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MEMO FOR THE PRESIDENT
THE VICE PRESIDENT
HAMILTON JORDAN
JODY POWELL

FROM: Frank Moore

f.y.i. -- I thought you might be interested in the attached.
Ted Kennedy is far from the best candidate his party can offer

Every day, when I open the newspaper or listen to the radio, I am sure I am a few yards closer to being a presidential candidate. His availability developed with the inevitability of frosty mornings in October and grumbling about ever-rising prices.

Perhaps it's too late, but I feel it is time to take stock of this man's qualifications.

I have always had something special about the Kennedy mystique. In an era when society seems to prefer a diet of nostalgia rather than reality, finding another Kennedy to fulfill our political dreams may be inevitable. But is this craving rational?

-John F. Kennedy mesmerized many Americans. His call for sacrifice by the American people, his founding of the Peace Corps, his beautiful wife and the aura of Camelot were perfect for the time.

But even as he was on his way to Dallas in November 1963, columnist was beginning to question his abilities to lead the nation. The newspaper, which seemed more inclined to remember the Bay of Pigs than any of President Kennedy's accomplishments, was moving slowly but surely to approve of the new senator from Massachusetts.

For many, both President Kennedy and an apparent successor to the throne were married in the 1960s. After his death, his heavy drinking and lust led to the death of Mary Jo Kopechne at Chappaquiddick. Almost worse than that was his delay in reporting it and justifying it for his actions a week later on television. He even blamed the accident on fate, which God knew too frequently afflicted his family. To top it all, his married life is a sham.

By Barry Bingham Jr.

The senator should spare us

And this is the man to whom Democrats, weary with the pedestrian leadership of Jimmy Carter, wish to turn? Is he really the best the party can put forward, or does his name merely bring back an echo of an era we have romanticized? A time when Viet Nam was spelled as two words, and before it and the urban riots of the 1960s had made Americans uncertain of our respect abroad and stability at home.

I am inclined to say to Ted Kennedy, "Spare us." In the White House, even the greatest statesmen could not recreate the well-remembered vision of the first Kennedy era. Nothing in Ted Kennedy's personal or political life singles him out as a man whose accomplishments; his time in the Senate, his role in many committees of the inner circle of the Democratic party.

For Kennedy, the man, is a shambles. For Kennedy the candidate, nothing is certain. Neither the party nor the public can say what he will do if he wins the nomination. And even if he wins, the public is likely to question his judgment. If we would do the Kennedy memory, the Kennedy family and ourselves a favor, we would take a non-indictive but honest look at him and ask ourselves what anguish or disillusionment we're willing to bear if he succeeds the presidency. After he has made a formal and fateful announcement of his candidacy, it would be too late to turn back.
MEMORANDUM

THE WHITE HOUSE
WASHINGTON
19 October 1979

TO: THE PRESIDENT

FROM: RICK HUTCHESON

SUBJECT: Memos Not Submitted

1. VERNON WEAVER MEMO re Hurricane Frederic. SBA has 133 employees in Florida, Alabama and Mississippi processing home and business loan applications.

2. SARAH WEDDINGTON MEMO re her speech before the Federated Democratic Women of Ohio. Paul Tipps and Tony Celebrezze made supportive remarks; Attorney General Bill Brown did not.

3. CAB DECISIONS.
   o Docket 35225 transfers a foreign air carrier permit from International Jet Limited to Allarco Development Limited.
   o Docket 35521 amends Braniff's route certificates by eliminating restrictions that preclude nonstop flights between Rio De Janeiro, Brazil and Buenos Aires, Argentina.
   o Dockets 33142 and 33166 award Air Florida with an operating certificate for foreign charter air transportation.

   Counsel's office and all agencies concur.

4. HUGH CARTER MEMO in response to your question on the Congressional Mail Summary re why the US Naval Museum has not returned to the Republic of Korea a flag captured in 1871. "Although no formal request has been made for the return on the standard, there have been informal discussions between Admiral Hayward and (the Korean CNO). Admiral Hayward has been considering the loan of the standard to the ROK." Admiral Hayward will keep Congressman Findley informed.

5. JERRY RAFSHOON sent you copies of his letters to the networks requesting time for a half-hour campaign program between December 4-7.

6. JIM MCINTYRE MEMO reporting a violation of the Antideficiency Act by GSA. OMB states that GSA has dealt with the violation appropriately.
7. JUANITA KREPS MEMO re her recent speech on energy before the Little Rock, Arkansas Chamber of Commerce. Governor Bill Clinton said that the Carter Administration has done more to foster good relations with States than any previous Administration.

8. ANNE WEXLER reports that the Chairman and CEO of Nationwide Insurance, Dean Jeffers, is sending letters to heads of 250 insurance companies soliciting support and contributions for the Carter-Mondale Campaign.

9. SARAH WEDDINGTON reports that Massachusetts Speaker Tommy McGee called to say that your Boston speech was the best he had ever heard you give.

10. VICKI ROGERS & BARDYL TIRANA sent you Arthur Andersen's audit of the Inaugural Committee's revenues and expenses. A balance of $866,388 remains, of which $600,000 has been transferred to The Jimmy Carter Inaugural Trust, and $250,000 has been invested in U.S. Treasury Bills. Of the funds not given to the Trust, "a small amount will be retained to cover the costs of winding down the Committee's affairs and unforeseen contingencies and a portion of the remaining funds will be contributed to the 1981 Inaugural Committee."
October 5, 1979

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

Dear Mr. President:

Pursuant to your request of December 6, 1976, we have continued the auditing of the Inaugural Committee's revenues and expenses. Enclosed is Arthur Andersen's report for the period ended March 31, 1979, reflecting a fund balance of $866,388.

Since that date, the organization of The Jimmy Carter Inaugural Trust has been completed. Accordingly, we have transferred $600,000 from the committee's accounts to fund the trust. We have invested $250,000 of the remainder in U.S. Treasury Bills, leaving a small balance in savings accounts.

Please let us know if you have any questions. Best regards.

Sincerely,

Enclosure

3550 Tilden Street, NW., Washington, D.C. 20008, (202)244-6579
4000 Florida Ave. S.W., Washington D.C. 20009, (202)472-4000
THE 1977 INAUGURAL COMMITTEE

FINANCIAL STATEMENTS
FOR THE PERIOD FROM NOVEMBER 1, 1976 (INCEPTION)
TO MARCH 31, 1979

TOGETHER WITH AUDITORS' REPORT

Arthur Andersen & Co.
10-22-79

To: The President

From: Sarah Weddington

Re: Call from Mass. Speaker Tommy McGee

The Speaker called today and asked me to convey to you how good he thought your Boston speech was. He called it "the best speech I've ever heard him give". He said you also were very good with the press, that the press there was acknowledging how good the speech was, and that he hopes "whoever wrote that speech will write all of the rest of them".
MEMORANDUM FOR THE PRESIDENT

FROM: ANNE WEXLER

Dean Jeffers is the General Chairman and Chief Executive Officer of Nationwide Insurance Co. He will follow up on these 250 letters (to largest insurance companies) with telephone calls in the next 4-6 weeks.

Attachment
October 19, 1979

Mr. Archie R. Boe
Chairman of the Board and CEO
Allstate Insurance Company
Allstate Plaza
Northbrook, ILL 60062

Dear Archie:

I firmly believe that all of us as insurance business leaders have a responsibility to help the political system in this country work effectively. This includes striving to see that we have the best candidates for President...Democrat and Republican. I am hopeful that when the election is held, the voters will have a tough choice to make between two outstanding candidates.

After considering the qualifications and records of those who may seek the nomination, I have concluded that President Carter is the best candidate of the Democratic Party. These times are so difficult that no President could always be popular or completely successful. President Carter has proved himself to be dedicated and tireless, and has restored much needed integrity to the Presidency. He has tackled many major problems that existed when he became President. There have been no easy solutions, but progress has been made, especially on matters involving our industry. He has sought our advice on issues, and has been available for our personal conferences. We know him to be intelligent, well informed, articulate, a good listener, and supportive of the free enterprise system. His value systems bring needed stability to a nervous society.

As contrasted to other candidates, President Carter will be expected to enter every primary. The costs of doing this will be staggering. As you know, individuals may contribute up to $1,000 for the Carter/Mondale campaign, with the first $250 being matched by federal funds.

I hope that after thinking about what I have said you will help by returning the enclosed card to me with your contribution.

Sincerely,

Dean W. Jeffers
MEMORANDUM FOR THE PRESIDENT

At the request of the White House speakers bureau, I went to Little Rock, Arkansas, on October 5 to address the Little Rock Chamber of Commerce on the subject of the Administration's energy program.

I found a great receptivity to the program on the part of the 200 businessmen and women present. The speech was well received, the questions lively and to the point. Their tenor showed clearly that the business community there is keenly interested in the steps you and their Governor have taken, and are generally supportive.

As you know, the Administration is currently held in high esteem in the State of Arkansas. I was introduced at the meeting by Governor Jim Clinton who praised the Carter Administration for the unusually fine working relationships it has developed with the State of Arkansas. This was not only true of our relations with his State; the view was shared as well by his colleagues in the National Governors Association, both Democratic and Republican. He said the feeling among the Governors was unanimous that the Carter Administration had done more to foster good relations with the States than any previous Administration. This sentiment was echoed following the meeting by the various businessmen and women who talked with me.

I talked with Senator Dale Bumpers and Congressman Bill Alexander while en route to and from their State. Alexander is particularly supportive of the Administration; his help on exports is a particular case in point. I agreed to come to Arkansas sometime next year for a program he is sponsoring.
ID 794634

THE WHITE HOUSE
WASHINGTON

DATE: 23 OCT 79

FOR ACTION:

INFO ONLY: FRANK MOORE       JACK WATSON

SUBJECT: KREPS MEMO RE ENERGY PROGRAM ADDRESS IN ARKANSAS

+++ + RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+++ BY: +

+++ +

ACTION REQUESTED: YOUR COMMENTS

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

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

Dear Mr. President:

On Monday, October 8, 1979, I returned to the Florida, Alabama, and Mississippi Gulf Coast areas you and I visited in September in the wake of Hurricane Frederic.

Bill Simpson of the White House staff accompanied me. We pointed out to the press that your reorganization of disaster assistance under the Federal Emergency Management Agency umbrella made it possible for us to move so quickly in this emergency, and we re-affirmed to the disaster victims your personal commitment to continued, effective Federal aid.

Our Small Business Administration disaster offices are in operation in all three states, with 133 employees already on the scene to process home and business loan applications. A detailed summary is enclosed.

I found a spirit of concern and cooperation among the Federal employees involved in the relief work, and a spirit of confidence and determination among the citizens and civic leaders of the area. We can all take heart from their pride and their quiet resolve.

From the people of that area, I convey an expression of appreciation for your own interest in their plight, and for the Federal assistance you pledged on your visit there.

I will continue to monitor SBA's efforts in the Gulf Coast area and in other parts of the country hit by recent disasters, to be sure we are providing the level of service and assistance the American people should expect from their government in the wake of a major disaster.

Respectfully,

A. Vernon Weaver
Administrator

Enclosure
HURRICANE FREDERIC -- SBA Disaster Loan Summary, October 10, 1979

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10-15-79

To: The President

From: Sarah Weddington

Re: Federated Democratic Woman of Ohio Luncheon, September 29, 1979

Mary Benson is the outgoing President. Jennie Dalessandro (26 N. Medina Ave., Youngstown 44506) is the new President for 2 years. Each of them I presented a key chain from you "from one President to another". Each has since sent a thank-you letter to you through me.

Remarks of Paul Tipps at the Luncheon: The President has a 70% positive rating for integrity and intellect. He is a great President committed to the good of this country and someone who has had a great interest in Ohio. I favor giving him time to perform. I think we will have a Democratic President in 1980 -- and I think it will be Jimmy Carter.


Tony Celebreeze (Secretary of State): We should know who all the players are before we march off -- we should know what their records are and they should have to put forth programs. I saw the President's reception in Ohio; it was overwhelming. There were 75,000 - 100,000 people there. Yet on TV you saw 25 miners and a group of maybe 40 protesting busing. You saw an interview with a person who was a party official and said Carter couldn't possibly carry the state. From that coverage you wouldn't have realized how wonderful the President was and how overwhelmingly positive his reception was. (He has since agreed to help us.)

Hon. John Jones (the local Demo. Chair): About the mayoral candidate who endorsed Kennedy Jones said (even though the candidate was in the room): I don't like people jumping the gun. We must work for our own local elections. Then there will be time for national later. Others in audience seemed very much to agree.

It was a positive audience for you, judging by response to my remarks about your many accomplishments.

cc: Mrs. Carter
Rick Hutchison
Alicia Smith
10-15-79

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cc: Mrs. Carter

/ Rick Hutchison
Alicia Smith
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Bob Linder

We received concurrence from the Legal Counsel's office re the attached CAB decision. Please have letter autopenned.

Rick Hutcheson
THE WHITE HOUSE
WASHINGTON

DATE: 15 OCT 79

FOR ACTION: STU ELIZENSTAT  DOUG HURON

INFO ONLY: THE VICE PRESIDENT

SUBJECT: CAB DECISION: ALLARCO DEVELOPMENTS, LTD.  - LAST DAY

OCTOBER 29

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM WEDNESDAY 17 OCT 79 +

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:
OCT 15 1979

ACTION

MEMORANDUM FOR THE STAFF SECRETARY

SUBJECT: Civil Aeronautics Board Decision:

Allarco Developments Ltd.
for transfer of a foreign air carrier permit
Docket 35225
Due Date: October 29, 1979

You will find attached a memorandum for the President about the above international aviation case. The interested executive agencies have reviewed the Board's decision and have no objection to the proposed order.

This is a routine, noncontroversial matter. No foreign policy or national defense reasons for disapproving the Board's order have been identified. I recommend that the President sign the attached letter to the Chairman which indicates that he does not intend to disapprove the Board's order within the 60 days allowed by statute. Otherwise, the Board's order becomes final on the 61st day.

R. O. Schlickeisen
Associate Director for Economics and Government

Attachments:

Memorandum to the President
CAB letter of transmittal
CAB order
Letter to the Chairman
Attachments:
CAB letter of transmittal
CAB order
Letter to the Chairman

Options and Implementation Actions:

1) Approve the Board's decision. (DOS, DOD, DOJ, DOT, NSC, OMB).
   --Sign the attached letter to the Chairman.

3) Disapprove.
   --Appropriate implementation materials to be prepared.

3) See me.
ACTION

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Civil Aeronautics Board Decision:

Allarco Developments Ltd.
for transfer of a foreign air carrier permit
Docket 35225
Due Date: October 29, 1979

The Civil Aeronautics Board proposes to transfer the foreign air carrier permit of International Jet Air Ltd. to Allarco Developments Ltd., a corporation organized under the laws of Alberta, Canada, has asked that the foreign air carrier permit of its wholly-owned subsidiary International Jet Air Ltd. be transferred to the parent company. The permit in question authorizes charter flights of both passengers and cargo between any point or points in Canada and any point or points in the United States.

The Departments of State, Defense, Justice and Transportation and the National Security Council have not identified any foreign policy or national defense reasons for disapproving the order and they have no objection to the Board's proposed order. The Office of Management and Budget recommends that you approve the Board's decision by signing the attached letter to the Chairman which indicates that you do not intend to disapprove the Board's order within the 60 days allowed by statute. Otherwise, the Board's order becomes final on the 61st day.

R. O. Schlickeisen
Associate Director for Economics and Government
MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER

SUBJECT: Letter from Congressman Findley re:
A Korean Standard Displayed at the
Naval Academy

Congressman Paul Findley recently wrote you regarding
the status of the battle standard of the Korean Generalissimo
captured by the United States Navy in 1871 which is on
display in the United States Naval Academy Museum. (See Tab A)

In accordance with legislation enacted in 1814, all flags,
standards, and colors taken by the army and navy of the
United States from their enemies are preserved and displayed
under the direction of the President. The standard of the
Korean Generalissimo was placed in the U.S. Naval Academy
Museum following a battle in 1871.

Although no formal request has been made for the return of
the standard, there have been informal discussions between
Admiral Hayward and their Chief of Naval Operations.
Admiral Hayward has been considering the loan of the standard
to the Republic of Korea.

Attached at Tab B is the response to Congressman Findley
from Marty Beaman of the Military Office.
The Honorable Jimmy Carter  
President of the United States  
The White House  
Washington, D.C.

Dear Mr. President:

It is my understanding that the United States Naval Museum at Annapolis, Maryland has in its possession a flag which was the standard of the commander-in-chief of the Korean Navy during the period of 1870-71.

Apparently the flag was captured during a naval engagement in 1871, and since that time it has been on display at the museum in Annapolis. On several occasions, I am told, the Republic of Korea has tried to secure the return of this national symbol.

Is any consideration being given to returning this flag to the Koreans? I would be grateful to have your thoughts on the timing of such a gesture.

Sincerely,

Paul Findley  
Representative in Congress
CONCERNED THAT THE REPUBLIC OF KOREA HAS TRIED SEVERAL TIMES TO SECURE THE RETURN OF A FLAG CAPTURED IN 1871 AND NOW IN THE U.S. NAVAL MUSEUM; ASKS WHETHER ANY CONSIDERATION IS BEING GIVEN TO RETURNING THE FLAG.

ACKNOWLEDGED BY FM REFERRED TO MILITARY OFFICE

[Handwritten note: why not?]

Electrostatic Copy Made for Preservation Purposes
THE WHITE HOUSE
WASHINGTON
October 16, 1979

Dear Congressman Findley:

This is in response to your letter of October 1, 1979 to President Carter regarding the possibility of returning to the Republic of Korea, the battle standard of the Korean Generalissimo captured by the United States Navy on June 11, 1871.

The Navy and Marine Corps place high importance on such tangible evidence of our proud traditions which this battle standard and our other Navy Trophy Flags bear witness. Two United States Marines were awarded the Medal of Honor for close quarter combat in capturing this battle standard. Since the goodwill involved in the return of a battle trophy to an allied nation must be weighed in deference to the American fighting men who made the necessary sacrifices, Admiral Thomas B. Hayward, United States Navy, Chief of Naval Operations, is giving this request his personal attention.

I have requested that the Chief of Naval Operations keep you advised of the progress on this request. I am certain this matter will be resolved to the satisfaction of all parties. Thank you for bringing this matter to my attention.

Sincerely,

MARVIN L. BEAMAN, JR.
Director
White House Military Office

The Honorable Paul Findley
House of Representatives
Washington, D.C. 20515
October 11, 1979

Mr. Elton Rule  
President  
ABC  
1330 Avenue of the Americas  
New York, NY 10019

Dear Mr. Rule:

On behalf of the Carter/Mondale Presidential Committee, Inc., I am requesting availabilities for a thirty (30) minute program on ABC between 8:00 p.m. and 10:30 p.m. E.S.T. on December 4, December 5, December 6, or December 7, 1979. This program, to be run in conjunction with an announcement concerning his candidacy by President Carter for the Democratic nomination for President, consists of a documentary outlining the President's record and that of his administration. At the time this program is aired, it may be assumed that President Carter will be a legally qualified candidate under the Communications Act of 1934, as amended, and that the President would appear on the program.

As you know, the first official contest to select delegates to the Democratic National Convention occurs January 21, 1980, in Iowa, which is 47 days after December 7, 1979, our last requested date for availabilities.

Unlike all previous Presidential election years, the news media has chosen to focus enormous attention on the Florida Caucus (October 13, 1979) and Convention (November 16-18, 1979) as well as other aspects of the 1980 campaign. As illustration, I have noted that in the six-week period from September 1 through October 9, 1979, ABC devoted 51 minutes, 22 seconds to the 1980 campaign; CBS devoted 51 minutes, 17 seconds to this subject; and NBC devoted 70 minutes. Therefore, our request for the above time seems eminently appropriate in view of the escalating political climate already generated by both print and broadcast media.
I will expect to hear from one of your sales representatives within the next week regarding a selection of times in order that we may choose a mutually agreeable date.

Sincerely,

Gerald M. Rafshoon
President

cc: Mr. Evan Dobelle
    Mr. Timothy Kraft
    Mr. Timothy Smith

bc: President Carter
    Hamilton Jordan
    Jody Powell
October 11, 1979

Mr. John D. Backe
President
CBS, Inc.
51 West 52nd Street
New York, NY 10019

Dear Mr. Backe:

On behalf of the Carter/Mondale Presidential Committee, Inc., I am requesting availabilities for a thirty (30) minute program on CBS between 8:00 p.m. and 10:30 p.m. E.S.T. on December 4, December 5, December 6, or December 7, 1979. This program, to be run in conjunction with an announcement concerning his candidacy by President Carter for a Democratic nomination for President, consists of a documentary outlining the President's record and that of his administration. At the time this program is aired, it may be assumed that President Carter will be a legally qualified candidate under the Communications Act of 1934, as amended, and that the President would appear on the program.

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Sincerely,

Gerald M. Rafshoon
President

cc: Mr. Evan Dobelle
    Mr. Timothy Kraft
    Mr. Timothy Smith

bc: President Carter
   Hamilton Jordan
   Jody Powell
October 11, 1979

Mr. Fred Silverman
President
NBC, Inc.
30 Rockefeller Plaza
New York, NY 10020

Dear Mr. Silverman:

On behalf of the Carter/Mondale Presidential Committee, Inc., I am requesting availabilities for a thirty (30) minute program on NBC between 8:00 p.m. and 10:30 p.m. E.S.T. on December 4, December 5, December 6, or December 7, 1979. This program, to be run in conjunction with an announcement concerning his candidacy by President Carter for a Democratic nomination for President, consists of a documentary outlining the President's record and that of his administration. At the time this program is aired, it may be assumed that President Carter will be a legally qualified candidate under the Communications Act of 1934, as amended, and that the President would appear on the program.

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Sincerely,

Gerald M. Rafshoon
President

cc: Mr. Evan Dobelle
    Mr. Timothy Kraft
    Mr. Timothy Smith

bc: President Carter
    Hamilton Jordan
    Jody Powell
MEMORANDUM FOR: THE PRESIDENT

FROM: JAMES T. MCINTYRE, JR.

SUBJECT: Report of the Acting Administrator of General Services on a violation of Section 3679 of the Revised Statutes, as amended

There is attached a letter dated April 30, 1979, from the Acting Administrator of General Services reporting to you, as required by law, a violation of subsection (h) of Section 3679 of the Revised Statutes, as amended (31 U.S.C. 665), commonly known as the Antideficiency Act.

This violation involves the overobligation of an allotment under the appropriation for "Operating Expenses, Disposal of Surplus Real and Related Personal Property" for Fiscal year 1976. The overobligation was in the amount of $80,885.37, and resulted from applying retroactively a finding from a 1978 GAO audit that funds must be obligated when agreements are made for reimbursement from GSA to the holding agency of surplus real property for protection and maintenance services.

The letter from the Acting Administrator states that the responsible officers are Mr. Karl Merrill, then Regional Administrator and Mr. Leon Stewart, then Regional Commissioner, Public Buildings Service. It is further stated that no disciplinary action has been taken because the responsible regional officials were following central office procedures in effect at that time.

The Department's regulations for the administrative control of funds are considered to be adequate. In view of the circumstances related in the letter from the Acting Administrator of General Services, we do not recommend any further action.

Attachment
MEMORANDUM FOR: THE PRESIDENT
FROM: JAMES T. MCINTYRE, JR. (signed) JOHN P. WHITE
SUBJECT: Report of the Acting Administrator of General Services on a violation of Section 3679 of the Revised Statutes, as amended

There is attached a letter dated April 30, 1979, from the Acting Administrator of General Services reporting to you, as required by law, a violation of subsection (h) of Section 3679 of the Revised Statutes, as amended (31 U.S.C. 665), commonly known as the Antideficiency Act.

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The Department's regulations for the administrative control of funds are considered to be adequate. In view of the circumstances related in the letter from the Acting Administrator of General Services, we do not recommend any further action.

Attachment
The President  
The White House  
Washington, DC 20500  

Dear Mr. President:

Pursuant to subsection (i)(2) of Section 665 of title 31, United States Code, and OMB circular A-34, I am respectfully reporting a violation of section 3679 of the Revised Statutes, as amended (31 U.S.C. 665), commonly referred to as the "Anti-Deficiency Act."

The violation involves an overobligation in the amount of $80,885.37 for fiscal year 1976, in the account of one of the General Services Administration's Regional Offices. No disciplinary action is considered appropriate inasmuch as the responsible regional officials were following Central Office procedures which the United States General Accounting Office subsequently found to be in error in a 1978 audit. A retroactive nationwide application of the correct procedures resulted in the overobligation and measures have been taken to prevent a reoccurrence. In accordance with the above cited law and regulation, a full report on the matter is enclosed herewith. This report is also being sent to the Speaker of the House and the President of the Senate.

Sincerely,

[Signature]

Paul E. Goulding  
Acting Administrator  

Enclosure
Section 203 (b) of the Federal Property and Administrative Services Act of 1949, (40 U.S.C. 484 (b)), gives to the General Services Administration (GSA) the responsibility for the care and handling of Federal surplus real property pending its disposal by GSA. Moreover, under this provision of law, GSA is authorized to delegate its responsibilities in this area to the so-called "holding agency" which is the agency in possession of the surplus property or any other agency consenting to provide the care and handling until the disposal of the property.

Regulations implementing Section 203 (b) require the holding agency to bear the expense of the physical care and handling of the surplus property for a period up to fifteen months after the date the property is available for immediate disposal (41 C.F.R. 101-47.402-2 (a)). After the fifteen-months, the regulations provide that GSA will reimburse the holding agency for such costs (41 C.F.R. 101-47.402-2 (b)).

Pursuant to these authorities, over the years GSA has historically entered into a number of written agreements with other Federal agencies in which the level of physical care and protection which the holding agency will provide to surplus properties after the fifteen-month period expires is set out.

The agreements also specify the costs which will be reimbursed by GSA. Historically, it has been the position of responsible officials of GSA that these agreements represented the maximum amounts that GSA would reimburse the holding agencies and further, to the extent the overall amount of contemplated reimbursement represented funds not yet appropriated, GSA's agreement was conditional upon the availability of the appropriations.

The agreements were entered into primarily for the purpose of establishing an acceptable level of care and protection of the surplus properties and they were not viewed as creating an immediate obligation on the books of GSA in the overall amount specified in the agreement.

With respect to the obligation of GSA's funds for the purpose of reimbursing the holding agencies, it was GSA's position that the agreements provide the mechanism wherein GSA funds were obligated on a monthly basis as the holding agency provided the agreed upon care and protection service and that method of funding could continue until the overall figure in the agreement was reached. Some agreements were, in fact, even written with a monthly limitation
as opposed to an annual limitation. This method of accounting appears to be in full accord with Section 22.1 of OMB Circular No. A-34 which provides in part:

Generally, for contracts within
or beyond the fiscal year involving
periodic recurring services (such as rent),
obligations incurred will exclude amounts
for services not yet performed even though
the total amount of the contract is definite.

Moreover, Section 61.3 of OMB Circular No. A-34 provides in part, "an accrued expenditure will be recorded when the service is performed or the item provided." The fact that a particular piece of surplus property could be finally disposed of at any time provided a strong practical reason for setting up the funding for reimbursements to the holding agency on a monthly accrued cost basis as opposed to obligating the full yearly amount necessary to provide the care and handling costs at the beginning of the fiscal year.

Until fiscal year 1976, funds appropriated to GSA for these purposes were adequate to cover all reimbursements to holding agencies including those covered by agreements. Since that time, however, GSA has been unable to obtain sufficient resources completely to fund the requirements of the care and handling of all surplus property particularly in light of a large inventory of surplus properties and the constantly increasing costs of providing the necessary services. For this reason, where no agreements existed, GSA was unable fully to reimburse some of the holding agencies in fiscal year 1976 for services which the holding agencies provided because of GSA's lack of funds. In accounting for these activities during fiscal year 1976, GSA recorded as obligations against GSA's accounts only those billings from holding agencies which requested reimbursement for care and handling services already furnished so long as the amount requested did not cause the overall amount in the agreement to be exceeded. More importantly, GSA only recorded obligations to the extent funds were available to reimburse the holding agencies.

An audit of this activity was performed by the U.S. General Accounting Office and in a report of that office dated July 31, 1978, copy attached, it is stated:

We believe that the agreements into which GSA entered with holding agencies were legally binding because they represent formal bilateral contracts between Federal Agencies. Therefore, to the extent funding was unavailable to meet those formal agreements, we believe that a violation of the Anti-Deficiency Act occurred. For these cases GSA should determine the specific instances in which the violations occurred and prepare those reports required by 31 U.S.C. 665 (i).
We have complied with the General Accounting Office (GAO) request in that we have retroactively recorded as obligations of the appropriate accounts for the appropriate time periods the value of services provided by holding agencies pursuant to written agreements with GSA whether or not funds were available to reimburse the holding agency at the time. Because in some instances these amounts are less than the maximum figure contained in the agreements, the retroactive recording of these values as valid obligations for the time periods questioned by GAO, i.e., fiscal year 1976, the transition quarter, and fiscal year 1977, did not exceed the funds available on a national basis for those periods. However, the recording of these obligations did cause the fiscal year 1976, allotment in GSA's Region 7 Office (Fort Worth, Texas) to be exceeded by $80,885.37. This figure represents a combined overobligation in the regional account entitled "Operating Expenses, Disposal of Surplus Real and Related Personal Property" and it is composed of overobligations arising out of two agreements in Region 7 during fiscal year 1976. The responsible officials are Mr. Karl Merrill, then the Regional Administrator, Region 7, and Mr. Leon Stewart, then Regional Commissioner, Public Building Service, Region 7.

As indicated in my cover letter, it is my determination that no disciplinary action is appropriate because of this violation. Additionally, new procedures have been instituted to ensure that there will not be a reoccurrence of this problem. On September 20, 1978, I signed GSA Order ADM 2200.2D, copy attached, which completely revised GSA's administrative fund control system and which, for the first time, placed in one GSA official, i.e., the Controller-Director of Administration, full responsibility for management and control of all of GSA's various funds and accounts.
THE NUCLEAR STRATEGY OF THE DEPARTMENT OF ENERGY

OFFICE OF ENERGY RESEARCH
DEPARTMENT OF ENERGY

SEPTEMBER 26, 1978

Editorial Revisions: February 15, 1979

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MEMORANDUM FOR: THE PRESIDENT
FROM: SECRETARY DUNCAN
FRANK MOORE
STU EIZENSTAT
SUBJECT: Energy Mobilization Board

Events are moving to a head in the House, and it is now time for the Administration to take a firm position.

In the past several weeks both Udall and Dingell have moved closer to the Administration position.

Udall has essentially agreed to the structure of the Administration proposal with some differences. However, he has added two additional opportunities for judicial review -- adding substantially to the time required for approval of a "fast track" proposal:

(1) judicial review of the decision to designate a project as a priority energy project, adding 5 months to 2 years;

(2) judicial review after a state agency has refused to comply with a project decision schedule and before the Board can step in and make the decision, adding 2 years to 8 years each time the Board must step in.

Since the Udall bill also essentially contains the Administration's proposal for judicial review after permitting is completed (6 months - 2 years), judicial review alone under the Udall-Wirth bill could in exceptional cases take up to 12 years, compared to a maximum of 2 years under our approach. In typical cases a delay of 3-4 years would not be unusual.

Dingell has also agreed substantially to the structure of the Administration bill, including our approach to judicial review. However, he includes a provision for override of substantive laws. Unlike his original proposal, which would override substantive laws subject to 1-House veto, the Dingell bill now provides:
That the President could submit proposals for override of substantive provisions of federal, state and local laws after consultation with Governors and the public.

That the override would be effective only on approval by 2 Houses of Congress and signature by the President as with ordinary legislation.

The main differences between the Dingell approach and ordinary legislation are (1) that the bill could not be bottled up in Committee or filibustered and (2) that it could not be amended.

Options

1. Oppose Udall-Wirth and support Dingell. Secretary Duncan is returning from a trip. DOE staff recommends this approach on the following grounds:

   o as modified, the Dingell bill is a legitimate fast-track proposal, while the Udall-Wirth bill is not;

   o we have always recognized that special legislation will be required to override federal, State and local laws in some cases (like the Alaska pipeline) and the Dingell bill on substance simply provides a Congressional "fast track" for such proposals;

   o support for Udall-Wirth runs the real risk of an EMB from Conference Committee too weak to attract applications from the business community.

2. Oppose Dingell and support Udall-Wirth. (see attached CEQ memo). CEQ supports this approach on the following grounds:

   o support for Dingell will be seen as abandonment of your commitment not to support substantive waiver, and as such will be politically damaging with the environmental community and state and local government leaders;

   o the provisions of the Dingell bill on substance give important advantages to proposals to waived substantive law by preventing them from being held in Committee or amended, and could be abused by future Administrations.

   o the judicial review provisions of Udall-Wirth can be substantially improved in Conference Committee.
If this strategy is adopted it is possible that some additional concessions somewhat shortening judicial review could be obtained, but it is unlikely that the efficiency of our proposal could be approached.

3. Oppose Udall-Wirth, support Dingell but seek an amendment to Dingell deleting the provisions on substance.

On policy grounds alone, White House CL and DPS would recommend support for the Dingell bill. They believe that Dingell has to this point genuinely altered his position to accommodate us, while Udall-Wirth have adopted the form of our "fast-track" proposal while leaving out the fast track.

However, it is clear that this approach would generate charges of inconsistency in our position and cause political damage in key constituencies.

Therefore, we recommend that support for Dingell be combined with vigorous efforts to delete the provisions on substance from the Dingell bill. Should the amendment fail, we would recommend supporting Dingell over Udall-Wirth.

Before proceeding with this approach we would recommend giving Udall-Wirth one additional chance to adopt our approach to judicial review.
MEMORANDUM

FOR: Bert Carp
   Domestic Policy Staff

FROM: Gus Speth

SUBJECT: Administration Position on Udall-Clausen-Wirth Substitute

If agreement cannot be achieved, the Administration should support the Udall-Clausen-Wirth Substitute against the Dingell bill for the following reasons:

1. Udall-Clausen-Wirth is a better bill. This bipartisan proposal has built on the experience with and criticisms of all the earlier proposals. It is the soundest bill yet. The bill's handling of substantive waiver authority follows Jackson and does not authorize EMB to waive Federal, State, or local law while accelerating procedures. The grandfather provision is a development of the Jackson proposal without the complications of EPA or Interior vetoes subject to appeal to the President. The Cap of 75 projects (20 in a year) follows the Administration recipe for forcing selectivity.

   The U-C-W enforcement provision is superior to other proposals because its initial opportunity for judicial enforcement (a) is flexible and (b) does not involve the President or the EMB in deciding a host of sometimes technical and often politically difficult issues.

The allegation that U-C-W will cause undue delay is supported by unrealistic data. The time analyses of the U-C-W proposal showing 7 2/3 years to enforce missed agency deadlines is fundamentally misleading. It assumes 3 trips to the Court of Appeals and 3 trips to the Supreme Court (collectively consuming 6.7 out of the 7.7 years). It is like assuming Congressional passage of EMB will take ten years because it could take ten years. The estimates must be compared with the way the courts in fact act when confronted with pressing national issues. For instance it took 10 days for the District Court, the Court of Appeals, and the Supreme Court to take action on Madeline Murray O'Hare's lawsuit to keep the Pope off the Mall.
2. **Udall-Clausen-Wirth is Closer to the Administration proposal.**

    a. **Substantive waiver.** U-C-W and Administration oppose. Dingell permits. This is the critical issue.

    b. **CAP.** U-C-W is the only bill to come close to the Administration position of a cap of 75. Dingell and Jackson both fail to provide a cap, permitting greased tracks for anything arguably energy related rather than a program to move selected projects thought to be of national significance. Imagine Connolly appointees on an EMB when there is no cap.

    c. "**Bump up" or "step in" authority.** The Administration supports such authority. Dingell opposes it. U-C-W provides such authority after a time-circumscribed opportunity for judicial enforcement.

    d. **Review of Decision to Designate.** The one area in which Dingell is closer to the Administration is in prohibiting any judicial review of project designation. U-C-W would permit such review only for "violation of any requirement of this Act" or of the Constitution.

3. **The Udall-Clausen-Wirth Substitute is greatly to be preferred politically.** Frankly both U-C-W and the Jackson bill as it passed the Senate are moderate proposals which matured as a result of public debate and the legislative process. They do not differ in extremely significant ways. By reason of the sources of their support, however, they are perceived as different. In part due to the Administration's rallying of business lobbyists to defeat environmental amendments on the Senate floor, the Jackson bill is perceived as a "business bill." U-C-W is perceived as an "environmental and State and local government" bill. (Its bipartisan lead authors are all Westerners.) Dingell is perceived (more so than Jackson) as a "business bill." If Senate and House "business bills" go to conference, the result cannot be well received by environmentalists and State and local governments. If a Senate "business bill" goes to conference with a House "environmental-State-local bill," the result can a bill endorsed or at least accepted by all affected groups. There will only be winners, not losers. This result must be preferred to the irreparable alienation of the environmental community that would result from ramming a business bill down their throats.