hawaii	85.7
Howard, Jim	New Jersey	78.6
Hubbard, Carroll	Kentucky	37.5
Huckaby, Jerry	Louisiana	36.4
Ireland, Andy	Florida	33.3
Jenkins, Ed	Georgia	76.9
Johnson, Bizz	California	83.3
Jones, Ed	Tennessee	64.3
Jones, Jim	Oklahoma	72.7
Jones, Walter	North Carolina	72.7
LaFalce, John	New York	88.9
Lederer, Ray	Pennsylvania	71.4
Lehman, Bill	Florida	92.9
Lloyd, Jim	California	46.2
Long, Clarence	Maryland	58.3
Long, Gillis	Louisiana	42.9
McCormack, Mike	Washington	81.8
McHugh, Matt	New York	92.9
Mica, Dan	Florida	45.5
Mineta, Norm	California	84.6
Montgomery, Sonny	Mississippi	35.7
Murphy, John	New York	78.6
Nowak, Henry	New York	57.1
Patten, Eddie	New Jersey	92.9
Pepper, Claude	Florida	100.0
Pickle, Jake	Texas	71.4
Preyer, Rich	North Carolina	91.7
Price, Mel	Illinois	85.7
Rahall, Nick Joe	West Virginia	63.6
Roe, Bob	New Jersey	71.4
Rose, Charlie	North Carolina	85.7
Rostenkowski, Danny	Illinois	100.0
Russo, Marty	Illinois	83.3
Santini, Jim	Nevada	25.0
Simon, Paul	Illinois	92.9
Slack, John	West Virginia	69.2
Smith, Neal	Iowa	91.7
Spellman, Gladys	Maryland	69.2

Stack, Ed	Florida	78.6
Staggers, Harley	West Virginia	66.7
Steed, Tom	Oklahoma	76.9
Stump, Bob	Arizona	0.0
Traxler, Bob	Michigan	87.5
Ullman, Al	Oregon	91.7
Watkins, Wes	Oklahoma	16.7
Whitley, Charles	North Carolina	78.6
Wilson, Charles H.	California	50.0
Wolff, Lester	New York	57.1
Wright, Jim	Texas	100.0
Zeferetti, Leo	New York	50.0
D'Amours, Norm	New Hampshire	42.9
Williams, Pat	Montana	58.3

ADDENDUM to the briefing paper for the President's dinner with the United Democrats of Congress; 6:00 p.m., the State Dining Room.

Harley Stagers: Congressman Stagers (D-West Virginia) is angry at the Administration for the way notifications were handled for an SRC 2 plant in his state. He feels that you promised him at Camp David that he would be permitted to make the announcement of the plant, yet Senator Byrd heard of it first and made the development public. Stagers thinks that he has been betrayed, and is upset about it.

There will soon be announced the completion of contracts with Japanese and German firms working on the SRC 2, and Secretary Duncan has promised Stagers that he will have first chance to make these announcements. Duncan and Stagers have spoken today and the arrangement seems to be firm, but you should be prepared to reassure him that he is first in line this time.

I suggest that if the Chairman brings this up you tell him you just learned of it; you are sorry it happened; you will speak to Secretary Duncan about the matter.

You should not be critical of Senator Byrd in this situation; it is an internal West Virginia battle, but the Majority Leader has been rather selfish.

**Electrostatic Copy Made
for Preservation Purposes**

ADDENDUM - 6:00 P.M.

5:45 PM

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

September 19, 1979

CVL
Freshmen floor team
Assess Caucus
Census

MEETING WITH SELECTED MEMBERS OF THE UNITED DEMOCRATS OF CONGRESS

Thursday, September 20, 1979

5:45 p.m. (15 minutes)

The Cabinet Room

From: Frank Moore *Fm/pd*

I. PURPOSE

To ask their assistance on the hospital cost containment legislation.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

Background: During your breakfast with the UDC, several members offered and, indeed, wanted to help you on some tough and key pieces of legislation. You will now be taking them up on their offer by asking their assistance with the hospital cost containment bill.

The most effective lobbying is done member to member. By drawing these people into our lobbying force, you are making them a part of the legislation. With few exceptions, these are members who have not dealt with hospital cost containment in committee.

The members have been selected because of region, political philosophy, and because they have a history of being able to influence other members.

Asking for their help will establish a very effective and personal strike force on legislation.

Participants: The President, Frank Moore, Bob Maher, and Reps. Joe Addabbo (D-New York-7), Eddie Boland (D-Massachusetts-2), Jim Corman (D-California-21), Bob Duncan (D-Oregon-4), Don Fuqua (D-Florida-2), Bizz Johnson (D-California-1), Jim Jones (D-Oklahoma-1), Norm Mineta (D-California-13), Dan Rostenkowski (D-Illinois-8), Tom Steed (D-Oklahoma-4), Jamie Whitten (D-Mississippi-1), John Slack (D-West Virginia-3), Tony Coehlo (D-Calif-15), Bill Alexander (D-Arkansas-1), Charlie Rose (D-North Carolina-7), Gillis Long (D-Louisiana-8), Beryl Anthony (D-Arkansas-4).

Press Plan: White House photographer only.

III. TALKING POINTS

The last time we met, you (the members) offered to help on important legislative matters. I have called you aside because I need your help on hospital cost containment.

You have been asked because you are recognized as leaders and men who have influence with your colleagues, which is not to say that others in the United Democrats of Congress do not. You however, have extremely good track records and credibility.

It will be hard to get a good head count on the entire House because we do not know what the Commerce Committee will produce. We do know, however, that this will can save state and federal governments, as well as individuals, billions of dollars. Eight states have programs to contain hospital costs and they are doing well. The legislation encourages states to set up their own programs and provides \$10 million for such programs.

We are not asking hospitals to do more than any other part of the economy. We only ask that they not continue to grow so much faster than the rest of the economy. To do that, we allow for all goods and wages to be passed through. Therefore inflation costs which affect hospitals, such as food, energy, beds, et cetera, are passed through.

We also allow an additional two percent for growth and intensity.

This legislation is about the only legislation which is clearly designed to curb inflation. Inflation is the number one domestic issue (granting that energy problems are foreign-initiated).

This is a good consumer bill. The older American associations have endorsed it and are actively campaigning for it. The Insurance Industry is behind it; it will save policy owners money. (You may or may not want to mention that Labor supports it.)

I understand that some of the insurance companies are going to print advertisements in newspapers to bring this issue to the public's attention.

I am asking you to talk to your colleagues and explain how important this issue really is. We can get you specific information. The most effective lobbying is members talking to their colleagues. If each of you talk to 10 to 15 members, we can win this.

We need this legislation, politically, to show that we are doing something about inflation. I hope I can count on you. (Then ask for their reaction.)

THE WHITE HOUSE

WASHINGTON

September 20, 1979

Q

MEMORANDUM FOR THE PRESIDENT

**Electrostatic Copy Made
for Preservation Purposes**

FROM: FRANK MOORE *F.m./pd*

SUBJECT: Status of Hospital Cost Containment Bill

The House Commerce Committee voted 21-20 to consider the Hospital Cost Containment bill on Wednesday, September 19. The minority, knowing they did not have the votes to either recommit the bill or pass a Broyhill (R-NC) substitute which would make the program totally voluntary, started a stall. They objected to the unanimous consent request that the reading of the bill be dispensed with. Thus, as the Committee adjourned Wednesday the clerk was beginning to read the bill, word by word.

We feel we have the votes to beat Broyhill and to pass the bill out of Committee. But to arrive at those junctions, we need Madigan's (R-Ill) vote. He will not give us that vote until his amendment is passed. We support it. But it is at the end of the bill.

Today the Republicans asked that the reading be suspended so they could bring up the Broyhill substitute. We objected because we agreed with Madigan that his amendment would be passed first. The clerk was still reading when the Committee was recessed subject to the call of the Chairman because a quorum was not present.

Chairman Staggers has not announced if the Committee will meet tomorrow. I think we will eventually get Dingell, as we are willing to accept an amendment helping Michigan. It would appear that we may indeed end up getting Lent (R-NY) and Marks (R-PA) on final passage.

I think the minority well understands that we do have the votes, and they will proceed along a course of action that would drag out consideration through a series of weakening amendments. Publically they have announced they intend to offer between 30 and 40 amendments. This is very disheartening to our supporters.

There is some pressure now to have the Speaker discharge the bill because today is the deadline he has established. I think this would not be wise for the following reasons:

1. I think we have the votes to pass the Administration bill with few or no weakening amendments.
2. If we hunker down until at least a vote is taken on Broyhill's voluntary plan, then we go to Rules Committee and the Floor saying the full Committee has rejected a voluntary program.
3. If we do the above or even go for final passage, we get Members on record. This is vitally necessary because it will show for the first time we have Republican support, although grudgingly given. This will help cover other Republicans on a floor vote and we need them.
4. The psychological impact would be tremendous.
5. It would put pressure on the Senate to act.
6. If the bill is discharged now, we can claim only limited victory, and the minority can gain sympathy by saying that they were not given the opportunity to fashion the bill. Some Democrats might object to the bill, using the guise that they did not like the manner in which it was extracted from the Committee. Jurisdiction is a big thing to Members, and they like to think they have total control over legislation and so might resent the power of the Speaker to discharge.

THE WHITE HOUSE
WASHINGTON

9/19/79

Mr. President:

No comment from OMB or CL.

Rick



Office of the Attorney General
Washington, D. C. 20530

September 18, 1979

MEMORANDUM FOR THE PRESIDENT

Re: The "Bumpers Amendment" to S.1477,
the Federal Courts Improvement Act

This responds to your inquiry concerning the Bumpers amendment, which was recently adopted by the Senate and would eliminate the presumption that agency rules are valid. If enacted it would significantly change existing law, for courts often defer to agency expertise in particular circumstances. The amendment was precipitately appended to S.1477, the Federal Courts Improvement Act. Final passage of S.1477 is being held in abeyance for consideration of a further unrelated amendment.

No immediate crisis exists: the House has not yet shown interest in the amendment or in the underlying bill, which is pending before a subcommittee of the House Judiciary Committee. Nevertheless, the Senate's passage of the amendment is important since, if enacted, it would significantly undermine our ability to defend rules adopted by Executive agencies. The amendment would make the administrative process more time-consuming, and would encourage litigation and foster doubt about the finality of agency rules. The Department of Justice is preparing a detailed analysis of the potential impact of the amendment.

I recommend that we strongly oppose the Bumpers amendment.


Benjamin R. Civiletti
Attorney General

**Electrostatic Copy Made
for Preservation Purposes**

Calvin W. Carter
Post Office Box 2521
Tampa, Florida 33601

September 20, 1979

Dear Rosalynn:

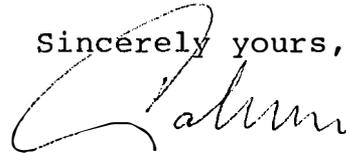
As one of Jimmy's appointees to the Advisory Council on Historic Preservation, I chair a committee which just completed a study entitled "Preservation and Energy Conservation".

I think Jimmy will be interested in reviewing the enclosed brochure regarding the study, and the policy paper.

The study proves that preserving older buildings for reuse is energy conserving compared to new construction.

Jimmy may wish to use the results of the study in his energy conservation planning. The preservation movement in the country would be delighted too.

Sincerely yours,



Mrs. Rosalynn Carter
The White House
Washington, D.C.

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

20 Sep 79

Jerry Rafshoon
Jody Powell

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

Rick Hutcheson

The original has been sent
to stripping for handling.

cc: Stripping

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

Raphoon

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

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON 
SUBJECT: Energy Public Service Ads

My office has recently been in touch with Tom Williams, attorney for the National Football League to discuss the possibility of having the league donate public service time during their weekly games to broadcast spots on energy conservation.

Williams is enthusiastic about the idea and I think a letter from you to Pete Rozelle would make it happen. If they agree, it could mean one or two public service ads shown during each of a dozen NFL games broadcast around the country every week between now and January. It would also set a precedent which would be very much in line with what you asked the television networks to do on Thursday.

I have attached a draft letter to Rozelle for your signature.

THE WHITE HOUSE

WASHINGTON

September 20, 1979

To Pete Rozelle

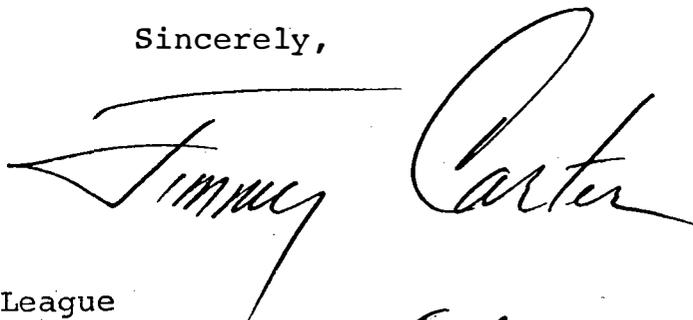
Throughout the years, the National Football League has helped many worthy causes by producing public service advertising to be shown during the broadcast of your weekly games.

Our nation is now faced with an important challenge which will require the understanding and cooperation of every American if it is to be met. As the events of the early summer have shown, our country is dangerously dependent on an uncertain supply of foreign oil. We need to conserve the energy we now have available and we need to find new sources of energy for the future.

The American people are ready and willing to do their part in the fight for energy security. They need to be given direct and useful information so they can take action. Because of the tremendous viewing audience you reach each week, a public service campaign sponsored by the NFL and broadcast during your games would be one of the most effective means possible to motivate and inform the public.

We stand ready to help in any way possible to achieve this goal.

Sincerely,

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

Mr. Pete Rozelle
National Football League
410 Park Avenue
New York, New York 10022

A handwritten note in cursive script that reads "Thanks -" followed by a single letter "J". The signature is written in dark ink and is positioned below the typed name.

THE WHITE HOUSE

WASHINGTON

September 19, 1979

MEMORANDUM FOR THE PRESIDENT

Electrostatic Copy Made
for Preservation Purposes

FROM: JACK WATSON *Jack*
RE: LUNCH WITH GOVERNOR EDWIN EDWARDS, OVAL OFFICE,
12:00, THURSDAY, SEPTEMBER 20

As you know, we have been receiving signals for some time from Governor Edwards indicating his interest in talking with you and being asked for his support. Some time ago, I asked Moon Landrieu to talk very informally with the Governor to see what he was thinking about the national political situation. The signs were positive enough, in Moon's opinion, to warrant our following through with a personal meeting between you and the Governor.

For your information, Governor Edwards recently named Edmund Reggie to serve as his Executive Counsel. Although Reggie has long been politically identified with the Kennedy's and may even be, or become, involved in the "Draft Kennedy" effort, Moon said that we should not impute Reggie's position to Edwards. Moon says that the two men are long time friends who have differed with each other politically on numerous occasions.

I recommend that the whole tone of your conversation with the Governor be political. I think you should feel him out regarding his views and assessments of the national political situation, with specific inquiry regarding his views on the Brown and Kennedy "candidacies". I also think you should talk to him "straight-up" about your own firm intentions to run for re-election and, depending upon the way the whole conversation goes, flatly ask for his support. Moon says that the Governor can be trusted to treat your conversation with him with discretion.

Edward's support would be invaluable in Louisiana. He currently has a 75 - 80% popularity rating in the state and could clearly win a third term next year, if he were permitted to run. Despite the fact that he cannot run in 1980, he has said publically that he plans to run for re-election in 1984 and, what's even more amazing, he recently raised \$1 million at a \$1,000 a plate dinner for 1,000 people for that possibility.

He is generally regarded in the state as an excellent administrator and a strong governor. Under his leadership, the State adopted a new Constitution (an achievement of which he is very proud) and repealed part of the state income tax by substituting a new gasoline tax of some sort which more than makes up for the lost income tax revenues. As you know, he is a very bright man with a good sense of humor and a quick mind. He is extremely colorful and self confident and throughout his whole political career, has gotten away with some very unconventional behavior for a politician. In Moon's inimitable words: "he's strong as goats milk". Moon says that, in general, Edwards is liberal on race and other social issues but fiscally conservative.

Although it is hard to imagine two men who are more different in personal style and approach than you and Ed Edwards, I think there is plenty of room for political compatibility and agreement.

For your information, Governor Edwards will be hosting the Southern Governors' Association Meeting in New Orleans on September 30 - October 2. I am working with George Busbee to orchestrate some strong statements from the Southern Governors' regarding your performance as President, their strong support for you, etc.

cc: Sara Weddington

THE WHITE HOUSE

WASHINGTON

20 Sep 79

Jim McIntyre

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

Rick Hutcheson

Administrator Frosch

Al McDonald

Zbig Brzezinski

Frank Press

cc Frosch

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

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

ACTION
FYI

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

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



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

SEP 19 1979

MEMORANDUM FOR THE PRESIDENT

FROM: JIM MCINTYRE *Jim*
 SUBJECT: NASA Issue

Mr. President, I believe that as we come to specific recommendations regarding the shuttle we will have to consider its management. I have a growing feeling that the shuttle management may have to be reorganized. I have not raised this prospect in my joint memo with Bob Frosch because we have not yet mutually worked out what might be desirable. However, I did not want you to think that I was considering additional funds without at the same time worrying about management effectiveness.

I also believe that DOD may be considering proposing in the FY 1981 budget a hedge or backstop for its 1983 launch. Decisions regarding this will be posed to you during the fall budget process.

To Jim & Dr Frosch - Jim losing confidence in the management's ability to manage and estimate accurately.

This may be developing into a debacle & a national embarrassment.

Advise me without delay -

cc JG:5

**Electrostatic Copy Made
 for Preservation Purposes**



National Aeronautics and
Space Administration

SEP 19 1979

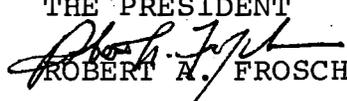
Washington, D.C.
20546

Office of the Administrator

MEMORANDUM FOR:

THE PRESIDENT

FROM:

 ROBERT N. FROSCH/JAMES T. McINTYRE 

SUBJECT:

Budget Commitments for the Space
Shuttle Program

NASA is now completing major technical, cost, and management reviews of the space shuttle program (including reports by the independent technical advisors that you requested). It is now clear that a further slip of several months in the first orbital flight is likely and substantial additional funding above previous commitments will be required in both FY 1980 and FY 1981.

The Administration informed the Congress in June that there would be a 20% probability for the first orbital flight to occur by the end of March 1980, with a 50 percent chance by the end of June. NASA is continuing to target for launch in the March to June period, but it is likely that first launch could be delayed until August-September 1980.

OMB, NSC, and OSTP, after examining the preliminary results of the NASA review, support the NASA view that the schedule adjustment will not affect the important initial SALT related launch scheduled for the shuttle in early 1983, and all subsequent national security related missions. DoD concurs in this view.

Estimates of additional funding needs for FY 1980 and FY 1981 have been developed, based on the work of a NASA review team which addressed known problems and program uncertainties. Also included is a contingency reserve to be held by the Administrator to provide flexibility for meeting significant but currently unidentified problems. These estimates are \$200-\$300 for FY 1980 and \$400-\$450 million for FY 1981.

There will be funding impacts associated with the delay in the availability of adequate launch capability for the Galileo mission, a scientific mission to conduct investigations of Jupiter, its atmosphere, and its satellites. The FY 1980 and FY 1981 budget impacts of the shuttle slippage on this mission is small but outyear costs could increase by

\$160-\$200 million--over the \$475 million previously estimated--because of the required adjustments to provide separate launches for elements of the mission that were previously planned for a single early high performance launch.

All your advisors agree that it is necessary to inform the Congress now of the likely schedule slippage and to make a general commitment now for sending a specific FY 1980 supplemental request to the Congress with the 1981 budget, but that it is not wise or necessary to send a specific supplemental to the Congress now because:

- o Budgetary resolutions would be very difficult to re-open now that overall budget totals are a major issue in the Congress over the 2nd concurrent resolution.
- o We will have more insight into the technical and schedule status of the program by late fall (e.g., engine testing and completion of detail work on the orbiter at Kennedy Space Center).
- o NASA funding rates are such that they are not likely to need the FY 1980 funds until late in the fiscal year.
- o A broad commitment now will allow NASA sufficient flexibility to anticipate future needs.
- o It would be desirable to conduct a full review of the entire program in the context of the fall budget review and to receive a status report from Dr. Frosch, prior to commitment to a specific supplemental amount.

We believe that a general commitment now should be sufficient to assure the Congress that the Administration is still fully committed to use the shuttle for the important SALT-related launch in early 1983. However, we note the option remains open of sending up a specific supplemental soon in the event that key elements of the Congress feel that a specific budget supplemental is needed to provide adequate program assurances.

We have summarized in the Enclosure the key points that Dr. Frosch is making to Congressman Boland and other key members.

Enclosure

ENCLOSURE

SUGGESTED ADMINISTRATION POSITION ON SHUTTLE AND GALILEO PROGRAM ADJUSTMENTS

Space Shuttle

- o Reassessments of known problems with shuttle hardware and schedules now indicate that although NASA is continuing to target for launch in the March to June period, it is likely that first launch could be delayed until August-September 1980.
- o The Administration remains firmly committed to meeting critical national security program needs beginning in early 1983. Also, there is no impact on the planned December 1983 operational capability at Vandenburg AFB.
- o It now appears likely that on the order of an additional \$200-\$300 million in 1980 and \$400-\$450 million in 1981 will be required to resolve problems in completing shuttle DDT&E and the phasing-in of shuttle production.
- o Requests for additional funding required for FY 1980 will be transmitted with the President's FY 1981 budget request.
- o We will have more insight into the technical and schedule status of the program by late Fall (e.g., engine testing and completion of detail work on the orbiter at Kennedy Space Center).

Galileo

- o It is now clear that the Galileo mission, as originally planned, cannot be launched by the shuttle in January 1982.
- o Although OMB and NASA will be examining possible alternatives for the mission during the fall Budget review, conduct of the full planned scientific investigations probably could not occur before 1984. While the impacts of the delay for FY 1980 and FY 1981 are small, outyear costs could increase by \$160-\$200M.

C
THE WHITE HOUSE
WASHINGTON

September 20, 1979
5:10 p.m.

MR. PRESIDENT

Frank Moore called.

Lost Panama Canal Treaty by a
vote of 203 - 192. With State
Department people and are in
process of taking the next steps...

Phil

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

9/20/79

Stu Eizenstat

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

Rick Hutcheson

cc: Anne Wexler

THE WHITE HOUSE
WASHINGTON

September 19, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: ANNE WEXLER *Anne*
STU EIZENSTAT *Stu*

SUBJECT: Suggested Phone Call to Tom Murphy,
Chairman of General Motors

*Stu -
He's supportive -
Concerned about WPT.
Tell Bill to spend
a minute with
Tom on this
J*

As you know, following the series of lunches for chief executives held last week, we are very close to having strong business support for the Energy Security Corporation. The Energy Task Force of the Business Roundtable postponed voting on a negative resolution while Krome George of Alcoa, Chairman of the Task Force, attended one of the luncheons. As a result, Krome asked that Charlie Duncan, Bill Miller and the two of us meet with the entire Task Force. That discussion is scheduled for tomorrow, Thursday at 5:30 p.m. in the Roosevelt Room.

In addition to the regular Task Force membership, Irving Shapiro, Tom Murphy and Reg Jones will attend the meeting.

Our information is that Tom Murphy is still undecided about the Energy Security Corporation and inclined to be negative. He is Chairman of the Roundtable. Without his endorsement, the Roundtable will probably issue a negative assessment of the ESC. This will mean that many corporations inclined to actively help, will back off. Because of your relationship with him, we believe that it would be helpful if you called Tom before the meeting to let him know how important you believe the meeting is and to emphasize that the Energy Security Corporation is designed to support private sector efforts.

Tom's phone number in Detroit is (313) 556-3517. We understand that he will be in Detroit until he leaves for Washington on Thursday afternoon.

Talking Points for a Phone Conversation With
Tom Murphy

- o I understand that the Energy Task Force of the Business Round Table will be meeting Thursday afternoon with Charlie Duncan, Bill Miller, Stu Eizenstat and Anne Wexler. I know that you've discussed the Energy Security Corporation with them, but I wanted to let you know how important I feel the Task Force meeting will be and that I particularly appreciate your coming.
- o The Energy Security Corporation is designed solely to support and encourage private sector efforts.
- o We propose to set it up as a separate entity so that it does not get caught up in the bureaucracy and can operate much like a private financial institution.
- o I have agreed not to oppose removing government-owned facilities from the legislation and to phase the legislation. After four or five years we can look at the program and determine whether we should continue on this course of investments in order to meet the import reduction goals that I have set for 1990. At the same time I have asked the Congress for an Energy Mobilization Board which will cut through the regulatory and permitting maze. This will allow us to decide expeditiously whether or not to proceed with an energy facility.
- o Your leadership is respected in the business community and with the Congress. I hope that you can help with this.

THE WHITE HOUSE
WASHINGTON

9/20/79

Hamilton Jordan
Jody Powell

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

Susan forwarded the
copy of George Leonard.

Rick Hutcheson

3990

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

CC George Leonard

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

GEORGE LEONARD BOX 509, MILL VALLEY, CALIFORNIA 94941

September 17, 1979

President James Earl Carter
The White House
Washington, D.C.

Dear Mr. President:

Thank you for your note of August 29 and for your kind remarks about my recent address to the Association for Humanistic Psychology at Princeton University. I'm pleased to accept your invitation to share some further thoughts with you concerning a fundamental puzzle of our times: why, we the citizens of the most fortunate nation in history, are now afflicted with a sense of uncertainty if not despair about our own national purpose and future prospects.

Let me begin on April 18, 1977, the date of your first major energy address to the nation. For several years prior to that time, in my writings and in lectures to various groups around the nation, I had repeatedly wished for some national leader to state clearly and candidly the true dimensions, the perils and possibilities, of our energy situation. Now, according to advance press reports, you were going to do just that. Living in a Pacific time zone, I had an early dinner, warmed up my television set, made sure my notebook and pencil were at hand, and awaited your appearance on the screen.

What ensued was, for me, electrifying. The principles you enunciated were sound, the goals you offered were realistic and fair, the language you used was stirring but not melodramatic. When you said, "This difficult effort will be the moral equivalent of war--except that we will be uniting our efforts to build and not to destroy," I startled my wife and children by cheering aloud. Here at last was a challenge worthy of the American spirit, an issue around which our people could unite in renewed purpose and community. When your speech ended, I was filled with elation.

Unhappily, that elation was short-lived. Viewers around the country could hardly get their breath before the network commentators came on with their analyses of the speech. By switching channels and taking advantage of commercial breaks, I believe I got most of what the experts on all three networks had to tell us--and I was filled with dismay.

Electrostatic Copy Made
for Preservation Purposes

cc Ham, Jody
Very good -
J

To George - Thanks
J

The commentators spoke of the possible effects of your words on special interest groups, on party and intra-party politics. They sought to predict what was going to happen next. The expressions on their faces became increasingly wise and knowing as they displayed their cleverness, proffering opinions on what was behind your words, on what you really meant. Not once did I hear any of them seriously discuss the possibility that the energy crisis offered us the moral equivalent of war, or that, with the exception of preventing war, this was the greatest challenge our country will face during our lifetimes, or that the alternative may be a national catastrophe.

Over the next few days, by and large, the political columnists took the same tack. Ignoring the essence of your address and the nature of the problem we faced, they continued their tortuous analyses of strategy, of countervailing forces, of possible conspiracies. The crisis itself was nearly forgotten. In their efforts to reveal the story behind the story, the media's best minds missed the story itself.

I'm not saying that a small group of writers and commentators caused all the problems with your energy program. Any reordering of economic priorities--a necessary outcome of energy reform--is bound to bring special interests into sharp conflict. I am saying that these writers and commentators, through their relentless if unconscious cynicism, devalued your message, sowed seeds of unnecessary doubt and, worst of all, robbed the great majority of the American people of what they were really seeking: an opportunity to give meaning to their lives through dedicating thoughts and efforts to a larger community, to the common good.

In these comments on the media, I don't want to sound like Spiro Agnew. I do want to offer a rationale for the current media orientation and respectfully suggest a way of dealing with it.

To begin: the journalistic modus operandi is basically ironic in nature. That is, it involves the journalist gaining a certain emotional and personal distance from the subject being reported on, taking the obligatory backward step to gain perspective. No reporter wants to be caught seeming the fool. The phrase, "a tough, hard-hitting reporter" (think about that for a moment) is taken as high praise. Optimism is derided as "fuzzy-minded" while pessimism is seen as "tough-minded." Then, too the canonization of Woodward and Bernstein has created a search, pillage, maim and destroy mentality among many of those who purport to tell us who we are and what we're about.

All of which is well and good. We want our journalists to expose the phony, the pretentious, and the evil, even if it means bringing down a government. But there are extremes beyond which irony and "tough-mindedness" can't go without creating a paralysis of will and an inability to act. As I wrote in Education and Ecstasy, "A certain naivete is prerequisite to all learning. A certain optimism is prerequisite to all action. When a nation's best minds desert all hope and decry all enthusiasm, they leave the nation susceptible to nihilism and anarchy. When they refuse to be committed, they leave commitment to those who would destroy not build, those who would go back, not forward." This is especially true, I think, at a time when basic changes in our way of living are so clear on the horizon.

Novelist Wallace Stegner has defined irony as "that curse, that armor, that evasion, that way of staying safe while seeming wise." Faced with something unfamiliar--a charismatic Christian meeting, an awareness or self-help group, a holistic health practice, a family living in voluntary simplicity--the typical reporter turns immediately to irony. By ignoring, dismissing or ridiculing the subject of his report, he stays safe while seeming wise. The typical reporter had rather chuckle about a killer rabbit than to do the necessary homework (involving emotional as well as intellectual understanding) for reporting accurately on the experiments in living and relating that are springing up all around the country. The typical news analyst, staying safe while seeming wise, had rather seek devious "meanings" behind your words on energy than face the shattering implications of the words themselves.

What can you do about it? What can any President do? Most importantly, I don't think you can deal with the media by playing their game. I believe that all conscious image manipulation is doomed to failure. You can't outguess or outsmart the media people. They won't let you. They feel that, for their own survival, they can't let you. Whatever the image your advisers urge you to create, the media will always go one better--to expose, to reduce, perhaps to ridicule.

What remains and what I think can prevail is simply a total dedication to openness and honesty, along with a relentless determination to outlast the irony of the media. This might mean repeating every important point, a hundred times if necessary, until it is finally heard. For example, why not go back now to your "moral equivalent of war" statement, if that's what you still believe? Over the period of 2½ years, more and more of us have come to realize that you were right in the first place.

I'm aware that strategy still seems to be needed in dealing with the Congress, with special interest groups and with foreign powers. Even in these cases, however, openness and honesty can have a powerful effect for the good. And with the American people, absolute candor is the ultimate instrument, as we learned during your election campaign. Even the most sophisticated polling techniques, if used in a fundamental way to shape your words and actions, can weaken your long-term effectiveness with the electorate. I believe that at the deepest level you know what needs to be done. Your faith in this inner knowing and your willingness to act openly on it could once again electrify the nation.

One personal note: I'm not commenting upon the media from any sense of exclusion. For 17 years, I served as a senior editor for Look Magazine. During those years (1953-1970), Look grew to be the largest magazine in its field, with more than 30 million readers. Look carried its share of typically ironic stories. But what I learned was that the atypical stories and special issues--those that were not so much ironic as enthusiastic, those that concerned the possibility of positive social and individual change--received more reader mail, and more national awards, than did the usual ironic pieces. The affirmative special issues (I'm sending copies of two under separate cover) generally set newsstand sales records.

I report this simply to indicate that the positive, transformational message does have popular appeal and can get through to a large public. The customary media cynicism--though eventually it corrupts us all--is initially a statement about a limited number of media people, not about the great majority of American people.

Since leaving Look, I've continued to write and give lectures and workshops all over the country and abroad. What I gather from my first-hand interaction with many tens of thousands of people is that there is a great current rising in this nation. Right now, it tends to manifest itself as uncertainty and discontent, but I think it could be transformed into enthusiasm and commitment.

In their deepest hearts, most Americans know the consumerist binge is over. But what will take its place? Will we be reduced to a grim existence of bare survival? Will extreme measures of centralized control be needed to dole out our diminishing resources? Or might there be a happier prospect, a vision of constructive change in what we value and how we spend our time? I feel that the political leader who gets a handle on this positive vision will not only serve humankind but will also gain in popularity. Governor Jerry Brown has sporadically voiced parts of this vision, which I think helps account

for his eccentric leaps and falls in popularity. Note that whenever he is seen as cynical or manipulative, his popularity tends downward.

While the transformational vision is not yet clear to the public, there is, I believe, a public that is ready for the vision. The heartening response of San Francisco Bay Area residents to the drought of 1976-77 gives the lie to those cynics who maintain that Americans are narcissists who will never voluntarily relinquish luxuries. The remarkable response to your election campaign, which stressed goodness and service over purely material considerations, is another hopeful sign.

There are many other such signs: the phenomenal proliferation of self-help groups, dealing with everything from alcoholism to aging, which now claim 15 million active participants; the continuing strength of charismatic religious groups; the ever-increasing power of the ecology movement; the increasing turn towards political action of the awareness or human potential movement, whose participants now number in the millions.

What I'm saying, in brief, is that there is a large unselfish majority in the United States and a significant transformational minority, both of which are generally ignored in the loud and self-serving clamor of huge labor, business and governmental entities.

The most striking example of how the transformational minority might be useful to society is seen in a holistic health movement, which grew largely out of the human potential movement. Not only are millions of Americans now involved in holistic health practices, the theorists of the movement also offer a real, honest-to-goodness solution to the nation's health care crisis, a humane and practical alternative to the possibly catastrophic kind of national health insurance program offered by Senator Kennedy! I'm amazed that no political leader has yet addressed some of the principles of holistic health, which already have profoundly influenced such organizations as Blue Cross.

Rather than writing more about the health care crisis (this letter is already far too long), I'm taking the liberty of attaching a copy of a speech I gave on the subject in April to a group of Washington public servants at a conference sponsored by the National Institute of Public Affairs and the Association for Humanistic Psychology. I'm also sending, separately, a copy of my 1972 book, The Transformation: A Guide to the Inevitable Changes of Humankind, marked as to the key sections. This book examines the root causes of the changes now occurring in the advanced nations.

I am, as I noted to Susan Clough, extremely sensitive to your time pressures. Your attention to these thoughts, is greatly appreciated. I'd be glad at any time to offer specifics or general comments which might be useful in your truly awesome task.

Respectfully,

George Leonard

The following speech was given by George Leonard at an invitational conference, "The Possible Society", held April 26-28 at the Tidewater Inn, Easton, Maryland.

THE SOCIAL AND POLITICAL IMPLICATIONS OF HOLISTIC HEALTH

by George Leonard

I imagine it's obvious if not downright redundant to say we have a national health care problem. Many of you know more about the specifics of the problem than I do:

- that we're spending around 200 billion dollars a year—that's close to 10% of our entire GNP—on health care.

- that this cost is rising disproportionately and contributing significantly to inflation

- that a single major illness can wipe out a family's entire life savings, often to no humane purpose

- that a national health insurance plan offers great humanitarian and political benefits and poses equally great economic and long-term medical perils

- that the death and distress rate among doctors, dentists and other providers in the system is shockingly high, which, for me, is just about as strong an indicator as you can get that something is wrong in our health care system.

All this is obvious and well known. What I'd like to do is offer an alternative way of looking at and dealing with the problem.

This alternative way goes under the rubric, holistic health. What I propose is that the holistic approach, if applied vigorously, could stop and perhaps even reverse the trend in health care costs.

But there's more to it than that. Putting the holistic concept into effect would have profound social and political implications. It might also serve as a model for dealing with other pressing social problems, e.g., crime, educational reform, energy, economics.

Before outlining general principles and characteristics of the holistic health movement, I want to give credit where it's due.

Modern medical science has indeed created miracles with vaccines and antibiotics, life support systems and surgical techniques that have preserved life and relieved suffering. Some recent developments in diagnostic instruments are truly wonderful. Modern medicine is especially effective in treating infection, acute pathology and trauma. This instrumentality will continue for the benefit of us all.

But every specific line of development eventually reaches a point of diminishing returns, where further efforts along the same line become more and more difficult and expensive. Then the most strenuous efforts are counterproductive, and we have to start looking for other ways of getting desired results.

Historian of science T.S. Kuhn has shown how every scientific paradigm, as it nears the end of the line, begins to display various crises and anomalies. The Ptolemaic epicycles became truly torturous just before Copernicus. A



similar situation confronts us in our present health care system where every new "solution" seems to become part of the problem.

Prescribed drugs, for example, have become one of our nation's major causes of death. Estimates of hospital deaths due to drugs range up to 140,000 a year. Taking the rather conservative figure of 29,000 deaths from the Boston Collaborative Drug Study, you have adverse drug reaction as the 11th most deadly killer, just behind bronchitis, emphysema and asthma. The added annual hospital care cost alone due to prescribed drug reaction is estimated at around five billion dollars.

In 1960 there were two hospital employees for every patient; now there are more than three. Between 1965 and 1975 the total number of people in the health care field increased from 3.3 million to 4.4 million; and yet, as generals of the war against sickness call up more and more reinforcements, the situation continues to worsen.

The problem is that potent drugs, futuristic technology and heroic procedures exist and in the name of "saving" even the hopelessly ill must be used.

The cost is staggering. The results? Well, questionable. Dr. Alexander Leaf of Harvard Medical School has cited one study group of 40 patients with ruptured aortic aneurysms. The combined hospital bills of these people came to more than a million dollars, an average of better than 25,000 dollars each. Only one of the 40 left the hospital alive. And that study dates back five years. Would you like to estimate the costs today?

No need to belabor the point. It's clear that health care in America is now snared in the kind of anomaly that can be summed up as follows: "Just how many more present medical miracles can our system bear?"

In other words, we have a situation where almost every new triumph in surgery and life-support brings the system nearer to bankruptcy without adding very much at all to general life expectancy or well-being. Let's face it:

- Powerful new drugs won't solve the problem, but may make it worse.

- Miraculous new surgical and life support techniques won't solve the problem, but may make it worse.

- National health insurance, though perhaps humane and needed, won't solve the problem, but may make it worse by strengthening the dead, bureaucratic hand of the third party in medical payments.

- Nor will new sophistication or computerization of health care delivery systems, iridology, homeopathy, acupuncture, rolfing, reflexology, biofeedback or fasting in themselves won't solve the problem.

What would solve the problem? Well, let me be dangerously forthright and say that the answer is rather

continued on next page...

simple and clear. It involves an approach that could be called visionary or impractical or "against human nature". Yet, already this approach is being embraced or at least wooed by major health care providers and health insurance organizations, not necessarily out of starry-eyed altruism, but out of something much more compelling: hard-headed practicality, organizational survival.

This approach finds, perhaps, its most eloquent — certainly its most flamboyant and immediate — expression in a holistic health movement which from its beginning has been associated with people and ideas around AHP. Its general principles might be described in six parts:

1) *Positive wellness, not just the absence of disease, is the goal.* The conventional physician is prone to consider a person "well", if he/she has no symptoms and falls within the normal range in a series of diagnostic tests. Yet this "well" person might smoke heavily, not exercise, eat a bland, sweet, starchy diet, and impress all who meet him/her as being glum, antisocial and emotionally repressed.

To a holistic practitioner such a person is acutely sick, the carrier of what biologist Rene Dubos calls "submerged potential illness".

To the holistic practitioner the absence of overt disease is only a starting point beyond which a whole world of good health beckons.

Abraham Maslow turned psychology on its head—and helped inspire the founding of AHP—when he began studying people who are at their peak mentally and emotionally, rather than the pathologically individuals who had previously preoccupied that science.

In the same way, health care is transformed when it begins looking at above-average physical fitness, extraordinary alertness and awareness, and the tingling sense of well-being that affords high resistance to disease.

Consider this turn towards the *terra incognita* of human potential to have important implications, not only for the health of the body, but of the body politic.

2) *Causes of most illnesses are to be found in the environment, lifestyle and emotional/sensory balance.*

This assumption is only partly new. The environmental origin of many diseases has long been known, but the true dimensions of the problem are only now coming to light.

Recent studies suggest that 80-90% of all cancers may be triggered by environmental factors, especially pesticides, plastics, food additives and other pollutants (such as radiation—the most deadly of all) that have flooded our environment since World War II.

The connection between personality and disease is a bit more controversial. There is no question about emotional factors being involved in ulcers, spastic colons and the like. Type A behavior (Hello, all you fellow knights of the tight deadline) seems to be associated with coronary artery disease. And there are also some correlations being made between personality type and proneness to cancer.

The important point is that we examine the total environment—physical, social, emotional, spiritual—rather than just the patient's body and medical history in our quest for health.

Our greatest healers, from the primitive shamans to the ancient Greek physicians, to the Chinese herbalists, to the

best of the modern general practitioners and internists, have always done just that.

3) *Prevention of illness lies less in the annual physical than in the transformation of your life.*

Let me quote Dr. Stuart O. Schwartz, who has done a federally funded study on the cost effectiveness of routine medicine tests: "Subjecting people with no medical complaints to a complete battery of screening procedures every 12 months is probably ridiculous".

Schwartz points out that the chances of finding something wrong during an annual checkup on a person without symptoms is extremely low and costly.

I'm not recommending that you skip your annual physical; that's up to you. But if you really want to do something about your health—and about our nation's health—there is an alternative. It's simple and sweeping, promising and never-before-attempted: a basic transformation in the way we live.

Now, before this sounds too grandiose, let me cite the words of Dr. Lester Breslow, Dean of UCLA's School of Public Health. Dean Breslow has compared the actual health of 7,000 California adults with seven old-fashioned "health habits"—let's call them Grandma's Helpful Health Hints:

- no smoking
- moderate drinking
- seven or eight hours' sleep a night
- regular meals without snacks in-between
- breakfast everyday
- normal weight
- moderate, regular exercise

The survey showed, with amazing consistency, that the health of people with seven of the habits was better than the health of those with six; those with six better than those with five, and so on down the line.

The average number remaining years at age 45 for men with zero to three good health habits was 21.6 years compared with 33.1 years for those with six or seven—a difference of 11.5 years.

Other studies confirm these extraordinary results. And, if you want to go farther, take this thought experiment offered by Dr. Philip Lee, perhaps the leading expert on preventive medicine in the US: If by some kind of magic, by the snap of the finger you could suddenly end all abuse of tobacco, alcohol and automobiles, over half the hospital beds would suddenly be empty.

Lee's formulation, of course, doesn't even touch the matter of exercise or nutrition. He doesn't mention the dreadful effects of food additives, excess fat, lack of bran. Did you know that we've increased our intake of sugar tenfold since 1900? This is indeed a perilous experiment never-before-attempted on any mammal, and its results in terms of hyperactivity and crime are yet to be ascertained.

So you see, if we want to improve our country's health, we've got to live more healthfully.

To quote Professor Aaron Wildavsky of the Graduate School of Public Policy at Berkeley: "The marginal value of one, or one billion, dollars spent on medical care would be close to zero in improving health". Thus, conventional medical spending won't do the job. Transforming our life styles undoubtedly would. And we don't have to do it all at once. A small change in lifestyles would probably produce a small change in our nation's health.

Already just in the past few years there has been significant reduction in deaths from heart disease among

Plato: "The reasons why the cure of so many diseases is unknown to the physicians of Hellas is because they are ignorant of the whole which ought to be studied also; for the part can never be well unless the whole is well... for this is the great error of our day that physicians separate soul from body."

American men. This has been attributed to improvements in coronary care units, to better nutrition and, most significantly, to the dramatic fitness boom of recent years.

Are we being impractical? Can we really get people to improve their lifestyles? Or is changing "human nature" impossible?

All right, let's take a look at the recent water shortage in the San Francisco Bay Area. What's more basic than water? Water is one of the agencies through which we "indulge ourselves" as well as survive. Yet everytime the authorities asked for voluntary reductions in water consumption, the citizens of this area, on their own, exceeded the reduction asked for. People avoided taking showers and baths, flushed their toilets less than usual, neglected watering their lawns, let some of their most valued shrubbery die; all of this was done voluntarily out of a sense of community.

So how do we know we can't get people to change their habits? Have we ever really tried? Have we ever instituted a real, gung-ho, media, personal example, tax-incentive campaign to get people to stop smoking; to get out of their cars and on their feet; to eat right; to encourage the tingling, wide-awake, fully-alive feeling that goes with good health?

Just give me—or any one of you—one-half the money that's spent on in-hospitals adverse side effects of drugs for such a media campaign. Remember, that would be two and a half billion dollars a year.

4) *Healing of many chronic diseases that are only ameliorated by the old medicine may be possible after all.* If something is wrong with you, go to your doctor. As I've said, conventional medicine is effective in trauma, acute infections requiring antibiotics, and conditions requiring surgery; but it is not so good on chronic situations. But, as Schweitzer said, we all have a doctor inside of us. And it seems that a number of holistic health practices are pretty good at activating that private, internal doctor.

In my hometown, Mill Valley, California, we have acupuncture, reflexology, herbology, psychic healing, homeopathy and many other such practices. But it's really a question of balancing body, mind, spirit and environment.

Specific practices, despite media attention, are not the heart of the holistic health movement (please don't believe media reports on this field). Reporters and camera people always go for the photogenic, extreme and grotesque.

5) *Illness is not necessarily bad.* It can be an expression of some imbalance in your life. In non-acute cases, let it run its course rather than attacking its symptoms. Then you can learn something and reintegrate at a higher level.

6) And perhaps most important: *Responsibility for your health and your body lies not with your physician or an "expert", but with yourself.* Doctors and medical technicians are there to assist you in your quest for good health, but *the buck stops with you.* To a very great extent, you can choose to be sick or well, and together, we can choose to have a sick or well society.

Again, is this practical? Well, one large health organization obviously thinks so. I had a personal peak experience a couple of years ago, when I received my Blue Cross Newsletter. I started to read the lead story and had a strange sense of "deja vu". Suddenly I realized that the Blue Cross message was a paraphrase, if not a plagiarism, of an article that I had done on holistic health two years earlier. Later I met a Blue Cross Vice President who told me that, yes, Blue Cross was taking the holistic health principle approach to health care and doing it as fast as seemed practical.

Other medical associations are joining this movement. The Swedish Medical Center, a large hospital in Denver, Colorado, has recently instituted the Swedish Wellness Center within the hospital. It is well-staffed and offers training in exercise, nutrition and stress management.

Such wellness centers would be a great idea for health maintenance organizations (HMO's, such as Kaiser Plan hospitals). Incidentally, the Colorado Hospital Association recently passed a resolution urging all hospitals in that state to set up wellness centers.

Carrying this out would have large-scale implications which would influence almost every aspect of our lives. Temporarily, good health would have a negative affect on our GNP, which has a strange affinity for sickness and disease. But it would immediately give us a new mode of problem solving.

Conventional Western allopathic medicine has two main modes:

1) *Direct, linear intervention*—something like war. Attack the diseased part or bacteria directly. Drug it or take it out. Handle the side effects later—with another war if necessary.

2) *Fast, temporary relief*, that is, alleviate the symptoms as quickly as possible. This mode is practiced by medical doctors and by a really vast paramedical industry in this country. You see it all the time on the tube. The video pill pushers are preoccupied with symptoms. They tell you more than you want to know about symptoms of headaches, arthritis, backache, constipation, insomnia, etc.

It's instructive to note that they promise:

- no real improvement in your situation
- no cure
- not even any long-term amelioration

If your Excedrin headache goes away tonight, you can be reasonably certain it will return on another night. If you can spell "relief" correctly today on the job ("i" before "e", please), make sure you don't forget it because you're going to have to spell it again pretty soon.

Fast, temporary relief is what these pushers promise, that's all. And they spend millions of dollars to convince you their product will "go to work on the symptoms" maybe 30 seconds sooner than that of their competitor. And this is presented as a matter of the gravest concern.

continued on next page...

... George Leonard continued

These two modes, *direct, linear intervention* and *fast, temporary relief* do work up to a point, but at a cost in dollars and with adverse side effects that finally become unbearable. And I'm afraid that our society at large, not just our medical practitioners, is prone to use these modes, sometimes to the detriment of its own good health.

Direct, linear intervention is clearly evident in our drive to increase agricultural production.

Huge areas are plowed, fertilized with petrochemicals, and devoted to a single crop; then harvested and processed mechanically at a great energy expenditure, all in the name of efficiency.

The vast, unbroken spread of a single crop encourages the pest associated with that crop to thrive and multiply. This proliferation is dealt with again by direct, linear intervention: massive doses of pesticides—a fabulous opportunity for mutant strains of pests (resistant to the pesticide) to develop, multiply and continue the feast. (Here the analogy with the medical overuse of antibiotics in recent decades becomes painfully obvious.)

Confronted with a "new" enemy, the agricultural generals escalate the war with more powerful poisons; the pests respond by mutation and proliferation and the war goes on unabated. The humus is gone; the soil is dead. There are no earthworms; no beneficial insects. The costs and outcome are fearful to contemplate. It's indeed an agricultural Viet Nam with side effects that will be felt for decades to come.

One example of this horror: testimony before Senator Kennedy's Subcommittee On Health and Science indicated that mother's milk is unfit for babies to drink because of pesticide and chemical residues.

The holistic approach is quite different. There would be varied crop ecology, rotation of crops, some fields left fallow. There would be more organic fertilizing and a holistic balance of predator and prey, by encouraging natural enemies of pests. We would build up the humus (a word that has the same root as "humble").

We are going to be here on this planet for awhile. We've got to think and act holistically.

An example of fast, temporary relief of symptoms that jumps out at us is summed up in what we call the "fine tuning" of our economy.

"A little sluggish this year? We've got a pill for you!

"Voila! A tax cut! Fast, temporary relief!"

"Getting a little hyper?"

"Okay, here's a little increase in the discount rate."

"Fast, temporary relief!"

So you have the economy bouncing up and down like those *millions* of individuals who take downers to get to sleep and uppers to get started again in the morning.

Nothing gets any better. In fact, the more effective the fast, temporary relief is in the short run, the less effective and the more dangerous it is in the long run. The trend is towards addiction and danger of adverse side effects.

We can see that the afflicted individual needs a basic change in lifestyle aided by various techniques of stress reduction, perhaps, along with the willingness to suffer some of the pain and anxiety associated with the symptoms.

I think we can also see that what the body politic needs isn't fine tuning but basic changes, starting with—it's hard to face this difficult and painful holistic process—full-scale tax reform.

Our present tax system indeed rewards fast material growth and depreciation, speedy depletion of our mineral resources, waste, loss, destruction, rape of the environment, large families and sickness.

Is this what we really want? Even if we want it, can we have it much longer?

One more example of a combination of direct, linear manipulation and fast, temporary relief:

A few years ago, we had all those huge cars that used inordinate amounts of gas, causing noxious exhaust fumes that polluted the atmosphere. So, how did we handle it?

We said, "Let's devise some gadget that will clean up the exhaust, so then we can still have our huge cars and use inordinate amounts of fuel.

"Voila, the catalytic converter!"

Now, the problem is that the converter makes our gas mileage worse (we don't need that); is hard to maintain; and unfortunately, produces a side effect: another pollutant created by the device itself.

A holistic social practitioner would never have opted for the catalytic converter, but rather, would have worked for changes in the whole transportation system:

- to go back and reform physical education and get people out of their cars and on their feet. We've been taught to run laps for punishment. No wonder we take our cars four blocks to the store to get a pack of cigarettes.

- to encourage effective mass transit

- to stop building expressways and offering federal subsidies

- to increase engine efficiency and reduce gas mileage

I would like to go on with this, but time is short. I do feel there are answers, alternatives. We simply have to have the courage to voice them.

No one can paint the future in hard, fast lines. It always comes around some unexpected corner and surprises us, as the nuclear engineers who ran computer simulations on every possible set of contingencies for reactor difficulties have found out. The universe produces genuine novelty.

I feel we're involved in a significant transformation which started perhaps at the beginning of the Industrial Revolution. I think we'll see it more and more clearly every year, every day. By mid-80's, I think, most people in the advanced industrial nations will realize that we've reached the end of automatic material progress, but that we can increase our standard of living in how it feels to be alive; in the sense of community, fitness, health; in the development of increased ability in collaborative relationship rather than turf-guarding and narrow competition; in new kinds of adventures and entrepreneurs; adventures of body and spirit joined, of human intimacy and community, of full development of human potential. And in the material realm, a move away from heavy industry to the more elegant information and education industries; to life-long learning.

Now, I don't think it's important that you agree with my vision. I do think it's important that you have positive visions of your own. Visions of a possible society can serve as an organizing principle and can become a hope for our world.

Let's remember the Biblical dictum attributed to Solomon: "Where there is no vision, the people perish".

Let us envision together. □

George Leonard continued

simple and clear. It involves an approach that could be called visionary or impractical or "against human nature". Yet, already this approach is being embraced or at least wooed by major health care providers and health insurance organizations, not necessarily out of starry-eyed altruism, but out of something much more compelling: hard-headed practicality, organizational survival.

This approach finds, perhaps, its most eloquent — certainly its most flamboyant and immediate — expression in a holistic health movement which from its beginning has been associated with people and ideas around AHP. Its general principles might be described in six parts:

1) *Positive wellness, not just the absence of disease, is the goal.* The conventional physician is prone to consider a person "well", if he/she has no symptoms and falls within the normal range in a series of diagnostic tests. Yet this "well" person might smoke heavily, not exercise, eat a bland, sweet, starchy diet, and impress all who meet him/her as being glum, antisocial and emotionally repressed.

To a holistic practitioner such a person is acutely sick, the carrier of what biologist Rene Dubos calls "submerged potential illness".

To the holistic practitioner the absence of overt disease is only a starting point beyond which a whole world of good health beckons.

Abraham Maslow turned psychology on its head—and helped inspire the founding of AHP—when he began studying people who are at their peak mentally and emotionally, rather than the pathological individuals who had previously preoccupied that science.

In the same way, health care is transformed when it begins looking at above-average physical fitness, extraordinary alertness and awareness, and the tingling sense of well-being that affords high resistance to disease.

Consider this turn towards the *terra incognita* of human potential to have important implications, not only for the health of the body, but of the body politic.

2) *Causes of most illnesses are to be found in the environment, lifestyle and emotional/sensory balance.*

This assumption is only partly new. The environmental origin of many diseases has long been known, but the true dimensions of the problem are only now coming to light.

Recent studies suggest that 80-90% of all cancers may be triggered by environmental factors, especially pesticides, plastics, food additives and other pollutants (such as radiation—the most deadly of all) that have flooded our environment since World War II.

The connection between personality and disease is a bit more controversial. There is no question about emotional factors being involved in ulcers, spastic colons and the like. Type A behavior (Hello, all you fellow knights of the tight deadline) seems to be associated with coronary artery disease. And there are also some correlations being made between personality type and proneness to cancer.

The important point is that we examine the total environment—physical, social, emotional, spiritual—rather than just the patient's body and medical history in our quest for health.

Our greatest healers, from the primitive shamans to the ancient Greek physicians, to the Chinese herbalists, to the

best of the modern general practitioners and int have always done just that.

3) *Prevention of illness lies less in the annual p than in the transformation of your life.*

Let me quote Dr. Stuart O. Schwartz, who has federally funded study on the cost effectiveness of medicine tests: "Subjecting people with no complaints to a complete battery of screening pro every 12 months is probably ridiculous".

Schwartz points out that the chances of something wrong during an annual checkup on a without symptoms is extremely low and costly.

I'm not recommending that you skip your physical; that's up to you. But if you really want something about your health—and about our n health—there is an alternative. It's simple and swe promising and never-before-attempted: a basic formation in the way we live.

Now, before this sounds too grandiose, let me c words of Dr. Lester Breslow, Dean of UCLA's Sch Public Health. Dean Breslow has compared the health of 7,000 California adults with seven old-fas "health habits"—let's call them Grandma's Helpful I Hints:

- no smoking
- moderate drinking
- seven or eight hours' sleep a night
- regular meals without snacks in-between
- breakfast everyday
- normal weight
- moderate, regular exercise

The survey showed, with amazing consistency, the health of people with seven of the habits was better the health of those with six; those with six better those with five, and so on down the line.

The average number remaining years at age 45 for with zero to three good health habits was 21.6 compared with 33.1 years for those with six or sev difference of 11.5 years.

Other studies confirm these extraordinary results. if you want to go farther, take this thought exper offered by Dr. Philip Lee, perhaps the leading exper preventive medicine in the US: If by some kind of m by the snap of the finger you could suddenly end all of tobacco, alcohol and automobiles, over half the ho beds would suddenly be empty.

Lee's formulation, of course, doesn't even touc matter of exercise or nutrition. He doesn't mentio dreadful effects of food additives, excess fat, lack of Did you know that we've increased our intake of tenfold since 1900? This is indeed a perilous exper never-before-attempted on any mammal, and its resu terms of hyperactivity and crime are yet to be ascertain

So you see, if we want to improve our country's h we've got to live more healthfully.

To quote Professor Aaron Wildavsky of the Gra School of Public Policy at Berkeley: "The marginal of one, or one billion, dollars spent on medical care v be close to zero in improving health". Thus, convent medical spending won't do the job. Transforming o styles undoubtedly would. And we don't have to do at once. A small change in lifestyles would produce a small change in our nation's health.

Already just in the past

George Leonard continued.

These two modes, *direct, linear intervention* and *fast, temporary relief* do work up to a point, but at a cost in dollars and with adverse side effects that finally become unbearable. And I'm afraid that our society at large, not just our medical practitioners, is prone to use these modes, sometimes to the detriment of its own good health.

Direct, linear intervention is clearly evident in our drive to increase agricultural production.

Huge areas are plowed, fertilized with petrochemicals, and devoted to a single crop; then harvested and processed mechanically at a great energy expenditure, all in the name of efficiency.

The vast, unbroken spread of a single crop encourages the pest associated with that crop to thrive and multiply. This proliferation is dealt with again by direct, linear intervention: massive doses of pesticides—a fabulous opportunity for mutant strains of pests (resistant to the pesticide) to develop, multiply and continue the feast. Here the analogy with the medical overuse of antibiotics in recent decades becomes painfully obvious.)

Confronted with a "new" enemy, the agricultural generals escalate the war with more powerful poisons; the pests respond by mutation and proliferation and the war goes on unabated. The humus is gone; the soil is dead. There are no earthworms; no beneficial insects. The costs and outcome are fearful to contemplate. It's indeed an agricultural Viet Nam with side effects that will be felt for decades to come.

One example of this horror: testimony before Senator Kennedy's Subcommittee On Health and Science indicated that mother's milk is unfit for babies to drink because of pesticide and chemical residues.

The holistic approach is quite different. There would be varied crop ecology, rotation of crops, some fields left fallow. There would be more organic fertilizing and a holistic balance of predator and prey, by encouraging natural enemies of pests. We would build up the humus (a word that has the same root as "humble").

We are going to be here on this planet for awhile. We've got to think and act holistically.

An example of fast, temporary relief of symptoms that bumps out at us is summed up in what we call the "fine tuning" of our economy.

"A little sluggish this year? We've got a pill for you!"

"Voila! A tax cut! Fast, temporary relief!"

"Getting a little hyper?"

"Okay, here's a little increase in the discount rate."

"Fast, temporary relief!"

So you have the economy bouncing up and down like those millions of individuals who take downers to get to sleep and uppers to get started again in the morning.

Nothing gets any better. In fact, the more effective the fast, temporary relief is in the short run, the less effective and the more dangerous it is in the long run. The trend is towards addiction and danger of adverse side effects.

We can see that the afflicted individual needs a basic change in lifestyle aided by various techniques of stress reduction, perhaps, along with the willingness to suffer some of the pain and anxiety associated with the symptoms.

I think we can also see that what the body politic needs isn't fine tuning but basic changes, starting with—it's hard

Our present tax system indeed rewards fast material growth and depreciation, speedy depletion of our mineral resources, waste, loss, destruction, rape of the environment, large families and sickness.

Is this what we really want? Even if we want it, can we have it much longer?

One more example of a combination of direct, linear manipulation and fast, temporary relief:

A few years ago, we had all those huge cars that used inordinate amounts of gas, causing noxious exhaust fuels that polluted the atmosphere. So, how did we handle it?

We said, "Let's devise some gadget that will clean up the exhaust, so then we can still have our huge cars and use inordinate amounts of fuel.

"Voila, the catalytic converter!"

Now, the problem is that the converter makes our gas mileage worse (we don't need that); is hard to maintain; and unfortunately, produces a side effect: another pollutant created by the device itself.

A holistic social practitioner would never have opted for the catalytic converter, but rather, would have worked for changes in the whole transportation system:

- to go back and reform physical education and get people out of their cars and on their feet. We've been taught to run laps for punishment. No wonder we take our cars four blocks to the store to get a pack of cigarettes.

- to encourage effective mass transit
- to stop building expressways and offering federal subsidies
- to increase engine efficiency and reduce gas mileage

I would like to go on with this, but time is short. I do feel there are answers, alternatives. We simply have to have the courage to voice them.

No one can paint the future in hard, fast lines. It always comes around some unexpected corner and surprises us, as the nuclear engineers who ran computer simulations on every possible set of contingencies for reactor difficulties have found out. The universe produces genuine novelty.

I feel we're involved in a significant transformation which started perhaps at the beginning of the Industrial Revolution. I think we'll see it more and more clearly every year, every day. By mid-80's, I think, most people in the advanced industrial nations will realize that we've reached the end of automatic material progress, but that we can increase our standard of living in how it feels to be alive; in the sense of community, fitness, health; in the development of increased ability in collaborative relationship rather than turf-guarding and narrow competition; in new kinds of adventures and entrepreneurships; adventures of body and spirit joined, of human intimacy and community, of full development of human potential. And in the material realm, a move away from heavy industry to the more elegant information and education industries; to life-long learning.

Now, I don't think it's important that you agree with my vision. I do think it's important that you have positive visions of your own. Visions of a possible society can serve as an organizing principle and can become a hope for our world.

Let's remember the Biblical dictum attributed to Solomon: "Where there is no vision, the people perish".

Let us envision together. □

George Leonard continued

simple and clear. It involves an approach that could be called visionary or impractical or "against human nature". Yet, already this approach is being embraced or at least wooed by major health care providers and health insurance organizations, not necessarily out of starry-eyed altruism, but out of something much more compelling: hard-headed practicality, organizational survival.

This approach finds, perhaps, its most eloquent — certainly its most flamboyant and immediate — expression in a holistic health movement which from its beginning has been associated with people and ideas around AHP. Its general principles might be described in six parts:

1) *Positive wellness, not just the absence of disease, is the goal.* The conventional physician is prone to consider a person "well", if he/she has no symptoms and falls within the normal range in a series of diagnostic tests. Yet this "well" person might smoke heavily, not exercise, eat a bland, sweet, starchy diet, and impress all who meet him/her as being glum, antisocial and emotionally repressed.

To a holistic practitioner such a person is acutely sick, the carrier of what biologist Rene Dubos calls "submerged potential illness".

To the holistic practitioner the absence of overt disease is only a starting point beyond which a whole world of good health beckons.

Abraham Maslow turned psychology on its head—and helped inspire the founding of AHP—when he began studying people who are at their peak mentally and emotionally, rather than the pathological individuals who had previously preoccupied that science.

In the same way, health care is transformed when it begins looking at above-average physical fitness, extraordinary alertness and awareness, and the tingling sense of well-being that affords high resistance to disease.

Consider this turn towards the *terra incognita* of human potential to have important implications, not only for the health of the body, but of the body politic.

2) *Causes of most illnesses are to be found in the environment, lifestyle and emotional/sensory balance.*

This assumption is only partly new. The environmental origin of many diseases has long been known, but the true dimensions of the problem are only now coming to light.

Recent studies suggest that 80-90% of all cancers may be triggered by environmental factors, especially pesticides, plastics, food additives and other pollutants (such as radiation—the most deadly of all) that have flooded our environment since World War II.

The connection between personality and disease is a bit more controversial. There is no question about emotional factors being involved in ulcers, spastic colons and the like. Type A behavior (Hello, all you fellow knights of the tight deadline) seems to be associated with coronary artery disease. And there are also some correlations being made between personality type and proneness to cancer.

The important point is that we examine the total environment—physical, social, emotional, spiritual—rather than just the patient's body and medical history in our quest for health.

Our greatest healers, from the primitive shamans to the ancient Greek physicians, to the Chinese herbalists, to the

best of the modern general practitioners and in have always done just that.

3) *Prevention of illness lies less in the annual p than in the transformation of your life.*

Let me quote Dr. Stuart O. Schwartz, who has a federally funded study on the cost effectiveness of medicine tests: "Subjecting people with no complaints to a complete battery of screening pro every 12 months is probably ridiculous".

Schwartz points out that the chances of something wrong during an annual checkup on a without symptoms is extremely low and costly.

I'm not recommending that you skip your physical; that's up to you. But if you really want something about your health—and about our n health—there is an alternative. It's simple and swe promising and never-before-attempted: a basic formation in the way we live.

Now, before this sounds too grandiose, let me c words of Dr. Lester Breslow, Dean of UCLA's Sch Public Health. Dean Breslow has compared the health of 7:000 California adults with seven old-fas "health habits"—let's call them Grandma's Helpful Hints:

- no smoking
- moderate drinking
- seven or eight hours' sleep a night
- regular meals without snacks in-between
- breakfast everyday
- normal weight
- moderate, regular exercise

The survey showed, with amazing consistency, the health of people with seven of the habits was better the health of those with six; those with six better those with five, and so on down the line.

The average number remaining years at age 45 for those with zero to three good health habits was 21.6 compared with 33.1 years for those with six or seven. A difference of 11.5 years.

Other studies confirm these extraordinary results. If you want to go farther, take this thought exper offered by Dr. Philip Lee, perhaps the leading exper preventive medicine in the US: If by some kind of m by the snap of the finger you could suddenly end all of tobacco, alcohol and automobiles, over half the ho beds would suddenly be empty.

Lee's formulation, of course, doesn't even touc matter of exercise or nutrition. He doesn't mentio dreadful effects of food additives, excess fat, lack of Did you know that we've increased our intake of tenfold since 1900? This is indeed a perilous exper never-before-attempted on any mammal, and its resu terms of hyperactivity and crime are yet to be ascertain

So you see, if we want to improve our country's h we've got to live more healthfully.

To quote Professor Aaron Wildavsky of the Gra School of Public Policy at Berkeley: "The marginal of one, or one billion, dollars spent on medical care w be close to zero in improving health". Thus, convent medical spending won't do the job. Transforming ou styles undoubtedly would. And we don't have to do at once. A small change in lifestyles would pro produce a small change in our nation's health.

Already just in the past

Mr. George Nicolozakes
MR. GEORGE NICOLOZAKES

PRESIDENT

Marietta Coal Co.
**MARIETTA COAL CO.
FRIENDS CHURCH ROAD
ST. CLAIRSVILLE, OHIO
614.695.2197**

Cambridge Ohio
**HOME
R.D. No. 2
CAMBRIDGE, OHIO
614.432.3833**

I would like
to follow up on
our discussion in

PRESIDENT

54-255-297
C. MERRIDGE, OHIO
R.D. 10 2
HOMI

Adenwill

814-692-2197
ST. CLAIRVILLE, OHIO
FRIENDS CHURCH ROAD
MARIETTA COAL CO.



~~SECRET/SENSITIVE~~

FBI review(s) completed.

DOJ Review Completed.

EGYPT

NSA review completed

The U.S. Mission in Cairo in many respects is a unique post. The Mission has responsibilities that are not only broad, but are likely to expand at least for the next few years. More important, its handling of these responsibilities is critical to the accomplishment of vital American objectives in the Middle East, with broader implications for our global posture.

The U.S. Mission in Cairo has three key, distinct but interrelated tasks. First, the Embassy plays a pivotal role in the continuing peace process in the Middle East. It is the point of direct and constant contact with the Egyptian Government at its highest levels in not only monitoring the peace negotiations but, more critically, giving them impetus and putting out fires. The workload and telegraphic output in this area is enormous and falls most heavily on the Chief of Mission and his Deputy.

Second, the Mission is responsible for local administration of our largest combined economic and military assistance effort. The economic assistance package, including PL-480, for FY 1979 is \$932 million and in FY 1980 climbs to \$1.3 billion, with the prospect of continuing assistance in these ranges for the next few years at least. A flow of external resources into the Egyptian economy is not only a matter of life and death for the economy, but critical to the stability of the Sadat Government. Furthermore, there are political pressures to produce an early and visible impact since failure to do so could adversely affect Egyptian adherence to the peace process and endanger stability of the Sadat Government. Implementation of the AID program, on the other hand, is hampered by planning and administrative deficiencies in the Egyptian Government and the constant need for vigilance against corruption and waste -- all of which bears a direct impact on manning levels in the AID Mission.

State Dept. review completed

~~SECRET/SENSITIVE~~

DIA review(s) completed.

OSD review(s) completed.

SEARCHED
Per: [Signature]
INDEXED NLC-126-18-15-1-6
BY: KS DATE: 10/23/13

~~SECRET/SENSITIVE~~

2

Foreign Military Sales (FMS) credits totalling \$1.5 billion have been planned for Egypt, a program which also has important political objectives, including the continued allegiance of the military to President Sadat and his peace policy. Since there is a political need to front-load delivery of some new weapons, which will be financed by these credits, including F-4s, and since the Egyptian military are unfamiliar with U.S. weapons systems, a significant increase in U.S. manpower stationed in Egypt will be required next year. The additional military elements can be phased out rapidly, however, after FY 80.

Finally, the Mission bears at a minimum a watching brief on the political survivability of President Sadat, whose personal role in the Middle East peace process is critical to any prospects for success. The Mission must at once play a role in strengthening Sadat's hand, which is the major political objective for our assistance programs, but at the same time continually assess his survivability--particularly in the light of the Iranian experience. The current manpower levels to handle this objective are sparse and need bolstering.

By any reasonable measurement, the U.S. Mission in Cairo has done a remarkable job in handling its responsibilities under far from ideal circumstances. It has benefitted from top flight leadership on the part of Ambassador Eilts and an extremely conscientious and hard-working staff to whom overtime and weekend work is the accepted norm. Since its reopening in 1974, the Mission staff has been in the process of continual increase to meet its constantly broadening responsibilities. But Ambassador Eilts has kept this increase under tight and personal control. As he said in his memorandum to Under Secretary Read, "So far as the present Cairo staff is concerned, it is relatively small by Class I Embassy standards. In my five and one-half years in Cairo, I have conscientiously -- and to the distress of various USG agencies -- sought to keep it that way." His concerns related not to the present staff, but to the future and specifically to "equating an infusion of large numbers of additional official USG personnel with programmatic progress."

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

3

The basic impression of the Review Team is that, although marginal reductions of useful but non-essential staff can be accomplished, Embassy Cairo is basically a trim and tightly-run post. It has, moreover, proved creative in utilizing existing personnel to handle new programs; for example, unique AID/ICA cooperation in the new Peace Fellowship Program. Furthermore, this staff has been overburdened by a flow of official visitors.

Administrative operations are taxed to the utmost by the steadily increasing number of visits to Cairo by VIPs, CODELS and others who must be given administrative support. Cairo's Airgram A-08 of 1 February 1979 summarizes the visits which had to be supported in calendar year 1978:

- 1 Presidential visit
- 1 Vice Presidential visit
- 5 Cabinet officer visits
- 6 Under Secretary visits
- 11 CODELs
- 7 STAFFDELS

and others for a total of 1645 or a monthly average of 137. So far in calendar year 1979, the rate is higher than the 1978 level. Too many of these visitors come out of curiosity to be at the scene of the "action." The post has constant difficulties in coping administratively with expanding essential staff requirements -- let alone the visitor flow. The administrative infrastructure of the Mission has not kept pace with its responsibilities, particularly given the difficulties in getting even the simplest tasks done in Cairo. Housing, transportation and internal communications remain major problems. The administrative staff of the post needs bolstering, not quantitatively but qualitatively.

The key staff problem, as Ambassador Eilts has pointed out, lies in the future. Major pressures for increased presence to administer their billion dollar plus programs will come from AID and Defense. Additionally, there are very real current requirements to bolster reporting on internal political developments, lest we get caught in Egypt as we did in Iran. Despite

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

4

X1
X1

the enormous energies and skills of an able Ambassador and DCM, the political section of three people is inadequate

Consideration of the future staffing pattern for Embassy Cairo involves risks, whichever direction one moves. Overstaffing runs the risk of substituting quantity for quality as well as straining the administrative structure, quite possibly to the breaking point, raising the already high official American profile to a politically counter-productive level, and risking over-interference in the Egyptian Government's management of its own affairs. On the other hand, given the critical stake we have in Egypt, we also cannot afford to be parsimonious in meeting legitimate staffing needs. Close Congressional oversight of economic and military assistance in Egypt may also require additional staffing.

The recommendations that follow attempt to reach a balance between these two risks for the current period. However, given the fluidity of the situation in Egypt, for at least the next few years, the staffing pattern in Cairo will need to be kept under constant review. Increases may be necessary, particularly in administering the assistance programs, but only after it is clearly demonstrated that existing personnel cannot be reprogrammed and that adverse effects on the implementation of the program would result from failure to bring additional personnel to Cairo.

To the extent possible, burdens of official personnel stationed in Cairo should be reduced by TDY assignments and maximum use of contractor rather than official personnel. Furthermore, at the present time, additional U.S. Government agencies and functions should not be imposed on the U.S. Mission in Cairo, unless absolutely essential to the accomplishment of its primary missions. Requests by the Peace Corps and the Department of Labor for representation in Cairo, for example, should be set aside for the present. Other important considerations aside, the Joint Administrative Organization (JAO) is not now equipped to bear these additional burdens.

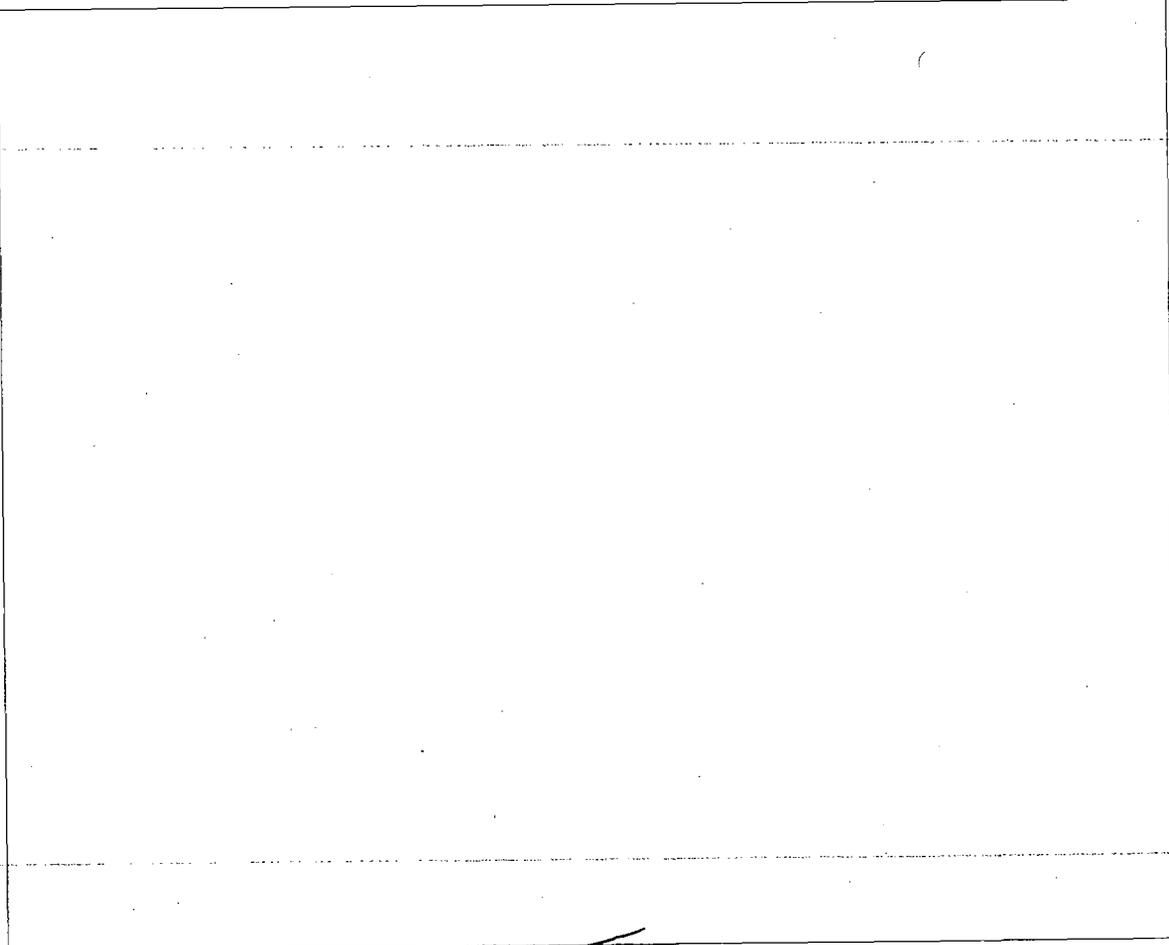
~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

5

To assist those responsible with carrying out a policy of minimum essential presence, the Team believes that a firm ceiling of 300 should be established now on the U.S. direct hire positions in FY 81. Such a "lid" on this Mission is necessary during the present period of program growth and we believe that it can be accomplished with marginal impact on overall Mission effectiveness. The increases in staffing which we believe necessary can also be accomplished within the level proposed. We recognize that total U.S. direct hire personnel will probably exceed 300 before October 1, 1980, because of the large number of USAF personnel who will be in-country for the F-4 program. Nevertheless, it should be possible to operate successfully with 300 or less in FY 81. Moreover, we believe that the ceiling could be reduced if the security situation improves, since ten percent of the current American slots are devoted to the personnel protection of the Mission, but reductions in this area are not now recommended.

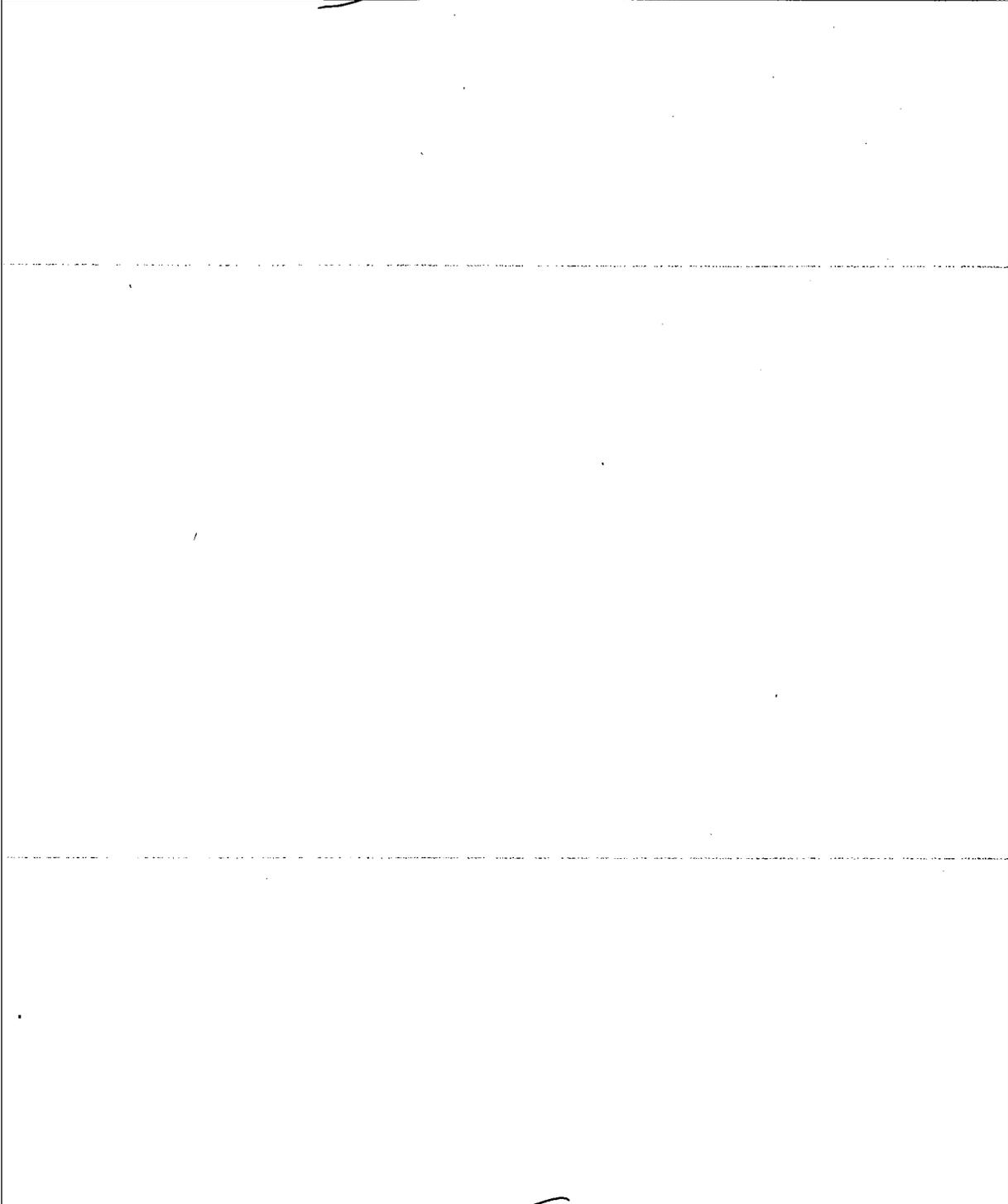
25X1



~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

6



X1

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

7

25X1

Our specific recommendations with respect to staffing are:

1. Eliminate DEA presence in Egypt. The expected situation which resulted in the placement of the Special Agent in Cairo did not develop. Narcotics reporting functions can be transferred to the Political Section and TDY visits by DEA could continue.

2. Add two officers to the Political Section. An internal political analyst, who could also handle narcotics reporting, and a political-military specialist are needed to handle the growing reporting load. The second officer is also needed to monitor the growing military program on behalf of the Chief of Mission.

4. Add a Staff Assistant. The Chief of Mission and DCM require the services of this position in order to minimize the time they have available to supervise the Mission. This officer should also take charge of coordinating the enormous visitor load.

5. Eliminate the AID Audit function. This function can be performed on a TDY basis from the United States. This action will probably result in some criticism from Congressional staff.

6. Establish a sub-ceiling of 115 for AID. A decision to hold AID personnel to 115 including PASAs can be taken without changing program strategy as it now stands. However, some curtailment of planning for additional personnel-intensive technical assistance projects for FY 81 and beyond might result. Nevertheless, a 115-man AID staff should be able to monitor the 400-500 U.S. contractors that will be in Egypt by that time as well as plan for some new programs.

7. Establish a sub-ceiling of 30 for OMC/TAFT. The Office of Military Cooperation and its associated Technical Assistance Field Teams in Egypt should remain separate from DAO but every effort should be made to

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

8

operate both military organizations in a closely coordinated fashion, and from the same building. During FY 80, the OMC/TAFT component could grow to as many as 60 persons because of the F-4 training program. However, even though other projects financed by the \$1.5 billion FMS credit package will be starting during the period, it should be feasible to accommodate all requirements within a ceiling of 30 by the start of FY 81.

8. Eliminate three State GSO positions during FY 81. These reductions can be accomplished by special efforts to upgrade the quality of both the Americans and local staff in the interim period. Two actions are urgently needed to accomplish this reduction and bring about a quantum improvement in administrative services. They are:

a. Send a special Joint State/AID Administrative Team to Cairo to review administrative problems and assist the administrative staff in implementing improvements. The most important function of this team should be to provide intensive training in Cairo to develop adequate foreign service national supervisory staff so as to reduce the supervisory burden on American employees and permit them to provide on-going training after the Joint Administrative Team's departure.

b. Send a special team to train foreign service national employees as soon as possible, drawing upon trained foreign service national employees in other U.S. Missions as well as trained employees of U.S. contractors for short periods of time to give intensive on-the-job training.

9. Reduce visitors. A directive should be issued prohibiting all but the most essential official visitor traffic to Cairo.

10. Defer all requests for additional U.S. Agencies' Representation. In view of the present overcrowded working conditions, all requests by other U.S. agencies for representation in Cairo should be deferred.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

9

Regarding the period beyond FY 81, the Team has several additional recommendations. The overall country ceiling should be adjusted to reflect these events.

1. Reduction in AID project design and program staffs. As the program moves to the implementation stage, some reductions in these staffs should be possible in the fiscal year 1982-1985 period, perhaps up to 50 percent or 17 slots.

2. Export promotion activities. An increase in the present commercial staff should be considered in FY 82, coincident with potential reductions in the AID staff. This reprogramming of personnel resources assumes sufficient progress in the Egyptian economy to contemplate initiating a shift from an AID-oriented to a commercially-oriented program.

3. Reduction of TAFTs. Every effort should be made to keep the number of personnel in TAFTs to an absolute minimum consistent with the training requirements. Unless there is a significant increase in the military program, it should be possible to reduce these elements to zero quite rapidly. Reliance on contractors to provide continuing services to the Egyptian military wherever possible should be the normal operating policy.

4. Reduction of two State GSO positions. These savings should be possible in FY 82 as a result of FY 80 training programs, planned termination of FBO construction and additional experience.

~~SECRET/SENSITIVE~~



~~SECRET/SENSITIVE~~FRANCE

France continues to be a key country affecting American interests in Europe and throughout many areas of the world. While not an active military member of NATO, France's role in the defense of Europe is crucial and must be maintained and enhanced. As the fifth most important economy in the world, Franco-American cooperation on international economic matters must continually be nurtured to enhance the effectiveness of the industrialized nations in easing the strains of economic adjustment facing the world.

The Team found the Mission in France of about 450 Americans and 700 foreign service national employees deceptively large. About 25 percent of both American and foreign service national employees are dedicated to important regional or worldwide objectives other than those relating to Franco-American relations. The State Department core of the Mission of about 100 Americans and 250 foreign service nationals does not impress the Team as being excessive.

I. Political/Economic Reporting and Analysis

The Political Section is composed of 12 U.S. officers, six U.S. staff and one foreign service national. Economic reporting is done by four officers, two staff and two foreign service nationals, but the commercial staff (excluding the marketing center) of eight officers, three staff and 22 foreign service nationals is integrated into the economic reporting plan.

Political and economic reporting staff are fully extended with substantive work and the handling of visitors; however, neither section has urgent need for additional substantive reporting staff. (One additional political officer has been requested.) The Political Section logged 2,000 hours overtime last year, roughly equivalent to one work-year, but staff expect overtime work as part of the job.

There appears to be an insufficient effort to involve other agencies, especially ICA and the Foreign Agricultural Service in reporting. However, the Treasury Attache is closely involved in Economic Section work.

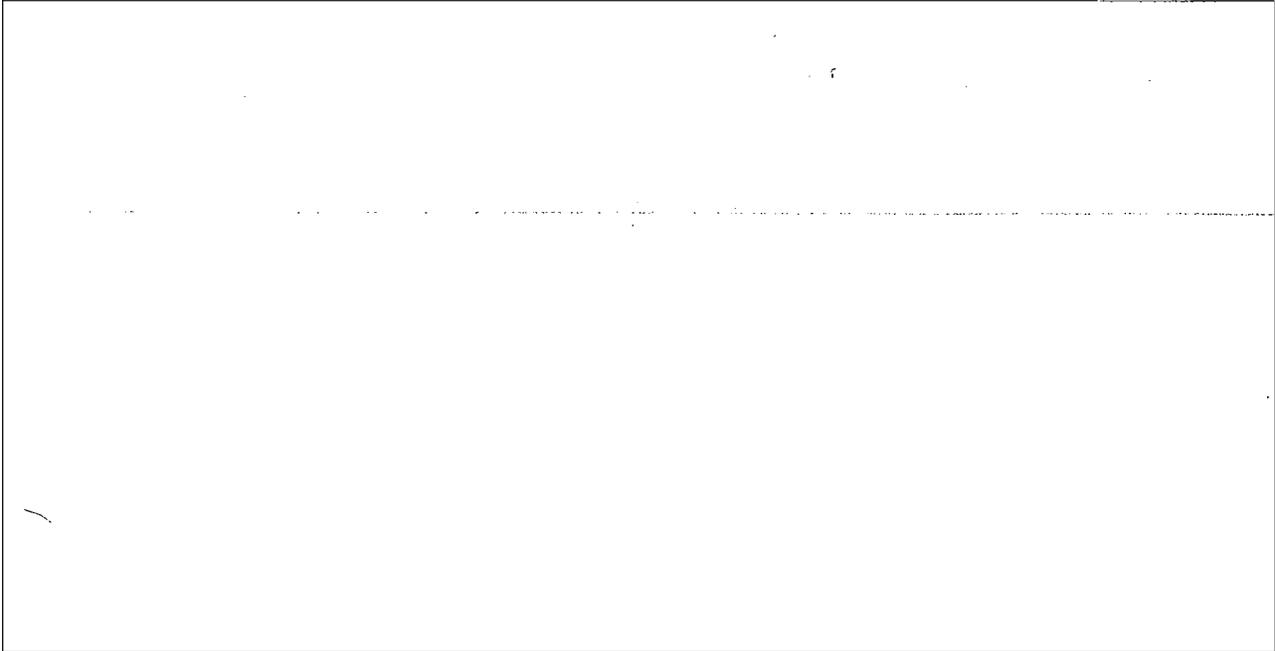
~~SECRET/SENSITIVE~~

SEARCHED
 FOR FOR PROTECT
 FROM NLC-126-18-15-1-6
 BY JKS 10/23/13

~~SECRET/SENSITIVE~~

2

25X1



III. Consular Activities

The Consulates at Strasbourg and Bordeaux appear to be marginal. Their importance to political and economic reporting and analysis is not substantial, although the Council of Europe and the Human Rights Commission are covered from Strasbourg. The issuance of non-immigrant visas could be absorbed by greater use of the mail and largely centralized in the capital city as it is the case in the United Kingdom. The Consulate in Nice is appropriately scheduled for closure.

IV. Administrative Support

The Team found the administrative services of Embassy Paris lean. An estimated 12,000 annual visitors were first priority demands on several sections of the Embassy, but especially the Administrative Section. Building maintenance staff had been cut to levels that was forcing the Embassy to consider entering into open-ended service contracts that were estimated to be substantially more expensive than direct hire foreign

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

3

service national employees. Further evidence of inadequate administrative staff was the claim by one organization, that the Embassy suggested that it should assume more responsibility for its own administrative services because of the difficulty of the Embassy in providing them. Such a suggestion only exacerbates the expensive practice, already evident, of some agencies in Paris to establish their own administrative services staffs.

V. Regional Finance Center: Paris

The center is composed of six U.S. and 86 foreign service nationals and is very effectively servicing 90 countries and 66 agencies or agency units in Europe, Africa and the Near East. American and foreign service national payroll, appropriation and allotment accounting disbursing, cashier control and servicing, and purchasing of 78 foreign currencies are very efficiently accomplished. Other ADP services for Missions are not yet firmly planned. There is no clear determination of what ADP services should be provided after the mini-computer program at Embassies is installed.

There is general agreement that RFC functions could be performed in the United States but that disadvantages would be significant and would outweigh any advantages because

-- all checks issued in the U.S. by Treasury would require additional work in preparing Treasury required documentation and additional time would be required for Treasury to issue checks,

-- pouch service in and out of Washington and New York is very slow, and would result in long delays on receipt of vouchers from Embassies and transmittal of checks to Embassies,

-- Washington communications workload would have to absorb workload now handled abroad through the European network, especially through the Bonn Automated Exchange (BAX), and Washington would probably have to be expanded,

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

4

-- Treasury would have to maintain bank accounts and foreign currency purchases would have to be through Federal Reserve Banks, (RFC automated system on account status and purchase requirements appears very efficient, requiring only two foreign service national employees.)

-- delays of check issuance would result in lost of discounts offered for payment with 30 days, and

-- delays of check issuance (done in one day in RFC Paris) would result in the need for Embassies to resort increasingly to cash transactions requiring increased cashier funds.

VI. Foreign Agricultural Service

Heavy required commodity reporting limits the ability of FAS to contribute to overall reporting and analysis of agriculture in French affairs. Some of this reporting is believed to be of marginal value in the scope of worldwide commodity matters.

VII. DAO/ODC and Miscellaneous Military Units

The Defense Attache Office has 22 American and seven foreign service national positions. The Office of Defense Cooperation has six U.S. and six foreign service national positions. Much of the time of these two offices is devoted to the handling of Defense Department and European military command visitors in Paris. These demands are apparently diverting staff from some substantive work because the Team found intelligence and biographic production minimal. Furthermore, workload relating to military sales of \$25-30 million and training activities of about \$1 million is not heavy. Assisting in the development of military data exchange agreement with the French and memoranda of understanding on joint R&D projects are important activities. The Team believes that DAO and ODC activities are closely complementary.

The Team found a number of small military organizations in France apparently responsible in some

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

5

way either to commands in the U.S. and/or Europe, including NATO. Examples include the Roland Liaison Office, Defense Fuel Supply Center, the Pipeline Liaison Officer, NATO Hawk Missile Office and the Defense Subsistence Region Office, France. The importance of most of these units and their command responsibilities is not always clear.

VIII. International Communication Agency (ICA)

Only 71 of the 104 American and foreign service national employees in France are involved solely in Franco-American relationships. The other 33 employees are concerned with regional ICA responsibilities, especially those relating to Francophone Africa.

The Chief of Mission places a high priority on ICA developing contacts with those French intellectual, cultural, and media leaders who influence French attitudes. High quality lecture, seminar and exhibit programs which are aimed at invited individuals are proving to be helpful in making important contacts. The prime ICA objective is to disabuse French influentials of many myths which hinder their understanding of the U.S. The Chief of Mission is less interested in ICA trying to explain current U.S. policies.

XI. U.S. Delegation to OECD

Staff of 52 is composed of 23 U.S. professionals, 18 U.S. support staff (mostly secretaries) and 11 foreign service nationals. Fourteen of the 52 are employed by other agencies, i.e., five AID, four ICA, two Treasury, two Agriculture and one DOE. Fourteen of the 23 officer work-years are devoted to substantive work directly relating to the 900 meetings held annually by 205 OECD committees resulting in 1,500 meeting days involving 1,050 U.S. visitors.

Trend in meetings is upward with new areas being covered (energy, environment, women, toxic chemicals, narcotics crop substitution, data flow compatibility). OECD is no longer primarily concerned with macro-economic and development aid policies. New initiatives usually

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

6

come from Washington and most often are favorably adopted by other members. Delegation finds it difficult to judge the importance of some of the U.S. initiatives, but believes OECD countries are increasingly interdependent on many economic and social matters warranting OECD consideration.

The Delegation reports on and analyzes OECD issues and in some cases prepares first drafts of U.S. positions for Washington consideration. The Delegation works as an inter-agency team often directly with various Washington agencies without using the State Department as a conduit. Much discussion is carried on by phone and directly with U.S. visitors as the means to get delegation arguments and points of view considered.

The Delegation evaluates OECD activities and identifies U.S. priorities which are pursued with the OECD secretariat and other members long before the OECD budget is prepared. Delegation reportedly is usually successful in shaping the OECD budget with some log-rolling with other members.

The Delegation is adequately staffed. It exclusively covers 24 of the 205 OECD committees and believes it could exclusively cover another 73 at a net saving of \$600,000, if two staff were added and assuming State and other agencies would forebear sending representatives to meetings of those countries. The high ratio of secretaries to substantive staff is needed in view of the large number of meetings and visitors requiring secretarial support.

Participation of other agencies (AID, ICA, Treasury, Agriculture and Energy) appears reasonable except for one ICA professional and one foreign service national employee largely concerned with providing information to and conducting seminars about OECD in ICA offices in OECD member countries.

X. Secret Service: Paris

Four U.S. agent investigators, one foreign service national investigator and two U.S. secretaries cover

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

7

Europe, Africa and Middle East to Pakistan. (Honolulu office covers East Asia and the subcontinent through India. Plans are underfoot to move the Honolulu office to Hong Kong.)

Workload is 50 percent concerned with counterfeiting of U.S. currency, i.e., educating foreign police about counterfeiting, advising them how to build a case for prosecution, serving as expert witnesses in foreign trials involving counterfeiting of U.S. currency, and exchanging information with INTERPOL in Paris.

Remaining 50 percent of workload concerns preparation for the protection of the President, the Vice President and their families when abroad, as well as the Secretary of the Treasury and presidential candidates (253 visits to Paris office district over last two years). This often entails use of Paris agents in direct personal protection work when a VIP arrives. Invariably there is an advance party that includes agents that deal with local protection authorities. Paris agents serve to make introductions to these local parties.

Workload is such that Paris agents devote all their time to specific counterfeit cases or protection details. They have little time for scheduled visits to most countries of the Paris district to develop acquaintances and liaison.

XI. Drug Enforcement Agency

The Paris office has two functions, internal and regional, but staff appear to be involved in both. Regional activities seem to concern mostly operational tracking of cases across European boundary lines through contact with other DEA European country offices. Purely French matters reportedly require the five positions in Nice and Marseilles and about five of the positions in Paris.

It is the Team's understanding that the regional DEA office in Paris will close by October 1, 1980 with most functions being transferred to Washington. Some intelligence work may remain in Europe, either in France or elsewhere.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

8

About five U.S. employees are involved in providing payroll, personnel and other administrative services for the European DEA region, much the same services provided by the Regional Finance Center in Paris and by Embassy Administrative Sections for various agencies. This practice is required by DEA Washington.

XII. FBI (Legal Attache)

The office is composed of two U.S. agents and three U.S. secretaries. The amount of secretarial support provided for substantive staff appears to be excessive. It has been explained as needed because of the meticulous FBI filing and indexing system.

XIII. Travel Service: Paris

Arguments for maintaining the Travel Service office in Paris were not convincing. The claim was made that travel agencies and airlines were not adequately promoting travel to the U.S. and welcomed the Travel Service activity. About 400,000 Frenchmen are visiting the U.S. annually. The Team believes that the expensive travel center operation (two U.S. and five foreign service national employees with space in Place Vendome) has at most a marginal impact on French travel to the U.S.

XIV. American Battle Monuments Commission

The Team questions whether the European headquarters (Garches) office warrants a staff of three U.S. military, four U.S. civilian and 26 foreign service national positions to manage overseas cemetery operations in Europe. The Team is also very doubtful of need for five full-time assistant superintendents in France justified as training positions. Cemetery management does not appear to be so arcane it cannot be adequately learned by an appropriate overlap of arriving and departing superintendents, especially when high quality foreign service national staff are available as they are in Europe.

~~SECRET/SENSITIVE~~

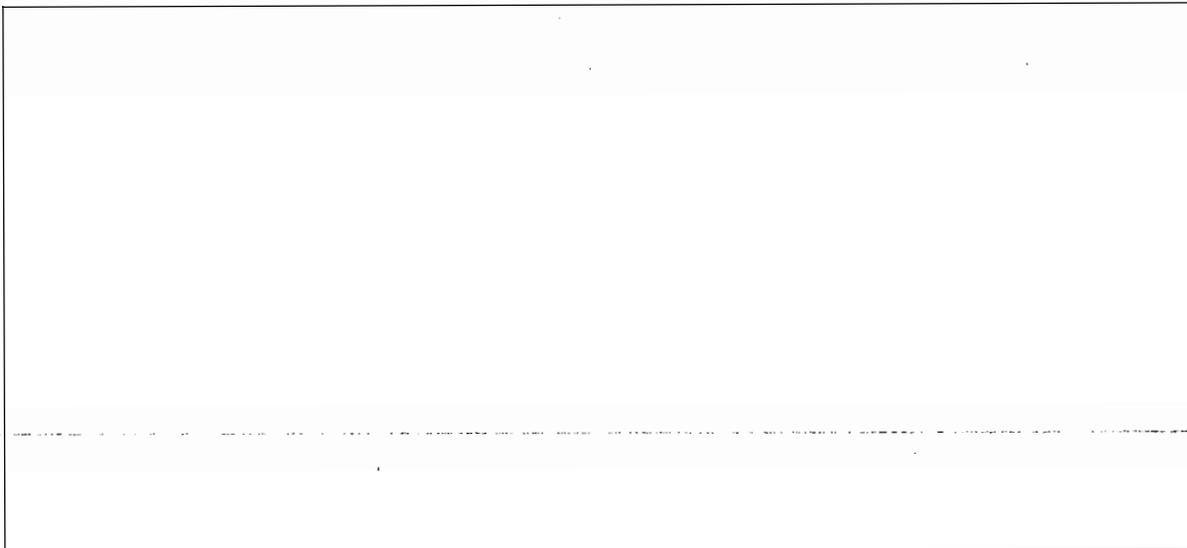
~~SECRET/SENSITIVE~~

9

I. Political/Economic Reporting and Analysis

RECOMMENDATION: The Embassy should make a greater effort to call upon the resources of other agencies, especially ICA and FAS, for contributions to reporting and analysis on French affairs.

25X1



III. Consular Activities

RECOMMENDATION: The Team supports the decision to close the Consulate at Nice and also recommends the closure of the Consulates at Strasbourg and Bordeaux, and the centralization of NIV issuance in Paris. Some TDY travel from the Embassy would be necessary to provide coverage of the activities of the Council of Europe and the Human Rights Commission in Strasbourg. As much as half of the six U.S. and 19 foreign service national employees may be saved if NIV issuance were centralized.

IV. Administrative Services

RECOMMENDATION: Embassy Paris administrative staff should be strengthened by appropriate use of direct hire, personal service and non-personal service contractual employees (See main report on "Hiring Flexibility").

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

10

V. Regional Finance Center: Paris

RECOMMENDATION: The center has the capacity to handle additional work now handled by some other agency units abroad. The State Department should, as part of a general effort to centralize administrative support operations abroad, seek out and encourage other agencies to utilize RFC Paris for financial servicing now carried on by those agencies.

RECOMMENDATION: The role for non-financial ADP work of the center and the relationship of that work to the joint State/ICA mini-computer program should be clarified.

VI. Foreign Agricultural Service

RECOMMENDATION: The Department of Agriculture should review the priorities of its commodity reports for France and other nations with the objective of eliminating any reporting that does not contribute significantly to worldwide commodity production and trade analysis.

VII. DAO/ODC and Miscellaneous Military Units

RECOMMENDATION: DAO and ODC be combined with a savings of five American positions. An important benefit would also be the elimination of rivalry and the streamlining of military organizations operating under the authority of the Chief of Mission.

RECOMMENDATION: Two small offices, the USAEUR Legal Officer with one U.S. and two foreign service national positions and the Air Traffic Control Office with two U.S. and one foreign service national positions should be integrated into the Defense Attache Office. Some minor personnel savings from this consolidation might result and managerial control would be improved.

RECOMMENDATION: See the section in main report on visitors and the section of main report on miscellaneous military units.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

11

VIII. International Communication Agency

RECOMMENDATION: Current staff level appears reasonably justified except for two positions in the U.S. delegation to the OECD (see below).

IX. Delegation to the OECD

RECOMMENDATION: Abolish the two ICA positions concerned with providing other ICA Missions with information about OECD matters. Substantial information and knowledge about OECD matters and U.S. positions thereon are in the hands of U.S. Embassy economic officers in OECD countries and can be utilized by ICA in those countries.

RECOMMENDATION: State Department and the Delegation should begin at once to identify committee meetings that the Delegation can handle within current staffing levels, and seriously consider adding two employees if firm agreement can be obtained from Washington agencies not to attend certain specified meetings.

X. Secret Service

RECOMMENDATION: VIP protection work appears to be marginal, if not largely duplicative, of work of advance parties. Utilization of Paris agents for actual protection work appears to be misuse of their scarce time in view of the size of protective staff accompanying VIPs. The Paris office should be limited to counterfeit work and be reduced by two U.S. agents and one U.S. secretary.

XI. Drug Enforcement Agency

RECOMMENDATION: The Team strongly endorses the decision to close the Paris Regional Office and notes that up to 15 positions (depending upon whether or not the intelligence function remains in Europe) will be saved.

RECOMMENDATION: State and Justice should explore at once the feasibility of RFC Paris and Embassy administrative sections assuming responsibility for most DEA administrative activities abroad. (See recommendation in main paper on consolidation of administrative services.)

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

12

XII. FBI (Legal Attache)

RECOMMENDATION: OMB should investigate the validity that extra secretarial staff is required abroad because of the FBI filing and indexing system.

XIII. Travel Service

RECOMMENDATION: Close the Paris office (two U.S. and three foreign service national employees).

XIV. American Battle Monuments Commission

RECOMMENDATION: Abolish the five assistant superintendent positions in France and any others in other cemeteries around the world.

RECOMMENDATION: OMB should request the Commission to prepare a special study analyzing the functions of the European headquarters at Garches and the need for a staff of the current size.

~~SECRET/SENSITIVE~~



GERMANY

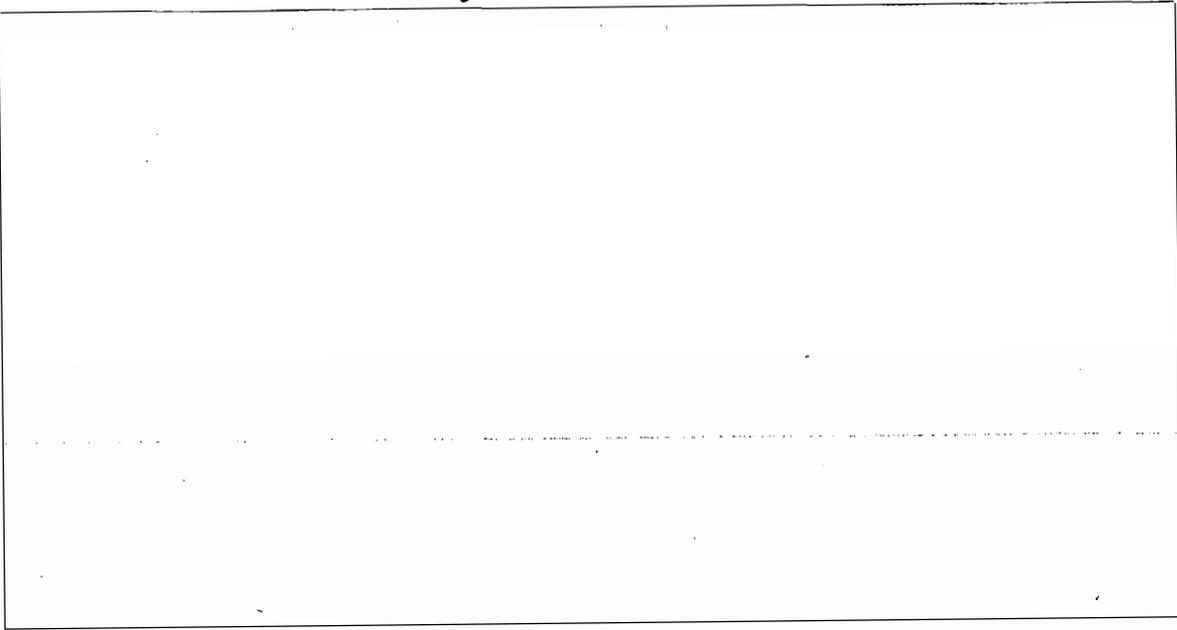
~~SECRET/SENSITIVE~~

2

GERMANY

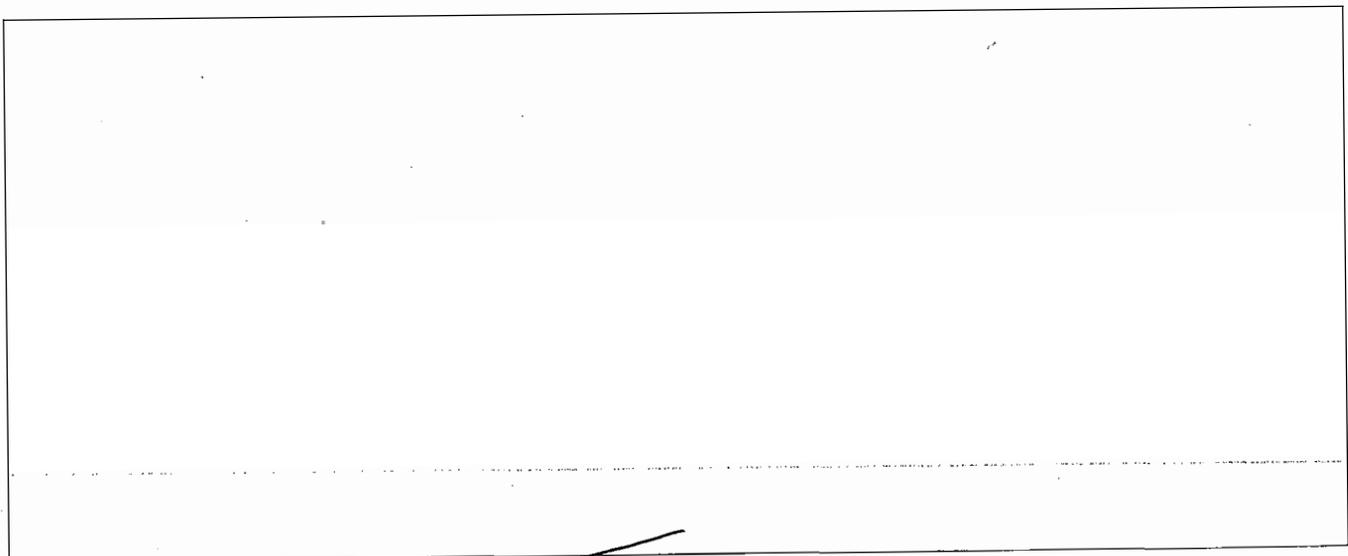
In 1945 Germany was a defeated country occupied by the four victorious powers. Today it is economically and militarily our strongest ally in Europe. The German economy is the strongest in Europe and the value of its foreign trade exceeds that of the United States. In both geographic and military terms Germany is essential to the defense of Europe. American interests in Germany are both vital and varied, as a result the U.S. mission there is one of our largest.

25X1



25X1

See also special annex.



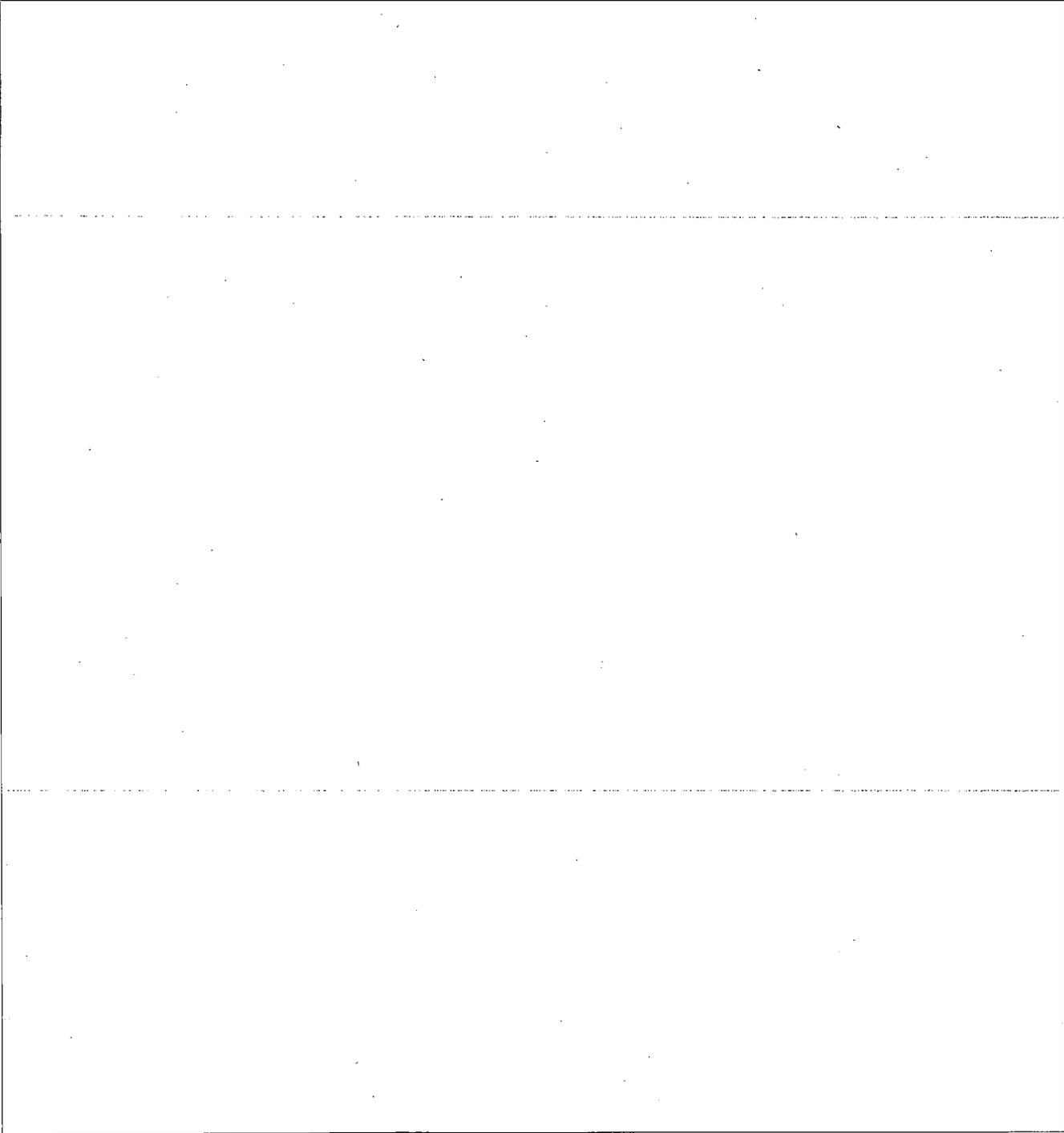
~~SECRET/SENSITIVE~~

~~SECRET~~
~~Per: [redacted]~~
~~ESD/NL-126-18-15-1-6~~
BY KS DATE 10/23/13

~~SECRET/SENSITIVE~~

3

25X1

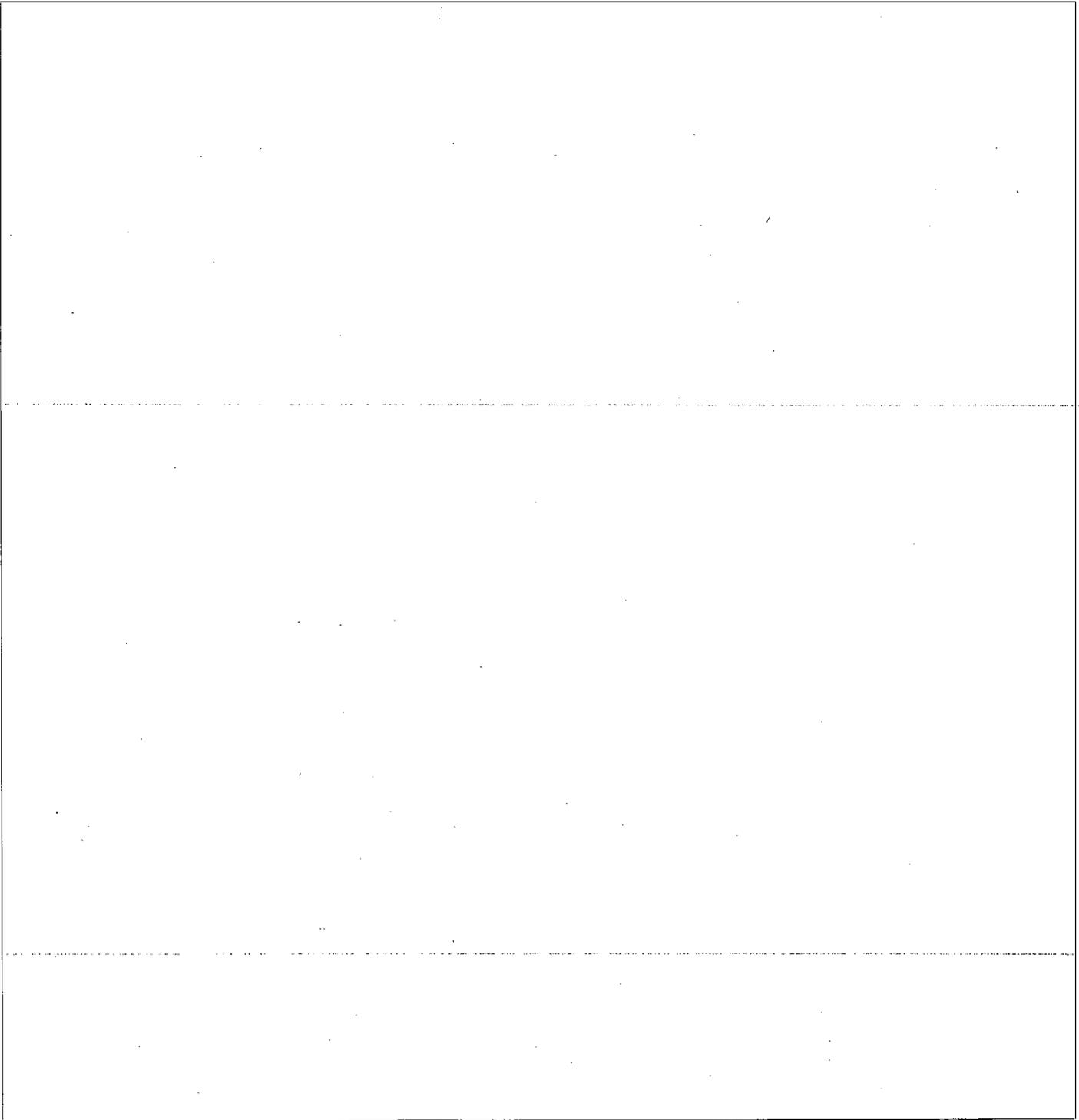


~~SECRET/SENSITIVE~~

~~SECRET~~/SENSITIVE

4

25X1

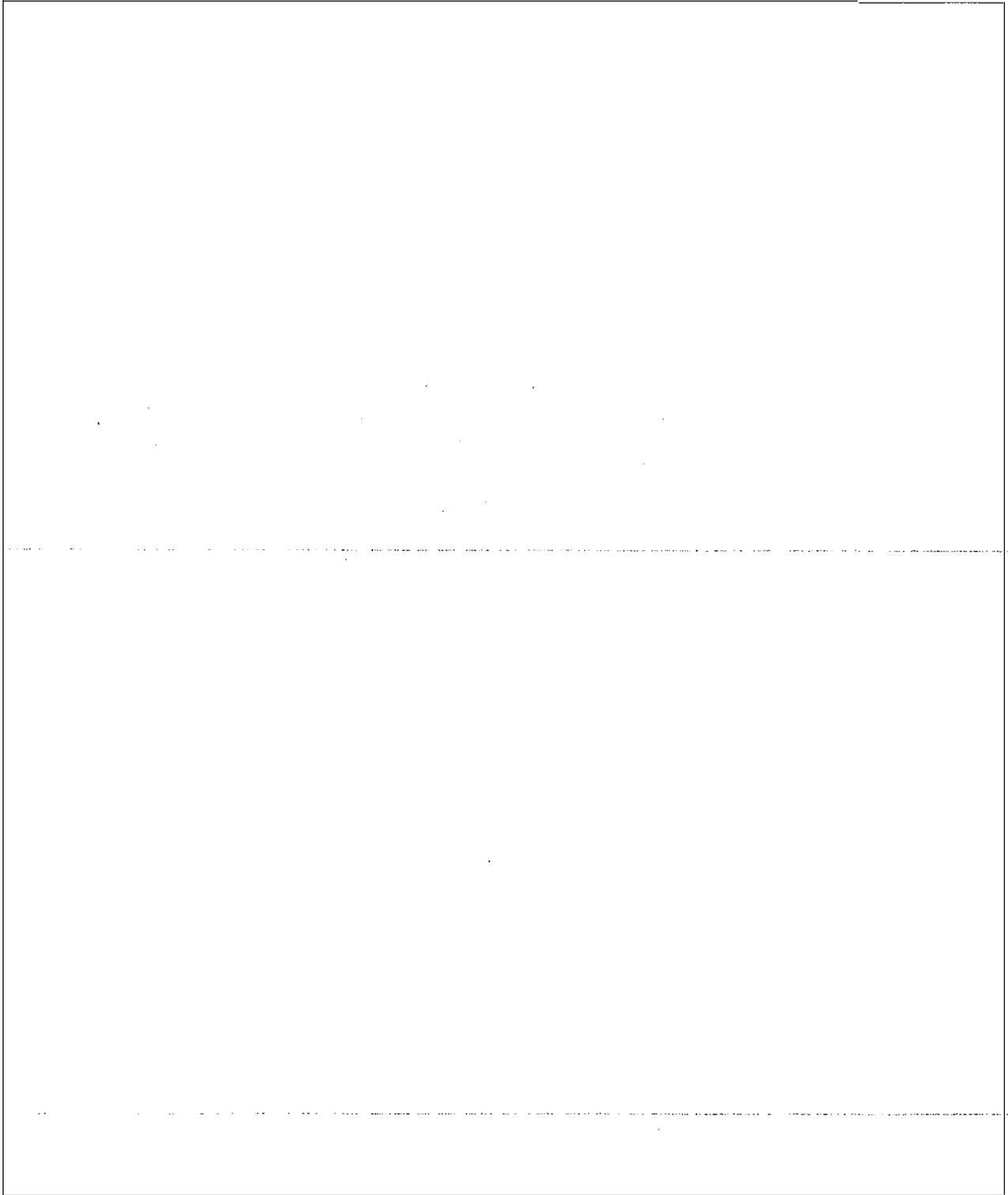


~~SECRET~~/SENSITIVE

~~SECRET/SENSITIVE~~

5

25X1

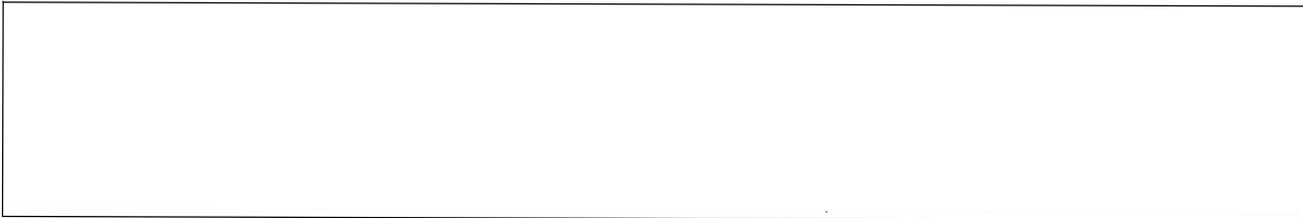


~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

6

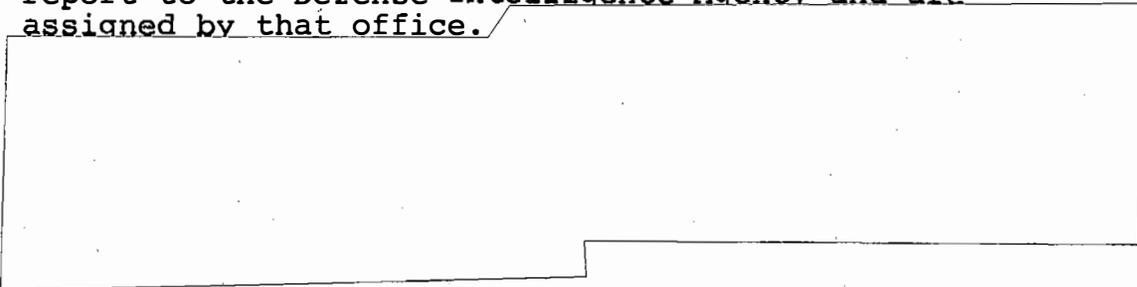
25X1



IV. Defense Liaison Office

This office has a complement of ten American positions of which, at the time of the Team's visit, six were filled. Led by a Navy Captain, the office includes an Air Force Major, two GS-13s, an Army Lieutenant, and an E-5. The office was set up some years ago under an agreement between the German Ministry of Defense and the U.S. Defense Department. All personnel report to the Defense Intelligence Agency and are assigned by that office.

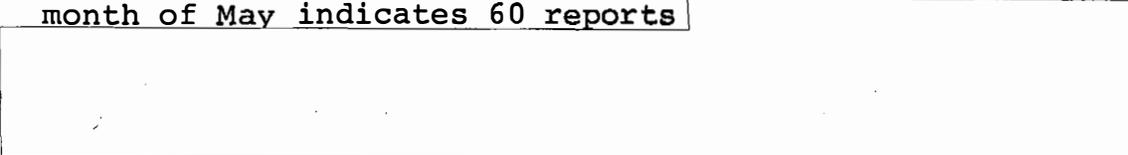
25X1



V. Defense Attache Office (DAO)

The Defense Attache Office appears to be an efficient operation producing intelligence reporting of size and apparent quality. A brief analysis of the month of May indicates 60 reports

25X1
DIA



25X1
DIA

The Defense Attache is seeking restoration of a foreign national research technician to [redacted] as well as an Assistant Army Attache to backstop the Defense Attache due to his absences, and a secretary. Visits have steadily increased from 1976 to 1978 (384, 574, 589 respectively), diverting resources from reporting.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

7

The Team concluded DAO American staffing (six officers, one warrant officer, three non-commissioned officers and one secretary) appears lean, but adequate.

VI. Office of Defense Cooperation

The main work of the Office of Defense Cooperation concerns foreign military sales and training, namely 2,500 trainees and \$560 million of sales in 1978. This workload is sufficient to require staff of six military, four civilian, and eight foreign service nationals. Unlike Britain, Germany does not have a military mission in Washington to handle the bulk of procurement work.

ODC argues it would be inappropriate for the Defense Attache to get involved in equipment procurement

DIA25X1

The Team does not agree. It notes that combined DAO/ODC operations have worked well in such countries as Jordan and Switzerland. Additionally, it is apparent that rivalry between ODC and DAO has created internal Mission coordination problems, e.g., who handles visitors or who is the senior Defense representative in Germany. Although the Team does not expect substantial personnel savings resulting from this combination, there would be managerial benefits, especially better coordination within the Mission.

VII. Defense Mapping Agency

Heavy DMA staffing appears questionable (ten U.S. military, two civilian, one foreign service national) as the work apparently is primarily that of mail-drop, i.e., receipt and shipment of quantities of maps, which reportedly fluctuates month to month from little or no business to several cubic yards. The Team questions whether a specialized unit is required, and if so whether the workload requires one of this size. The Team also is not convinced full-time liaison with FRG is required on mapping matters and believes Defense Department should critically evaluate the need for the unit.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

8

VIII. Drug Enforcement Agency

The absence of the agent in charge hindered Team inquiry regarding sizeable (11 Americans including secretaries) staff spread around Germany and West Berlin. The Team noted, however, a decrease in DEA agents from 13 in 1976 to six in 1978 and the Embassy's support for an increase in view of the growing German narcotics problem which in turn affects American troops stationed there.

DEA's emphasis is on convincing Federal and State police of need to work on increasing narcotics flow and to share information. DEA agents participate in Germans' investigations of cases involving American connections, but do not participate in purely German narcotics investigations. DEA has good reputation for effectiveness in Germany (FRG has recently added 60 Federal narcotics agents). As the Germans become more active and effective, need for DEA should decline.

IX. International Communication Agency

In spite of strong Embassy Bonn support, the Team doubts the need for current number (32 Americans and 161 foreign service national employees) of ICA staff in contemporary Germany. The effectiveness of America Houses as vehicles to contact and influence "the successor" generation is doubtful. The targeted, invitational international visitor program appears more effective. American presence in America Houses in Hanover, Nurnberg and Freiburg is clearly the lowest priority and can be dispensed with. The Team was not convinced that withdrawal of American presence would have significant political repercussions on German/American relations.

X. Agricultural Trade Office in Hamburg

The Agricultural Trade Office (ATO) will open September 1 and in addition to agriculture cooperators will be staffed by one assistant agricultural attache transferred from Bonn. Two foreign service national positions (State) will be transferred to the Foreign

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

9

Agricultural Service from the Bremen Consulate upon its closure to do agricultural reporting. The advantage of consolidating cooperators in one office is minor. Additionally, some cooperators reportedly do not wish to be identified with the U.S. Government and believe they can operate better on their own.

Embassy Bonn clearly prefers that the center not be opened but is resigned to it. Washington pressures to spend money are expected to result in marginal exhibits and other promotional efforts that are expected to have little impact on American agricultural exports to Germany.

XI. U.S. Travel Service

The impact of the U.S. Travel Service Center in Frankfurt on German tourism to the U.S. is seen by the Embassy as marginal, even though it provides German tour agencies with information about U.S. tour opportunities that they might not otherwise so easily obtain.

German tourism to the U.S. is booming with 575,000 NIVs issued in 1978 and 25 percent more expected (675,000) in 1979. The entry of additional American airlines in Germany and strength of the DM relative to the dollar are overriding influences increasing travel to the U.S.

XII. Miscellaneous Defense Offices

In Germany, as in other European countries, the Team found numerous small Department of Defense offices. These include, for example, Training and Doctrine Liaison (TRADOC), USAFE Research and Development Liaison, Bonn Liaison Unit and Armed Forces Radio Frequency Liaison officer. Neither the Embassy nor anyone else in the field appears to review the need for such offices. In some cases it might be possible to use TDY personnel from the United States to perform some of these functions.

~~SECRET/SENSITIVE~~

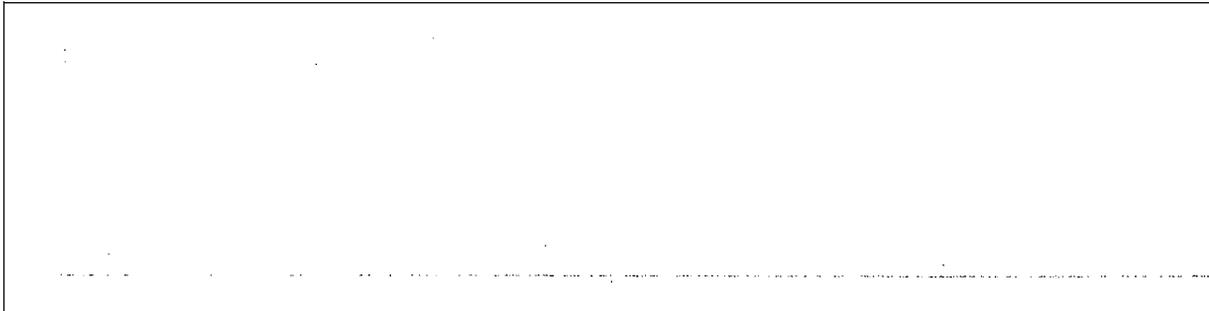
~~SECRET/SENSITIVE~~

10

I. National Security Agency

25X1

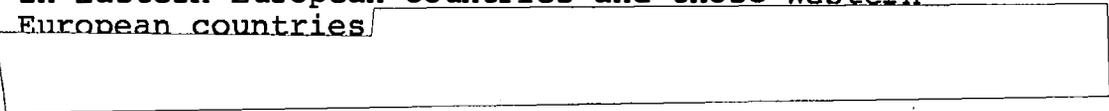
RECOMMENDATION: See general recommendations.



III. Communications

RECOMMENDATION: The State Department should assume responsibility for diplomatic communications facilities in Eastern European countries and those Western European countries

25X1



RECOMMENDATION: Also see general recommendations.

IV. Defense Liaison Office

RECOMMENDATION: The Defense Department should eliminate the vacancies, reducing the American complement from ten to six.

V. Defense Attache Office (DAO)

RECOMMENDATION: See recommendation for Office of Defense Cooperation.

VI. Office of Defense Cooperation

RECOMMENDATION: Responsibility for foreign military sales should be assigned to the Defense Attache. The Office of Defense Cooperation should be combined with the Defense Attache Office.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

11

VII. Defense Mapping Agency

RECOMMENDATION: The Department of Defense should evaluate whether there is a need for the Defense Mapping Agency in Germany. Meanwhile, the staff should be reduced by 50 percent for a savings of six American positions.

VIII. Drug Enforcement Agency

RECOMMENDATION: DEA staffing should be critically reviewed in FY 81.

IX. International Communication Agency

RECOMMENDATION: ICA should withdraw American employees from America Houses at Hanover, Nurnberg and Freiburg as soon as possible, saving three positions.

X. Agricultural Trade Office in Hamburg

RECOMMENDATION: The Office of Management and Budget should reassess the value of Agricultural Trade Offices in Hamburg after two years experience.

XI. U.S. Travel Service

RECOMMENDATION: The Department of Commerce should close the USTS Center in Frankfurt as soon as possible.

XII. Miscellaneous Defense Offices

RECOMMENDATION: See general recommendations on these units.

~~SECRET/SENSITIVE~~



~~SECRET/SENSITIVE~~HONG KONG

The U.S. Mission in Hong Kong has historically been of major importance to U.S. interests as the principal source of information about the People's Republic of China, a key center for analysis of China, a major reporting center on Indochina, a focus for the continuing narcotics traffic and the burgeoning refugee problem, and as a venue for official and commercial contacts with the PRC. In addition, Hong Kong is a major trading partner of the U.S., \$5 billion trade both ways with \$1.6 billion in U.S. exports, and a growing base for many U.S. businesses operating in East Asia including the PRC. Difficult trade negotiations involving exports to the U.S. of sensitive commodities have become an increasing problem for the Mission. Finally, Hong Kong provides a base for fleet support for the U.S. Navy.

For years, Hong Kong has offered uniquely valuable opportunities for the collection and analysis of information on political and economic developments in China, unparalleled in the case of any other Communist country. In addition to a continuing flow of travelers, both official and private, to and from China, a broad range of local PRC-controlled publications (frequently more informative than those published within China), together with the monitoring of provincial radio broadcasts, has provided a wealth of information on PRC Government policy directives, political and ideological tensions and economic trends, particularly as they are reflected at the local level. Taking advantage of this circumstance, a sizeable community of skilled analysts has been concentrated in Hong Kong represented in academic, business and intelligence circles. Drawing upon these resources, the U.S. Mission in Hong Kong under the guidance of the Consul General has played a key role in the field collection and analysis of intelligence on China, developing its own corps of highly qualified local analysts and extensive research files.

The normalization of U.S./PRC relations has not altered Hong Kong's unique advantages for tracking

~~SECRET/SENSITIVE~~

SANITIZED

For: For: Project

ESD: NLC-126-18-15-1-6

BY: KS DATE: 10/23/13

~~SECRET/SENSITIVE~~

2

developments in China. Such opportunities have in fact significantly increased with post-Mao China's opening to the outside world and the special role which the PRC evidently has assigned to Hong Kong in that process. Steadily expanding commercial and financial ties between Hong Kong and China and the increasing involvement of the residence American business community in China-oriented operations are providing a growing volume of information on China's economic development policies and their implementation, as well as its efforts to attract foreign capital and technology. Of particular importance is the fact that with normalization, the large PRC official community in Hong Kong and those in the media and business closely identified with the PRC are increasingly accessible to official and private Americans.

25X1

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

3

25X1

[REDACTED]

The principal bilateral relations with the Colony of Hong Kong are economic and have been handled by the Economic/Commercial Section which increasingly must also devote some of its personnel assets to the PRC. There is in addition, a large Consular Section handling the very heavy flow of both immigrant and non-immigrant visas and now an increasing refugee workload. The Administrative Section has also an increasing burden, largely to service an expanding Embassy in Beijing and the two prospective American Consulates in the PRC.

The Team found that in almost every respect normalization of relations with the PRC and the expansion of the official U.S. presence in the PRC has brought no diminution of the Consulate workload but, in fact, an increase. Reporting opportunities in Hong Kong are increased for both the Political and Economic Sections

25X1

[REDACTED]

The Administrative workload has increased and the Consular workload, until the establishment of the two Consulates at least, has increased, over and above the growing refugee inflow.

In spite of this increased workload, the Consulate is in the process of major personnel reductions to meet the staffing requirements of Beijing and the new Consulates, four in FY 79 and four in FY 80. The eight reductions will reduce the political reporting staff from seven to four, including the loss of the Indochina Watch Officer, the economic staff goes down from eight to six, including a China-watcher and the officer assigned to bilateral trade negotiations of Hong Kong, the Consular Section by two officers and the Administrative Section by one.

~~SECRET/SENSITIVE~~

~~SECRET SENSITIVE~~

These reductions taken together will seriously hamper the Mission's ability to handle its present, let alone future, workload. On the political side, spot reporting covering [redacted] analysis of the media (which is importantly supported by foreign service nationals not available in the PRC) will be reduced. Indochina will have only partial rather than full coverage. [redacted]

25X1

25X1

[redacted]

There is no indication that the enhanced Beijing Political Section will be available to pick up more than a small segment of this workload. In a period when enhanced reporting and analysis on the PRC is essential to U.S. interests and when far greater contacts outside the PRC are now feasible, these reductions in Hong Kong are unjustifiable, even risky to U.S. interests, in the opinion of the Team.

The economic spot reporting will be likewise hampered, although not as severely. However, analytical reporting on the Chinese economy, which should be increasing to support American business interests there, will decline. Direct commercial activity in support of U.S. exports to Hong Kong will be cut perhaps in half, since one of the two commercial officers will have to take over essential trade negotiations with the Hong Kong Colony. The two Consular officers cannot be spared by any measure of the current workload, let alone the additional requirements imposed by the refugee flow. Indeed, as explained below, the Team believes that six additional positions should be added (three INS and three Consular) to respond to this problem. Finally, the Administrative Section will be forced to do more and cannot take the reduction of seven to six Americans.

There is, in consequence, an urgent need to revise current plans to build up the American presence in the PRC through re-programming of eight Americans from Hong Kong to Beijing and the two prospective Consulates. The alternative is to have programs important to U.S.

~~SECRET SENSITIVE~~

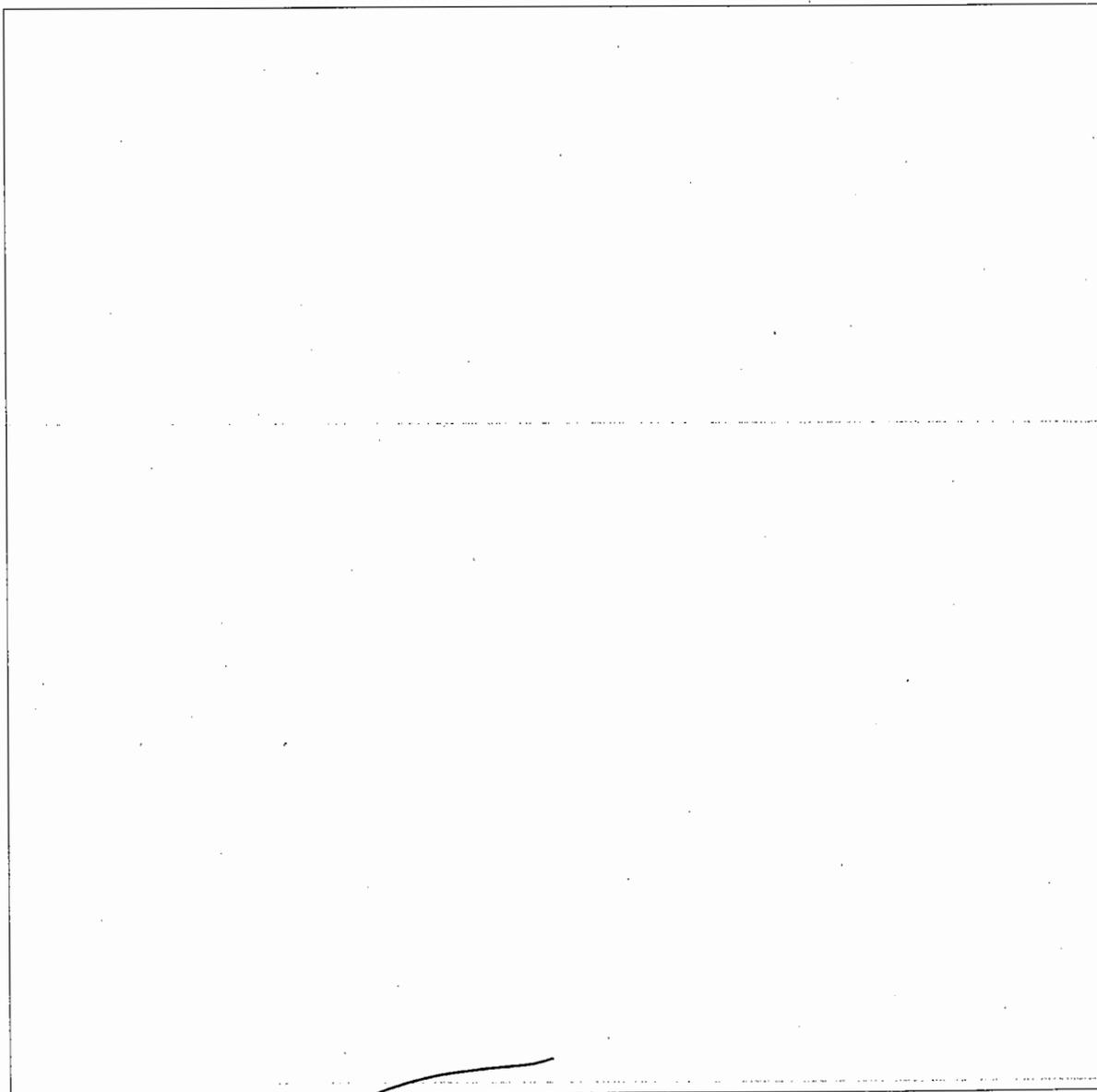
~~SECRET/SENSITIVE~~

5

interests dropped by the Hong Kong Consulate. With respect to the other elements of the Mission, we found only two positions which might be eliminated as against eight student positions which must be assigned here because of the closing of the language school in Taiwan. All told we recommend an increase of 16 positions in Hong Kong.

The following table summarizes the Team's view of staffing requirements for FY 81.

25X1

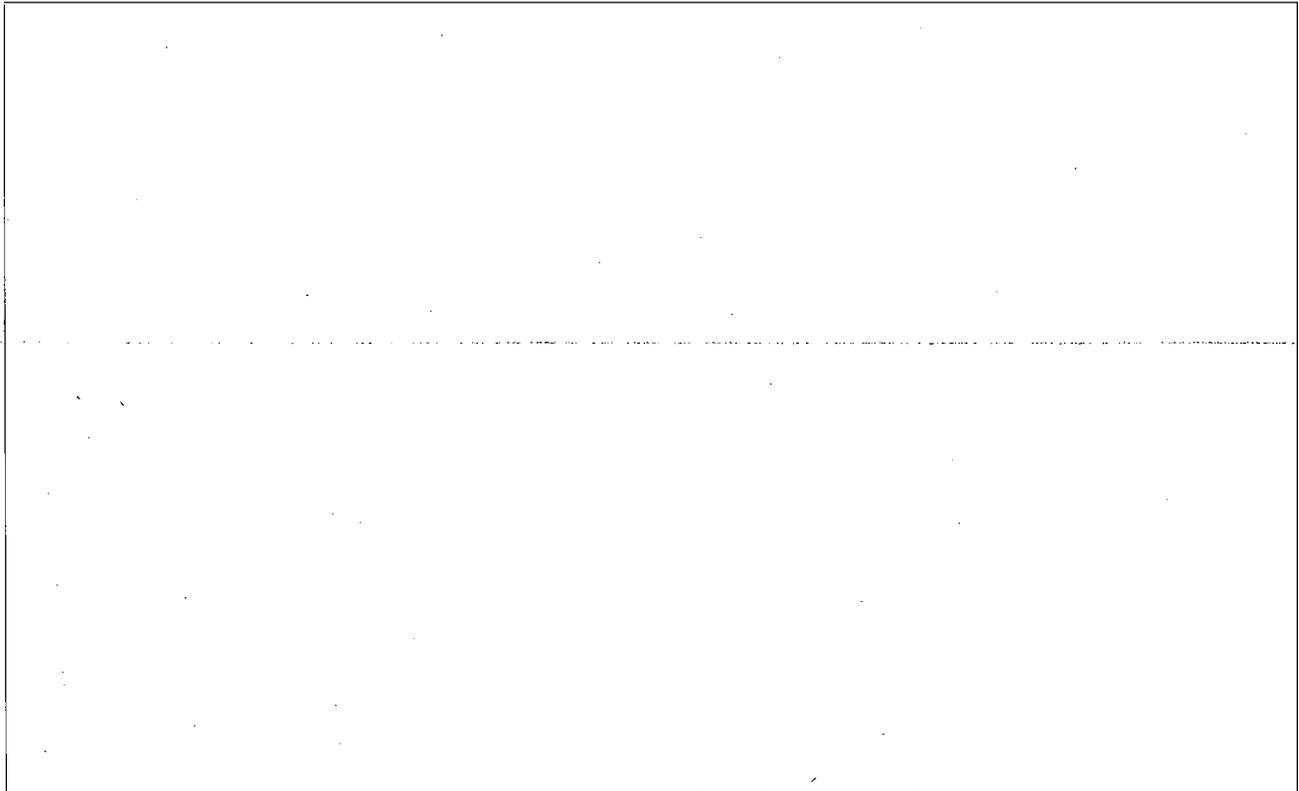


~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

6

25X1



Our specific recommendations with respect to staffing this post are:

1. Restore three political and one econ/commercial positions. As explained fully above, this action will permit the Consulate to retain its analytical capability and take advantage of enlarged reporting opportunities.

2. Do not implement four other planned reductions. The current plan is to cut an additional four positions in order to staff the mainland posts, i.e., two consular, one economic/commercial and one administrative slot. The Team believes this action to be foolhardy given today's situation in Hong Kong.

3. Eliminate the VOA correspondent. We believe the services provided by this direct-hire employee could be obtained by contract with one of the many press organizations resident in Hong Kong.

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

7

4. Move the VOA Technical Monitor to the United States. This function, which includes supervising contract activity, is a dramatic example of the potential for performing needed activities on a TDY basis from the United States.

5. Establish eight positions for FAS students. This action is necessitated by the decision to close the language school at Taichung and send students to the school operated by the U.K. in Hong Kong.

25X1
DIA

6. Establish three positions in the Consular Section. The Hong Kong Consular Section processed 40,000 Non-Immigrant visas (NIVs) in 1978 with an estimated total of 50,000 NIVs in 1979. As of the creation of the American Institute in Taiwan (AIT), the Consular Section now will process approximately 40,000 NIVs in 1979 from Taiwan. The Consular Section processed 9,000 Immigration visas (IVs) in 1978 and expects a ten percent decline in 1979 due to the opening of Embassy Beijing and the projected opening of ConGen Canton. Special Consular Services appear to be at a plateau averaging about ten thousand notarials and 500 passport and citizenship cases per year. Again, the workload of this section has been seriously increased by an additional 7,000 IV applications processed from Taiwan and an estimated 100,000 IV applications from Taiwan alone within the next year. For the workload increase in support of the Vietnamese refugee program, see the Memorandum on "Immigration and Naturalization services."

a. We have compared the workload of the Consular Section with Manila which has one of the highest visa workloads in the world. It is our considered opinion that the Consular Section in Hong Kong needs help. First, the projected cut of two consular officers should be cancelled. Second, the PIT position should be converted to a full-time position for a career consular officer. Third, a full-time position for a career consular officer is

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

8

needed to deal with Taiwan-sourced problems alone. Fourth, one full-time officer is required now to work with the Vietnamese refugee program and, if ConGen Hong Kong or Hong Kong Government estimates of the increase of the refugee population are realized, an additional full-time officer will be required both to work with the refugee program and for reporting purposes.

b. We recommend that a review of Consular Section staffing be conducted during December 1979 to determine additional U.S. personnel requirements through FY 81.

7. Establish three additional positions in the INS office. The one INS officer assigned full-time to the Hong Kong office is faced with an economy workload which includes adjudications of immigration visa (IV) petitions from Afghanistan around to Taiwan. He is required to adjudicate all cases from this large area when the petitioner or the beneficiary or both are absent from the country where the petition has been received. He adjudicates all petitions from Taiwan. He has a backlog of 8,700 applications from the People's Republic of China (PRC) and anticipates applications in the future at the rate of 15,000 per year. He is working closely with the Voluntary Agencies in processing 54,000 Vietnamese refugees in Hong Kong to conduct interviews to determine admissibility to enter the U.S. under the four basic categories. The measure of the workload is that 19,000 Vietnamese refugees arrived in May and he was able to process 500 paroles. This incredible situation is going to get worse and ConGen Hong Kong anticipates a total of 100,000 Vietnamese refugees by the end of CY 79. The Deputy Secretary for Security of the Hong Kong Government estimates the total at 200,000.

a. Whether the support required by the Hong Kong INS office has an emergency need for expansion in our judgment by filling the vacant INS officer position, adding two INS officers and one U.S. secretary.

8. The principal emphasis of the Hong Kong FBI office is on foreign counter-intelligence cases, which comprise approximately 75 percent of the average 150

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

9

monthly caseload. The office is responsible for the ASEAN area less the Philippines as well as Hong Kong. The office has been involved in screening approximately 900 visa PRC applications (IVs). During 1979 the FBI office estimates that the total number processed in 1980 will approach 15,000. Since the office has only one officer, the "Frontier Watch" to check on U.S. personnel entering and departing China has had to be abandoned as has the proposal to screen Vietnam refugees -- there are simply too many. There is a continuing requirement from Washington for these two tasks and filling the vacant FBI agent position would make it possible to discharge part of the requirements. One of the principal concerns of the FBI (others are in memo attached) is to target the organizations in Hong Kong responsible for financing PRC overseas intelligence operations in Hong Kong and against the U.S. and Indochina. Another major concern is to monitor the "laundering" of money in Hong Kong by U.S. organized crime syndicates.

In accordance with our recommendations in Manila, we recommend that the Manila FBI office be abolished with a savings of one agent and one secretary positions; that the vacant agent position in Hong Kong be filled in order to provide coverage of those targets which are not now covered as noted in paragraph two.

~~SECRET/SENSITIVE~~

India

~~SECRET/SENSITIVE~~INDIA

The important role of the U.S. Mission in India needs little detailing or underlining. U.S. interests and goals in India are multiple and extend well beyond the purely bilateral relationship. The U.S. Mission is responsible for developing and expanding a strong cooperative relationship with India, the dominant power in the Subcontinent, a nation of major influence in the developing world, and a country dedicated uniquely to democratic rule. The Mission is expected to play a pivotal role in insuring that India acts responsibly both in nuclear matters and with relation to regional stability, as well as to assist its effort in economic development.

Given the checkered history of U.S./Indian relations, India's firm determination to remain non-aligned and buttress its security with close ties -- including military -- with the Soviet Union, and continuing widespread suspicions regarding western -- including U.S. -- materialistic and colonial tendencies, the Mission faces constant obstacles to achieving progress towards its goals. It must operate with subtlety, sophistication, constant awareness of Indian sensitivities and with minimum intrusion. The nuclear issue is a major and constant drain on the personnel resources of the Mission. Furthermore, the very size and diversity of India requires an active approach in many areas outside the capital.

At the present stage in U.S./Indian relations, unlike the past, American influence in India depends predominantly on personnel resources rather than financial flows. American assistance to India, at one time measuring in the billions of dollars, today is limited to about 200 million dollars, despite recent increases. Once the predominant aid donor, the U.S. bilaterally today contributes less than ten percent of the total annual aid to India.

Despite this switch for dependence on financial assistance, the total U.S. presence in India has

~~SECRET/SENSITIVE~~

SANITIZED
 Per Doc Project
 ESDA: NLC-126-18-15-1-6
 BY 125 JAW/DTE 10/23/13

~~SECRET/SENSITIVE~~

2

decreased from its heyday in 1972 of 874 to 237. This places a heavy burden on the personnel stationed in India. The Chief of Mission is convinced that the Mission is lean and trim and does not feel that the U.S. presence is too large. We fully concur and in fact recommend that the staffing pattern be kept under review with a view to providing additional personnel resources when justified.

The State Department element of the staff constitutes about one-third of the Mission, which includes 15 people in the three essential Consulates. In Delhi, the substantive staff, embracing the Chief of Mission, Deputy Chief of Mission, Political and Economic Sections, the Labor Attache and the Science Staff, is only 13 officers. We feel this is inadequate given the objectives assigned the Embassy, including the furtherance of U.S. commercial interests, but are only recommending one addition to the Political Section and the assignment of a JOT to permit Junior Officer rotation.

25X1

 The ICA staff of 30 is relatively large, but considered by the Chief of Mission as justified in light of its far-reaching activities throughout India and its demonstrated potential for reaching key Indian audiences. Almost half of the ICA staff is in branch posts and is on the road almost half the time.

AID and the Defense personnel in the Defense Attache's Office and security assistance programs are relatively small, although we believe that further economies can be achieved by combining the Defense Attache's Office with the Office of Defense Cooperation. The combination in fact should afford the Defense Attache's Office greater access to the Indian defense establishment. Other elements of the Mission are appropriately staffed.

The one major anacronism in the U.S. Mission in India is the imbalance between ICA and the Mission's

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

3

substantive staff. In effect, there are more than twice the number of people assigned to "public diplomacy" under ICA than to "private diplomacy" in the State complement including the substantive reporting officers in the Consulates. In addition to increasing the Political Section by one officer, we therefore recommend that the ICA program staff be instructed to provide, on a regular and systematic basis, reporting regarding their widespread contacts throughout India. Some of this is now being done on an informal basis. This action will improve the Embassy's capability for assessing both current and long-range trends in India, and would offset the apparent imbalance between "public" and "private" diplomacy.

Finally, the Team reviewed the structure of the three Consulates in India, which accounts for 52 current positions or 22 percent of the American staff. It fully concurs with the judgment of the Chief of Mission that none of the Consulates would operate effectively with a smaller staff and that reductions can be accomplished only by closing one of the Consulates. It recommends strongly against the latter alternative given the unique ethnic and cultural diversity and size of India. Each Consulate covers an area and population far larger than any western European country.

This listing summarizes the Team's view of staffing requirements for FY 81:

25X1

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

4

25X1

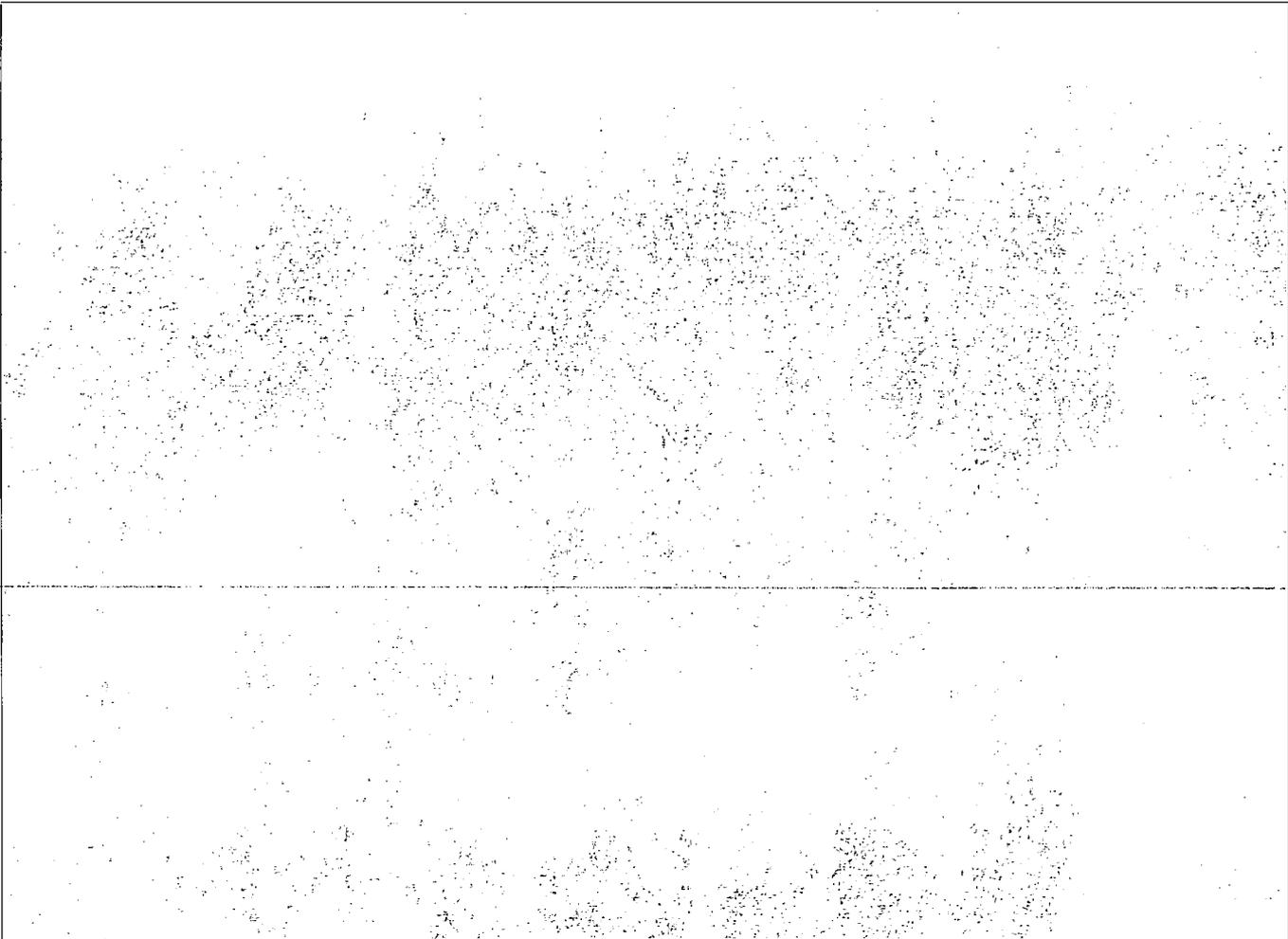


~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

5

25X1



The following additional recommendations for personnel changes are also made:

1. Addition of one political officer. An additional political officer will permit greater emphasis upon domestic developments and long-range studies, as well as to supplement Mission diplomatic activities;

2. Move FERRO to Washington (two positions). The Far East Regional Research Office (FERRO) of Agriculture's Science and Education Administration can conduct its regional cooperative agricultural research activities, which are funded by our excess

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

6

foreign currency holdings, from Washington. The local national staff in India is well trained after 18 years of program operation. In Pakistan, where the majority of FERRO's current projects are located, the local national staff is not as capable; however, arrangements can be worked out for agriculture specialists from AID and the Foreign Agricultural Service can perform some of the supervisory functions now performed by FERRO. TDY visits by Agriculture Department officers can be used to accomplish the on-site inspections of research projects which are scattered around the region. The only other overseas office of this program, the Eastern Regional Research Office (ERRO) in Rome is being closed at the end of FY 79.

3. Elimination of the Geographic Attache. The Geographic Attache position is not essential.

4. Add a Junior Officer Trainee. A JOT would permit a rotational program for junior officers as well as give some additional support to the Political Section.

5. Assign the ODC function to DAO. We believe the functions of the DAO and ODC can be carried on more effectively by a single office. In India, military sales are limited, as is the IMET (International Military Education and Training) program. Moreover, the effectiveness of the small staff (two officers, one secretary) handling these programs is limited because of its tiny size and its status as a separate organization. The DAO is of sufficient size to alleviate administrative difficulties such as being able to provide back-up personnel when individuals are absent, but its access to some elements of the Indian military establishment which are of intelligence interest is limited because these offices deal exclusively with the ODC. Thus, both functions would gain from an amalgamation of DAO and ODC and we believe 12 Americans, a net reduction of two positions, are sufficient to accomplish the combined tasks.

6. Increase ICA reporting responsibilities. As set forth above, ICA should be instructed to provide

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

7

regular reporting to supplement the Mission effort. Use of ICA personnel resources in this manner would obviate the need for other additional staff.

7. Conduct a review of the Library of Congress (LOC) program. The Library of Congress staff of four Americans and 113 foreign service nationals might be reduced by integration of its administrative activities with the current Joint Administrative Office (JAO). We have reviewed the organization chart of the LOC office and, although assured that the administrative portion of the LOC organization could not be integrated with the Embassy Administrative Section, we remain unconvinced. We recommend strongly that the Executive Office's position, the Support Services Section and the Shipping Division of the LOC Office be examined carefully to determine whether or not all or part of it can be merged into JAO under the direction of the Administrative Counselor. We note in this regard that the LOC office provides its own travel services when all the other agencies use the Travel Section of the Embassy. We are convinced that somewhere between our recommendation and this small item administrative integration is possible, with cost and manpower savings resulting. We estimate manpower savings at one U.S. and 15 foreign service national employees.

~~SECRET/SENSITIVE~~



~~SECRET/SENSITIVE~~

KENYA

The U.S. Mission in Kenya is a good-sized post, large by African standards, with just under 200 Americans on a direct hire basis. There are in addition 197 Peace Corps volunteers in Kenya. However, these numbers can be misleading. There are in effect two separable segments of the U.S. Mission: one, which is less than half the personnel assigned to the Mission, deals directly with bilateral relations with Kenya; and the other segment has regional responsibilities and is located in Nairobi, since it is the one country with adequate infrastructure and transportation facilities in East Africa.

The primary goal of the bilateral Kenya staff is to further relatively important U.S. strategic and, to a lesser extent, political and economic interests in Kenya. Kenya is the one country in East Africa which condones U.S. military operations in the East Indian Ocean area, both U.S. ship visits and P-3 activities. Politically, Kenya is one of the few countries in Africa with comparatively democratic institutions, although there are authoritarian overtones in the Kenyan system of government. The Kenyan Government, moreover, is one of the more moderate and rational in Africa. Economically, U.S. commercial interests are expanding with opportunities for both investment and increased imports.

The personnel resources of the U.S. Mission in Kenya devoted to bilateral relations are primarily focused on the furtherance of these interests. With the exception of the AID staff, they are lean but will be adequate in terms of U.S. goals and objectives after a two-man military liaison office is established later this year. At present the Political Section of two is overburdened with handling the details of the Foreign Military Sales program. As a result, the Mission has not devoted sufficient resources to long-term analysis of the political situation. It is aware of this problem

~~SECRET/SENSITIVE~~

SECRET
Per: [unclear]
ESDN NLC-126-18-15-1-6
BY: KS DATE 10/23/18

~~SECRET/SENSITIVE~~

and should be able to correct the deficiency once the Political Section is relieved of its substantial paper work in connection with the military assistance program. Given the transition from President Kenyatta to President Moi, the analysis is particularly relevant and necessary at the present time.

25X1

25X1

[redacted] In the longer-term, additional staff may be required in the Commercial Section with the expansion of the Kenyan economy.

The bilateral AID staff of 47 (including PASAs) is large relative to the size of a program of thirty million dollars annually. The Germans, for example, administer a program more than twice the size of the U.S. program with three people, while the Canadians have a program about the same size with only two people. The large AID presence on the bilateral side, however, is principally a consequence of Washington requirements and pressures and the structure of the program which involves about 18 to 20 projects, all of which require enormous paperwork despite relatively small amounts involved. Most of the programs are personnel-intensive technical assistance related to basic human needs. For example, a recent program study for a 1.5 million dollar project in the Seychelles resulted in a 60-page paper with much detailed research.

The other major transfer of U.S. resources is the military sector. There are FMS programs for F-5s and helicopter gunships amounting to about \$100 million. Direction of these programs has been, up to the present, under the Political Section but will be transferred to a new Office of Defense Cooperation. The training of the Kenyans is handled by two Technical Assistance Field Teams (TAFT) financed by Foreign Military Sales Credit and the Kenyan Government, therefore essentially temporary in presence. This organizational structure has worked out very well and should be continued.

The AID program serves both U.S. economic and political interests but involves too large an American

~~SECRET/SENSITIVE~~

~~SECRET/SENSITIVE~~

3

presence for the amount expended. The U.S. aid program does not play the lead role among foreign donors and contributes only about ten percent of the external resources provided Kenya. We will be recommending below substantial reductions; these reductions, however, will hinge in substantial measure upon requirements placed on the Kenyan AID Mission by Washington.

The other segment of the U.S. Mission, devoted to regional activities, is in large part a function of the unique situation found in Africa and the need to support the large number of small posts with regionally located personnel. There are some Americans in Kenya whose principal mission is regional -- as against bilateral functions. AID has 30 positions in its regional development office plus a housing staff of three and 11 auditors, both of which are regional. ICA also has a regional staff of seven. These regional staffs operate on the premise that specialized expertise and services cannot be economically provided in all 17 countries in Eastern and Southern Africa.

Economies in personnel staffing are feasible. The basic pattern which we recommend is that more activities of a regional nature be serviced out of Washington rather than Nairobi, particularly those services where quick, timely support is not essential. This change in operating style will also have the effect of reducing the administrative workload of the Mission and could result in further economies. In addition, the Team questions the need for regional organizational entities since the structure of the U.S. Missions in Africa has changed significantly since dependence on regional staffs was first developed. For example, initially it was decided not to set up any AID Missions in smaller African countries, but subsequently this decision was reversed.

Finally, there is one position, which we have included in the regional staff, serviced by State's Bureau of International Organization Affairs (IO), namely the Permanent Representative to the UN Environmental Protection Agency (UNEP). The incumbent is

~~SECRET/SENSITIVE~~

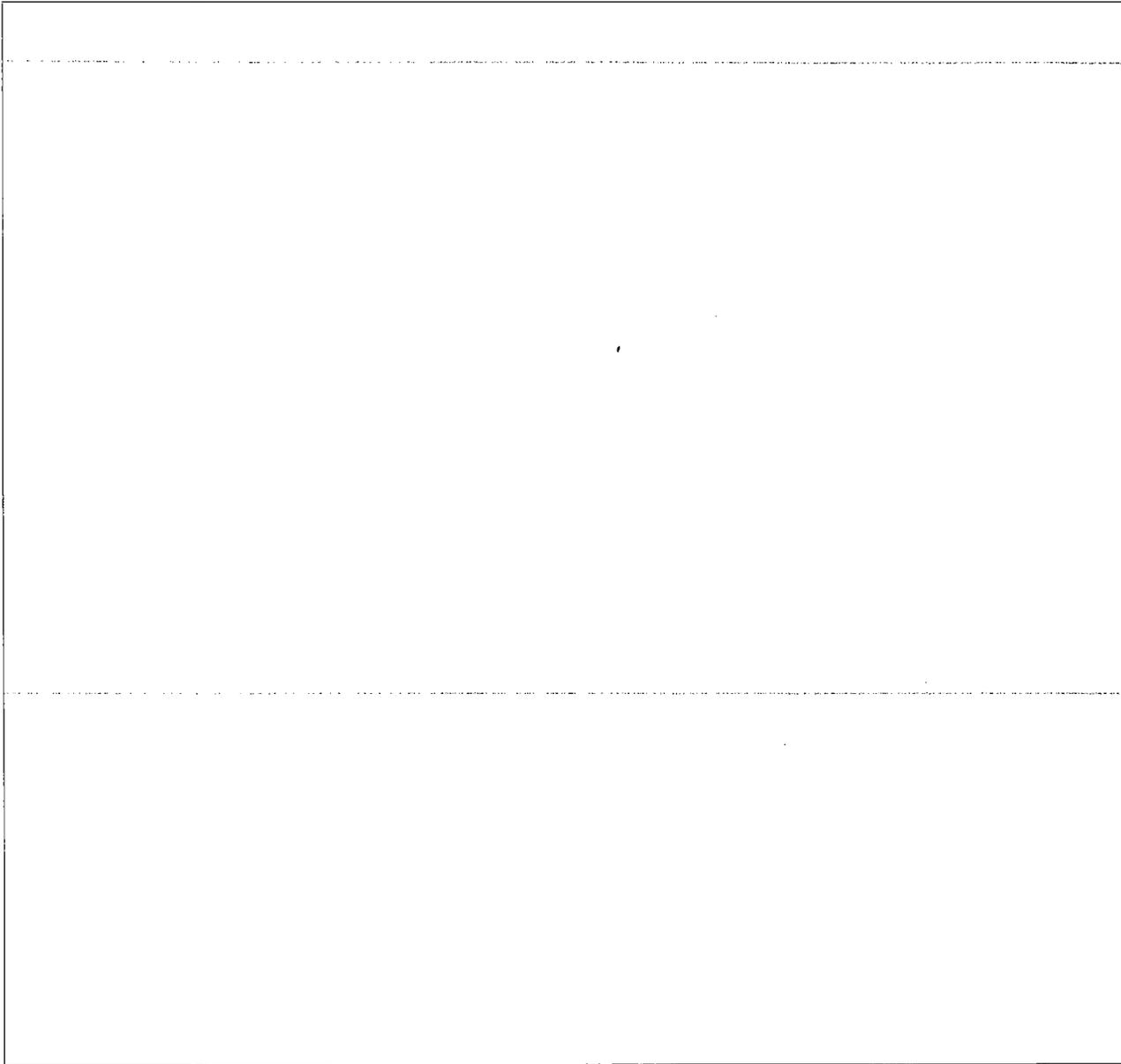
~~SECRET/SENSITIVE~~

4

doing a very useful job; however, only IO can determine if his presence in Nairobi is essential.

This listing summarizes the Team's view of staffing requirements for FY 81.

25X1



~~SECRET/SENSITIVE~~