

11/26/79 [1]

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THE WHITE HOUSE

WASHINGTON

26 Nov 79

Frank Moore

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

Rick Hutcheson

The Vice President
Hamilton Jordan
Al McDonald
Stu Eizenstat
Jack Watson

ADMINISTRATIVELY CONFIDENTIAL

5211

THE WHITE HOUSE
WASHINGTON
November 17, 1979

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ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE

SUBJECT: Weekly Legislative Report

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for Preservation Purposes**

I. DOMESTIC POLICY ISSUES

1. Energy

Windfall Profits Tax

The Senate began consideration of the WPT bill Friday. We face filibuster threats from Senators Gravel, Schmitt and possibly others. It is conceivable that no serious consideration of the bill will take place until after Thanksgiving.

We have sponsors for our major amendments as well as managers to direct efforts against amendments we oppose. The fight promises to be chaotic. At this point, we are cautiously optimistic that we can hold our own and perhaps strengthen the bill somewhat. Presidential politics will unfortunately cloud the issues.

Major amendments we anticipate are:

- o Nelson -- eliminate the newly discovered exemption;
- o Ribicoff -- eliminate the stripper exemption;
- o Bradley-Chafee -- 75% tax on tier two;
- o Moynihan -- eliminate phaseout of tax;
- o Leahy -- eliminate percentage depletion on windfall portion of price;
- o Bentsen -- 1000 barrel exemption for independents.

An amendment now being formulated by Bumpers, Metzenbaum and Kennedy would substitute the House tax provisions which raise twice as much revenue as the Finance bill. In order to cultivate additional support for the proposal, they intend to use the additional revenues raised for an as yet unspecified social security tax cut.

They originally intended to put the additional revenues in a Taxpayer Trust Fund already included in the Finance bill. However, Administration support was withheld and problems have arisen for

them because the Appropriations Committee and the Budget Committee, led by Magnuson and Muskie, intend to offer an amendment to knock out all trust funds in order to prevent more circumvention of the budget process. (There has been pressure on us to go along with Magnuson-Muskie, but in doing so we would lose credibility and lose the support of many outside groups who are helping us only with a guarantee of a slice of the Trust Fund pie).

On newly discovered oil, Nelson will try a number of fall-back amendments if he fails (as we expect he will) to knock out the newly discovered exemption. It is also likely Metzenbaum will offer a fall-back in the form of a graduated tax on newly-discovered oil.

If the Bentsen 1000 barrel exemption fails, Gary Hart may offer the same exemption coupled with a higher tax rate on old oil.

The most controversial and sensitive political problem at this time appears to be the Bumpers-Kennedy-Metzenbaum House substitute/social security tax cut. The Kennedy people clearly would like us to be in the posture of opposing both a big windfall tax revenue raiser and a social security tax cut. Our position must remain clear -- that we support the House bill tax but not if it is tied to a legislative gimmick.

ESC

Neither the House nor the Senate has exhibited much interest in moving promptly to conference on the synfuels bill. Majority Leader Wright's staff is now saying that conferees will be appointed the week after next. However, they have predicted no meaningful action before Christmas. Their remarks do indicate the House leadership has decided to go with only one conference as we desire.

Low Income Energy Assistance

Thursday, after a protracted formula debate, the Senate completed its work on the Human Resources Committee version of the low income energy assistance program for the out years. The bill was put on hold, to be substituted for the Finance Committee's version of the program during consideration of the WPT bill.

Major provisions of the bill include:

- o grants to States for energy assistance to low income persons according to plans approved by HEW;

- o authorization of \$3 billion for FY '81, \$4 billion for FY '82, and a \$4 billion authorization for FY '83 if no other action is taken by Congress to reauthorize the program by that time; and,
- o \$100 million for CSA to operate its crisis intervention program.

There may be further discussions on the program in the Senate during the WPT debate.

Utility Oil Backout

The draft bill will be reviewed by OMB this week. Friday, Chairman Dingell met with Deputy Secretary Sawhill and DOE and OMB staff. He generally favors the administration initiative, but feels it may have some trouble in the House. Dingell expressed concern that the grant level, which Sawhill told him was \$12 billion, was too high and suggested exploring a mix of other methods such as loan guarantees. Dingell also feels we should send up a strong bill now. He wants to hold hearings quickly, although he feels House action before March or April is unlikely.

2. Second Budget Resolution

Late on Friday the Senate passed the Second Budget Resolution after giving up on the reconciliation battle. Because the Senate approved the Resolution with non-binding language on reconciliation the House will have to vote on it again.

3. Appropriations

Continuing Resolution

The conferees reached agreement Friday on a successor continuing resolution. The final resolution was passed in both Houses Friday afternoon and contained the following provisions:

- o The tough FTC prohibition from the House version.

- o \$12 million for funding the Indochinese Refugee Assistance Act, \$6 million less than we requested. Report language states the committees will consider additional funding later if needed.
- o Compromise language on abortion, similar to that in the last continuing resolution.
- o Funding and transfer authority for P.L. 480 programs.
- o \$3.8 million for additional STR appropriations, \$700 thousand under the request.

4. Hospital Cost Containment

The size of the House vote hurts us immeasurably in the Senate. Before the House action, the count in the Senate was not good. (We were behind by 7 to 10 votes with approximately 20 undecided). The hospitals and doctors have been lobbying heavily, and they have cut into our strength of last year.

The only leverage we now have is with Senator Long who is very interested in National Health Insurance for his own re-election purposes. We must make it clear to him that no NHI plan will be signed without a strong HCC component.

5. Alaska Lands

Delicate negotiations continue among the principal Senate players on timing for Senate floor action. However, because consideration of the Windfall Profits Tax will go beyond Thanksgiving, it is likely that the bill will not come to the floor before next year.

6. Endangered Species Act Reauthorization

The House and Senate Subcommittee staffs have been meeting informally to work out differences, and the formal Conference could be scheduled as early as this week.

7. Chrysler

The House Banking Committee Wednesday agreed to an amendment that would require the Chrysler Corporation to demonstrate that it intends to produce fuel-efficient cars before becoming eligible for the proposed \$1.5 billion in loan guarantees.

8. Target Price Legislation

Last week by a voice vote the House passed a Glenn English bill calling for a seven per cent increase in the 1979 target prices for wheat and feed grains. The Senate Agriculture Committee will consider the measure on Tuesday, November 27, in a combined hearing and mark-up. The Senate Committee could expand the measure for 1980 as well as 1979 and include an increase in the cotton loan rate along with the feed grain provisions.

The current farm disaster program will expire December 31; if the crop insurance bill appears to be delayed the Committee could approve instead a two year extension on the current disaster assistance programs and attach it to the target price bill.

9. Fair Housing

The Administration and the Leadership Conference on Civil Rights reached agreement on compromise language which would meet the objections of liberal Republican and other Judiciary Committee Members. Essentially, the compromise would modify the administrative process with respect to the basis on which courts can review orders of Administrative Law Judges. We are optimistic that the Committee will accept the compromise language allowing the bill to move out of Committee after Thanksgiving Recess.

10. Trucking Regulatory Reform

The Transportation Appropriations Conference Report includes language which clarifies and softens the original Senate report language restricting ICC actions to deregulate the trucking industry.

The conference language will allow the ICC to move ahead and consider liberalization of regulatory restrictions, although final implementation must wait until June 1st, while Congress deals with regulatory reform legislation.

II. FOREIGN POLICY ISSUES

1. Iran

Congressional support for your actions on Iran remains strong, but frustration continues to build over our inability to secure the release of the hostages. If they are not freed by the time the House returns from the Thanksgiving recess, we will be faced with great pressure for punitive legislative initiatives.

2. SALT

This has been a quiet week for SALT. One-on-one meetings with Senators and their staffs are taking place and will continue prior to full debate in the Senate, which will begin at the earliest on

November 27. Because of the Senate's consideration of the windfall profits tax legislation, the more likely starting date is December 3. Several key Senators met with Majority Leader Byrd this week and decided that it would be unwise to bring up the SALT Treaty so long as the Iran crisis continues. Apparently there will not be a time agreement on the debate, and support for TV coverage -- at least in the beginning -- is waning. The Senate Foreign Relations Committee will issue a voluminous report next week. Minority views are expected from Baker, Helms, Hayakawa and Lugar, and supplementary views from Glenn and Stone.

3. Rhodesian Sanctions

Congressional conservatives will move quickly after Thanksgiving in an effort to force a lifting of Rhodesian sanctions. A resolution to this effect has already been introduced in the Senate and a parallel resolution is expected in the House shortly. Hearings on these resolutions will take place in both bodies the week of November 26. A possibility also exists that conservatives will seek to attach a sanctions-lifting amendment on the House and Senate floors to some piece of near veto-proof legislation. Our chances for defeating such efforts will depend in large part on developments in the current London negotiations. Generally speaking, prospects for the Administration's success in the House over the next 30 days are excellent. The outlook in the Senate is gloomier, but a sanctions-lifting resolution must pass both Houses to succeed and, thus, there is every reason to believe that we can sustain your decision for at least a little while longer.

4. Foreign Aid Appropriations Conference

The Aid Appropriations Conference will not reconvene until after the Thanksgiving recess. Informal discussions among conferees are continuing in an effort to narrow the outstanding differences. The level of World Bank funding remains the key issue with discussions now revolving around a possible compromise figure of \$400 million. This figure would be slightly less than half of the amount appropriated by the Senate but well above the \$163 million in the House bill. We had hoped for a figure close to \$523 million, though Senator Inouye has been informed that we can live with a bottom line of \$400 million.

Inouye has told us that he will accept the McHugh (D-N.Y.) language softening restrictions imposed by the Garn and Byrd amendments on our voluntary contributions to U.N. agencies. Even if the McHugh language is included in the conference bill, this section will be taken back to both Houses in "technical disagreement."

The bill, as currently configured, exceeds the budget ceiling, and Budget Committee Chairman Muskie has put the Appropriations Committee Chairmen on notice that their final bills must not exceed functional limits. This means additional reductions in funding levels when the conference resumes.

5. Kampuchean Relief and Refugee Legislation

Now that you have signed the authorization for our emergency Indochinese Refugee and Cambodian Relief program, only two related legislative items remain: (a) the Foreign Aid Appropriations bill, which contains \$30 million of additional funding for Cambodia and \$207 million in Indochinese refugee money and (b) the Department of Agriculture supplemental request for \$123 million, which includes \$20 million under Public Law 480 to replenish other refugee emergency accounts tapped to meet the commitment of \$25 million for Cambodia. \$50 million of this PL-480 request was included in the Continuing Resolution passed by both Houses on Friday.

The Administration's Comprehensive Refugee legislation is also moving toward final action. The bill, which passed the Senate two months ago, should be ready for House floor debate after the Thanksgiving recess. The House Judiciary Committee and Foreign Affairs Committees have worked out their differences and will work together to ensure House passage. We are anxious to expedite action on this bill so that no further parole authority will be needed beyond the current December 15 expiration date for Indochinese and Eastern European refugees.

6. Morocco

Informal notification was sent to Congress on November 16 on six OV-10s, up to twelve Cobra/TOW helicopters and/or 24 Hughes 500 helicopters and eight F-5 E/F aircraft for Morocco. Congressman Solarz is opposed to the sales and will work to gain support for the disapproval of the whole package. On the other side of the Hill, Senator Stone is urging us to move the formal notification immediately, without waiting for the end of the 20-day informal notification period, so the Senate Foreign Relations Committee can approve the sales before the Christmas recess. Stone believes that he has the votes to defeat a disapproval resolution.

We are not anxious to give Solarz or George McGovern, who opposes us on the Senate side, a procedural issue with which to strengthen their opposition.

7. Military Construction Appropriations

The conference committee reported this bill Thursday. The final bill is about \$100 million under our amended request. We were successful in retaining funding for the MX test facilities and the space shuttle launching site, both at Vandenberg AFB.

8. Defense Appropriations

Conference action began last Wednesday and has not yet been completed.

	Budget Authority (\$ in M)	
	<u>House</u>	<u>Senate</u>
Request considered.....	132,341	132,341
Policy changes.....	-2,473	-421
Operation & maintenance.....	(-1,679)	(-765)
Military personnel.....	(-386)	(-243)
Research & development.....	(-211)	(-182)
Procurement.....	(-196)	(+771)
Other.....	(-1)	(-1)
Congressional level.....	129,868	131,920

As passed by the Senate, the bill is \$82 million under the committee version. The biggest change came in operation and maintenance accounts, which were cut by \$91 million in funds earmarked for outside consultants.

Adopted unanimously was a Stevens amendment calling on the Pentagon to consider several alternative ways of deploying the MX missile system in addition to the current "racetrack" proposal. Several Senators stated that the racetrack method of MX deployment was too expensive and cumbersome to be completed without great delay and escalation of cost.

Significant amendments rejected were:

- o A Proxmire amendment to delete all funding for the CVN Nimitz aircraft carrier (20 to 72);
- o A Moynihan amendment to allow noncompetitive awarding of Defense contracts to alleviate unemployment in hard-hit areas (29 to 59);
- o A Helms amendment to prohibit the use of Defense funds to pay for abortions, except in cases where the mother's life would be endangered. The House version of the bill includes this restriction, which was deleted in Senate committee action.

A point of order was sustained against an Armstrong amendment to give all military personnel a 10.4 percent pay increase as of January 1.

III. MISCELLANEOUS

-- The House will be in recess the entire Thanksgiving week and the Senate will only have two good working days. We will send the next report to you the Tuesday after Thanksgiving.

-- Most of the activity in the House after Thanksgiving will revolve around conference committee action. (EMB, ESC, WPT, and EDA). We have consulted with the Speaker to insure that the House representation on conferences will support our position to the maximum extent possible.

Regulatory Reform Legislation

Belatedly, the regulatory reform legislation appears to be moving. In the Senate, Senator Culver's Administrative Practices Subcommittee plans to mark up a consensus bill, blending the administration bill, the Ribicoff bill, the Kennedy bill, and Culver's own "regulatory flexibility" bill (which encourages regulators to accommodate small business needs in shaping regulations). Culver's staff has worked very cooperatively with the administration task force, and most (not all) of our concerns have been eliminated in the most recent draft. Ranking minority member Laxalt is working with Culver and will support the bill. So far, Kennedy has not paid close attention to the bill. In the House, the administration is prodding Danielson to complete hearings by the end of the session.

Major business groups, especially the Roundtable, are increasingly committed to active support for the legislation. The business groups appear to be moderating their positions on most important issues, as are labor and public interest groups, and a working consensus on many key issues seems a reasonably likely prospect.

Federal Trade Commission Authorization

In the House, the Commission's authorization bill is on the floor. So far, one special interest amendment, killing the agency's pending rule about the funeral industry, has been passed. Two more, concerning agricultural cooperatives and the antitrust case against the cereal industry, are likely also to be adopted. The bill contains a one-house veto for all Commission rules. In the Senate, Stu Eizenstat's letter to

Senator Ford helped to persuade him to postpone the mark-up until Tuesday, November 20. A series of special interest amendments precluding Commission jurisdiction over various industries is expected to be introduced, to be added to the restrictive provisions of Ford's bill. We are working with Ford, but the situation is extremely polarized, and the political basis for a sensible resolution of the controversy over the FTC does not now appear to be present. Timing of any further action remains uncertain.

-- The Hill visitation project continues. We have now completed 200 visits. In general, Members are responding favorably to our effort. Comments on the project range from strong, effusive support for it to more lukewarm reactions such as "a good idea but two years too late." After references to census problems, scheduling requests or grants, the conversations inevitably turn to politics.

A sample report on a recent -- and candid -- visit with one of our supporters is attached.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

November 9, 1979

CARR, Bob
Received 11/9
closed

MEMORANDUM FOR FRANK MOORE/JIM COPELAND

FROM: Sarge Carleton

SUBJECT: Visitation Session with Representative Bob Carr (D-Mich)

GENERAL COMMENTS:

He says, "the world's too God-damn big and I just don't judge people in any way that I don't want to be judged." He says, if I talk about our senior Senator the way he talks about Carter he would be a very unhappy man." Carr says that Terry Straub, Frank Moore, Jim Free and Beth Bird all have been super. "If I need something they do their level best to help me out, I have no complaints. The Administration has really been good to me. One time Tip O'Neill cancelled an appearance at a fundraiser for me 24 hours before he was to show up. At the last minute Ham Jordan to my rescue and he appeared in Tip's place. At that time I didn't even know who Ham Jordan was; I still don't know who engineered it, probably Jim Free, but it was a very supportive gesture."

"When I endorsed Carter in June I expected a lot of flack from the campus types, but it turns out, according to a political scientist friend at Michigan State (and they do know a little about politics) the students, in a primary contest between Carter and Kennedy would vote for Carter. They're not crazy liberal and they're not lefty liberal, except for a handful. The main point seems to be that they don't remember the Camelot that we remember; they view Teddy as the younger brother of a dead President. So I think the President will do fairly well in my district. (and, is safe in other student dominated districts)

Carr thinks that everyone in the White House is up to speed -- especially Congressional Liaison. He and some of his colleagues harbor a suspicion that if the President is re-elected that everything will fall apart again. He appreciates the kind of effort represented by this kind of call and suggests that the real area where these meetings are useful is with the older members. He points out that he sees Jim Free and Bob Beckel socially from time to time and that takes care of communication, "but who goes drinking with Bizz Johnson?"

AGENCY PROBLEMS:

No agency problems.

THE WHITE HOUSE

WASHINGTON

26 Nov 79

Jack Watson
Arnie Miller

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the President's outbox today
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appropriate handling.

Rick Hutcheson

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FOR INFORMATION
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FOR APPROPRIATE HANDLING
LAST DAY FOR ACTION

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ACTION
FYI

	VICE PRESIDENT
	JORDAN
	CUTLER
	DONOVAN
	EIZENSTAT
	MCDONALD
	MOORE
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	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
<input checked="" type="checkbox"/>	MILLER
	MOE
	PETERSON
	PRESS
	SANDERS
	SPETH
	STRAUSS
	TORRES
	VOORDE
	WISE

THE WHITE HOUSE

WASHINGTON

November 21, 1979

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MEMORANDUM FOR THE PRESIDENT

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for Preservation Purposes

FROM: JACK WATSON *Jack*
ARNIE MILLER *AM*

SUBJECT: Assistant Secretary for Legislation and Inter-
governmental Relations, Department of Housing
and Urban Development

We join Secretary Landrieu in recommending the appointment of Horace Dicken Cherry as Assistant Secretary for Legislation and Intergovernmental Relations.

Mr. Cherry is Director of the National Center for Municipal Development (formerly the Joint Council on Urban Development, a subsidiary of the U.S. Conference of Mayors and the National League of Cities). From 1967 to 1979, Mr. Cherry served as Congressional Services Officer to the Assistant Secretary of HUD. He also spent two years as Administrative Assistant to former Senator Ralph Yarborough. In 1962, he was elected to the Texas State House of Representatives, where he served five years. Prior to 1962, Mr. Cherry was an assistant professor and Director of the Center for Foreign Service Studies at Baylor University.

Mr. Cherry has a strong background in intergovernmental relations, and the Federal and State legislative process. He will bring to the job a working knowledge of both HUD and the Hill. Secretary Landrieu has known Mr. Cherry for a number of years and has worked closely with him in the past. He feels strongly that Mr. Cherry will be an excellent spokesman for your Administration and an asset to the Department.

Frank Moore concurs in the following recommendation.

RECOMMENDATION

Nominate Horace Dicken Cherry, of Maryland, to be Assistant Secretary for Legislation and Intergovernmental Relations, in the Department of Housing and Urban Development.

_____ approve _____ disapprove

HORACE DICKEN CHERRY
of Maryland

PROFESSIONAL:

1969 - Present	Director/City Representative National Center for Municipal Development, Department of Housing and Urban Development
1967 - 1969	Congressional Services Officer to the Assistant Secretary of the Department of Housing and Urban Development
1965 - 1967	Administrative Assistant to Senator Ralph Yarborough
1962 - 1967	State Representative/Texas
1955 - 1965	Assistant Professor of Political Science at Baylor University, Waco, Texas
1953 - 1958	Director, Center for Foreign Service Studies at Baylor University, Waco, Texas

EDUCATION:

1952	M.A. University of Chicago
1949	B.A. Wabash College

PERSONAL:

White male
Age 51
Democrat

cc Jim Laney. To Central File

It would help me if you could let your staff prepare specific suggestions re forms & regulations which you consider excessive or unnecessary. Send them to me

EMORY UNIVERSITY
ATLANTA, GEORGIA 30322

November 18, 1979

OFFICE OF THE PRESIDENT

Jimmy C.

cc sent
11/26/79
h

Letter to President Jimmy Carter

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My dear Mr. President:

Thank you for this opportunity to discuss with you the relationship between the federal government and the private universities of this country.

At the outset I must pause to acknowledge that you have worked more diligently than any president in recent times to make the federal bureaucracy a servant to, rather than an imposition upon, individuals and institutions. And so I trust that you can measure the depth of my concern that government agencies should be brought to respect, indeed to honor, the integrity and fragility of our universities.

The institutions of advanced inquiry -- the Oxfords, Harvards, Georgia Techs and Emories -- are creatures unique in western society. I single them out not to say that their role is more important to American purposes than, say, that of the junior colleges, but to say that their importance is of a peculiar and fragile kind. The oldest of them predate the establishment of any surviving western government. Founded by royal charter, they became the first free institutions of western society and have traditionally been maintained and protected despite social, political and religious upheaval as the ultimate preserves of free inquiry. To this day no other institutions in society share with universities that crucial role of setting the standards and pace of advanced inquiry in the sciences and humanities. It is a role that depends absolutely upon the independence of these institutions from any form of harrassment. For all their individual deficiencies, they have for many generations preserved one supreme merit: they continue to produce bands of scholars who set the highest standards in examining and transmitting knowledge imaginatively, critically and with superb discipline.

As you have heard from many sources, that crucial independence is severely tested today. Federal and state regulations encumber universities with forms and formulas, compromising their instinct for diversity, creativity and reform, sapping their budgets, and distracting leadership from important academic tasks. This is

done in the name of social accountability, as part of our drive to redress, post-haste, inequities long condoned in this society. The dangers arise when governmental agencies insensitive to academic forms and traditions pursue these laudable goals with an adversarial relish.

Justice Brandeis cautioned us many years ago: "Experience should teach us to be most on guard to protect liberty when the government's purposes are beneficent. Men born to freedom are naturally alert to repel invasion of their liberty by evil minded rulers. The greatest dangers to liberty lurk in insidious encroachments by men of zeal, well-meaning, but without understanding."

The dangers arise because government fundamentally misconceives the role of universities. Well-meaning regulators have confused the historical role of public education in providing educational opportunity for all--creating, if you will, a certain baseline of accomplishment--and the historically different role of universities in maintaining the ultimate standards for advancing inquiry. We are wrong in believing that every institution in our society should be egalitarian in nature.

No one has been more convincing in his defense of the egalitarian ideal than Thomas Jefferson. But Jefferson also recognized the importance of fostering advanced learning for the most talented, and he counted his founding of a university for this purpose as his greatest accomplishment. Today it is the great private universities as well as a few public ones which most effectively maintain that commitment to challenging the most capable minds of each generation. They must be allowed to continue doing this without the distraction of ill-informed regulators continually looking over their shoulders.

Our nation has come through an important era. Our corporate commitment to equality of opportunity has been affirmed as never before in human history. And this assertion of our national conscience could not have been accomplished without the dogged agencies of our federal government. The gains will have been made at unacceptable cost, however, if government does not now restrain itself, stepping back to let the various institutions of this country absorb the impact of these gains and put their own houses in order.

It happens that the most effective agents for affirmative action and equal opportunity at my own and at many other universities are not federal or state agencies but our own internal constituencies, men and women gathering together voluntarily to insist that more women and minorities be admitted and hired. These internal processes, duly sensitive to academic tradition, represent the proper monitoring of change in education.

It is proper that a certain degree of regulation attend our acceptance of federal grants. But regulation must not be extended beyond an accountability reasonably related to the purposes for which government support is given; certainly it should not extend to a review of the quality and content of educational programs; it should not be allowed to proliferate to the extent that it diffuses responsibility, thus working against the very accountability it seeks to foster.

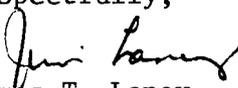
The next fifteen years will be difficult years for American higher education. The pressures of inflation, the certain decline in student enrollments, will force many institutions to close. The strongest will survive. The question is whether they will survive in a weakened, shrunken, beleaguered state--less capable and less willing to serve this society--or enriched and strengthened. The answer to that question will depend upon the role played during those years by the federal government: Will it continue as a heavy-handed regulator, adding to the burdens of those hard-pressed institutions, or will it develop into a respectful, nurturing friend of private higher education?

I venture the hope, Mr. President, that during your next five years in office you will succeed in changing the nature of the federal involvement on our campuses. I hope that you will continue to appoint people like David Tattel, recently of the Office of Civil Rights, who are intent upon understanding and respecting the integrity of the institutions they regulate; that you will insist that the Department of Education make careful distinctions between what it is appropriate to require of public schools and what should be required of colleges and universities. I hope that you will insure that the leverage of the government dollar is not used cavalierly to accomplish objectives that have nothing to do with the purposes for which the dollar was given. I trust that in increasing support for basic research, as you surely must, you will insist that universities be free to pursue that research free of increased regulation and that, where regulation is necessary, universities be compensated for the enormous costs of record keeping and reporting.

The crucial independence of our universities simply must not be further compromised.

I would welcome an opportunity to discuss these concerns with you at greater length.

Respectfully,


James T. Laney

THE WHITE HOUSE
WASHINGTON

11/26/79

President Laney --

President Carter asked me
to send you the enclosed
copy of your letter which
includes his notes, with
his best regards!

-- Susan lough

THE WHITE HOUSE
WASHINGTON

11/26/79

stripping desk/central files --

please note that copy for
laney has already been sent
with note from me.

attached is for filing.

--susan clough

THE WHITE HOUSE
WASHINGTON

26 Nov 79

Frank Moore
Phil Wise

The attached was returned in
the President's outbox today
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appropriate handling.

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

Mr. President -

You asked "why" luncheon with
Congressman Lederer was proposed.
Attached is Congressional
Liaison's request outlining
reasons for meeting. We had
originally intended for you to
visit with him during your travel
time on the Philadelphia trip.

Phil

THE WHITE HOUSE
WASHINGTON
October 30, 1979

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CONGRESSIONAL SCHEDULING PROPOSAL

MEETING: White House meeting with Rep. Ray Lederer (D-Pennsylvania)
DATE: shortly after November 7, 1979
LENGTH: 15 minutes
PURPOSE: To persuade Congressman Lederer to endorse the President

BACKGROUND:

Lederer is the key to the Philadelphia Congressional delegation (Bill Gray and Ozzie Myers), and as such is crucial to support for the President in the eastern part of the state. Philadelphia's mayoral election will be held November 6, and if Green is elected Lederer will be the new Democratic City Chairman. It is widely assumed that Green will support Senator Kennedy, which makes Lederer's support all the more important.

Location: The Oval Office

Participants: The President, Congressman Lederer, Frank Moore, Terry Straub

Press Plan: White House photographer only

INITIAL REQUESTER: Terry Straub

APPROVED BY
FRANK MOORE: _____

approve disapprove

30 minute ~~lunch~~ this Wednesday

*Frank: Talk to Cong. Bob Roe - meeting
He suggests a mtg w/ NJ Demo delegation
and County Demo Chmn -
Also separate mtg at night similar to wdc(?) J.C.*

THE WHITE HOUSE
WASHINGTON

27 Nov 79

FOR THE RECORD:

FRANK MOORE RECEIVED A COPY
OF THE ATTACHED.

3:00 PM

MEETING WITH SENATOR ROBERT MORGAN

**Electrostatic Copy Made
for Preservation Purposes**

Monday, November 26, 1979
3:00 p.m. (30 minutes)
The Oval Office

From: Frank Moore *FM/EB*

I. PURPOSE

To discuss SALT and persuade him to follow Senator Stennis' lead on the Armed Services Committee consideration of SALT.

II. PERSONAL INFORMATION, PARTICIPANTS, PRESS ARRANGEMENTS
AND BACKGROUND

A. Personal Information

Wife's Name:

Katie

Children:

Margaret Anne, Mary Elizabeth
Rupert Tart (Foster Son)

Home Town:

Lillington, North Carolina

Committee Assignments:

Armed Services (7)
Banking, Housing & Urban Affairs (5)
Select Committee on Ethics (2)
Select Committee on Small Business (5)

B. Participants:

Senator Robert Morgan

C. Press Arrangements:

White House Photographer

III. BACKGROUND

A. SALT Concerns: We have asked for this meeting now because of the potential vote on a SALT report in Armed Services and because we have recently picked up some information from Senator Huddleston that Morgan has both political and substantive problems with SALT.

We are aware that Jackson and the Republicans on the Armed Services Committee are trying to get the Committee to adopt a negative report on SALT. Stennis has been working behind the scenes to determine where his members stand and to urge them to wait for the Floor debate before taking position.

It looks as though Stennis can only count on 7 votes. Morgan is one of them, and we think he needs bolstering up.

He started out not being very knowledgeable about SALT and only expressed concern about the precedence of the Protocol. He was worried about the impact of the pro-SALT vote and his reelection, but indicated to Terry Sanford that he would vote for the Treaty. In a meeting with the Vice President in July, he needed to be convinced that we were serious about the MX and that it was not going the way of the B-1. He asked about verification; he was impressed with cruise missile accuracy and with arguments about beefing up conventional forces in Europe.

He was not particularly outspoken during the Armed Services hearings but seems to have been reassured by your defense spending decision.

When you briefed the North Carolina constituents, he said that although he was not prepared to endorse SALT, he had no doubts that the Treaty was verifiable. Recently he spoke on the Senate Floor critically about the anti-SALT mail he has been getting.

B. Additional Issues and Personal Information:

The Senator prefers to be called Robert. As you know, Senator Morgan does not have a high over-all Presidential support record. However, on vital issues (Panama, Middle East plane sales, Turkey embargo, etc.) he has been stalwart. The notable exception is Labor Law Reform, but he gave us ample notice that he could not help on that issue.

Some time ago, the Senator endorsed you for re-election. This has caused him some problems largely because of the continuing controversy involving the University System in North Carolina (Secretary Harris has been quite strident) and tobacco (the consumer and anti-smoking elements in USDA, Assistant Secretaries Carol Tucker Foreman and Rupert Cutler have been less than supportive of the tobacco program). Also, one of our District Court nominees, Charles Winberry, who is very close to Morgan politically has run into some problems in the Senate Judiciary Committee, largely because of Republican efforts to embarrass Morgan and you but perhaps also due to little support from Chairman Kennedy.

It appears now that the Republicans are trying to put some political heat on Morgan with signals that he is voting too "liberal" and with veiled threats that unless the pattern changes, they will run a candidate against him next year. All of this conceivably is being orchestrated by Jesse Helms with SALT in mind. Ironically, Morgan was not active against Helms last year in his re-election campaign and the two get along quite well.

Senator Morgan does not question your decision not to offer the Commerce Secretaryship to Luther Hodges, Jr. Therefore, there is growing pressure on Morgan to oppose SALT. He is the type of person, however, who rebels against such tactics and we should not view these Republican ploys as altogether bad for us.

**Electrostatic Copy Made
for Preservation Purposes**

*Bob will decide later.
Studying - No particular
Concerns - State politics
a factor - Good
discussion
J*

THE WHITE HOUSE
WASHINGTON
26 Nov 79

Hamilton Jordan

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

Rick Hutcheson

5240

November 13, 1979

C
/

Dear Mr. President:

Here, finally, is the magazine article on Hamilton, an advance copy, before the gossip and promotion people take it out of context for newspapers.

I'm sorry to say, but it is not my best and I'm not happy with it, because it was planned as a much better article. But by the time I got it (trust Jody gave you my letters of explanation) the cocaine stories broke and the editors literally BUTCHERED it, so I hardly recognize it.

But, the quotes from Cy Vance and Bob Strauss and Ham's mother and Nancy are so good that I hope the positive angle will do some good at this time. It's just that I hate the structure and some of the words they chose---just not my style.

I hope you'll take me up on my offer for some better family articles during the coming days, IN TIME TO HELP.

May God bless you during this trying period with extra strength and fortitude.

Respectfully,

PS Even the title is not mine...

it was 'The Other Side Of Hamilton Jordan'
'The Gossips Picture Him As A Playboy. But Those Who Know Him Praise
and the full article with this title will be syndicated newspaper wise soon.

His Performance...'

**Electrostatic Copy Made
for Preservation Purposes**

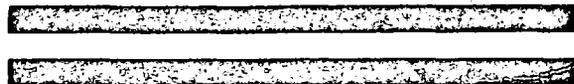
HAMILTON JORDAN

Will He Survive the Scandal?

As chief of staff to President Carter in today's uncertain times, his colorful reputation could be a major problem to the White House. Here, a balanced look at a man few people really know. By Trude B. Feldman

Hamilton Jordan has become one of the most visible figures in Washington. Scarcely a week goes by without new gossip about him emblazoning headlines. He is alleged to have used cocaine, a charge that automatically resulted in the government investigation currently underway. The use of drugs is the most flagrant in a long list of accusations against him: He has been criticized for his social indiscretions, drinking and rowdiness; yet, as the President's chief of staff, he is in a position of tremendous influence and power—and most who work with him respect his talents.

On one hand, the President of the United States says of his assistant: "He does his work well and I have complete confidence in him. My entire senior staff was unanimous in wanting Ham to be their chief because they recognized his ability and his natural leadership characteristics." On the other hand, his detractors say he is too frank, too arrogant, too scornful. Many people consider him to be one of the key problems in Carter's troubled White House. His playboy image has won him notoriety and a number of enemies, both political and otherwise. So much so that just walking down a street has proved dangerous to Jordan. Because of an escalating number of physical attacks on the young chief of staff, the FBI recently evaluated the pos-



sibility of providing personal security for him.

President Carter regards Jordan as the man most responsible for his election to the presidency. But while Jordan was instrumental in making Jimmy Carter a household name, he himself has remained an enigma, a man of mystery.

A native of Charlotte, North Carolina, 35-year-old William Hamilton McWhorter Jordan is clean-cut and boyish-looking. He is interested in all sports, but only plays tennis. He enjoys cooking, but watches his weight. He is an avid reader and—a fact unknown to Jordan watchers—writes poetry. But he blushes with embarrassment when asked for samples.

If Ham Jordan can appear sometimes shy, sometimes flamboyant to those who are not close to him, his friends see him as consistently witty and outgoing.

"Ham's always has been a sociable person," says Jordan's long-time buddy and White House press secretary, Jody Powell. "He has a

quick wit. But, unfortunately, when he came to Washington, he was unprepared for how easily his words and actions would or could be misinterpreted.

"He has a reputation to shake," Powell says reflectively, "but I, for one, know him to be a decent guy and a fine human being."

The most serious charge against Jordan hit the headlines last August when he was accused of using cocaine at Studio 54 in New York in 1978. The allegation was made by the discotheque owners who are themselves under indictment for tax evasion. They are believed to have used it in an attempt to plea bargain with federal prosecutors. As required by the Ethics in Government Act, the Justice Department began a preliminary investigation into the matter. Just

weeks later, as the Federal Bureau of Investigation was completing the inquiry, a second charge was made. This time, Jordan was accused of using cocaine at a party in Los Angeles in October, 1977. The FBI's inquiry was expanded to include the second allegation.

The chief of staff has categorically denied both charges. "The whole matter is becoming utterly ridiculous," he says. "I have not used cocaine on any occasion." According to Jordan, the California incident "is an old story. It was denied at the time, and was not pursued by either the media or the Justice Department. It suddenly gained new momentum because of my vulnerability. The charges appear to be coming from political sources."

Have the charges against Jordan harmed his relationship with the President? It is unlikely. In the past, Carter has always ignored gossip about his closest aide. Unless the drug allegation proves to have substance, the President's (continued)

HAMILTON JORDAN

continued

faith in Jordan is expected to remain firm.

In the Oval Office, just down the hall from Jordan, President Carter greets me with a warm smile. "I don't discuss with Hamilton the stories written about him," Carter tells me shortly before the first cocaine incident breaks. "Yes, on occasion, I do tease him about them, but I don't bawl him out.

"Hamilton is like a son to me," says the President. "I understand him. He understands me. I know his strengths and his weaknesses. He knows mine. I think we've always complemented each other—ever since early 1966 when I first started working with him."

Sitting in his spacious office, with a large chart of the week's "White House Meeting Schedule" propped up behind him, Jordan concurs. "The President doesn't interfere with my personal life. Nor does he talk with me about the treatment given me in the press.

"He believes in me and trusts me. And it's the President's faith and confidence in me that really matters. What I do for him is far more important than what the gossip columns report I do. I came here to do a job. It was not my intention to have a high public profile."

Stories persist

But no matter how worthy of the President's esteem and trust, newspaper stories persist about Jordan's escapades. Just as a lantern on a porch in Georgia attracts fireflies on summer nights, so Jordan attracts the attention of rumormongers.

Born September 21, 1944, Hamilton Jordan, even as an infant, was an extrovert. He walked and talked at an early age and possessed a sense of humor. His charm and love of people are qualities he inherited from his father, Richard. A retired Army major and long active in civic affairs in Albany, Georgia, the senior Mr. Jordan died of cancer two years ago at the age of 69.

Jordan downplays his excellent record at the University of Georgia, from which he graduated two semesters early. He enjoyed fraternity life at college and was president of his freshman class. It was at the university that his early interest in politics intensified.

Soon after graduation he was turned down for military service because of flat feet. But, determined to join his friends in the war effort, he went to Vietnam as a volunteer for the International Voluntary Services and helped relocate refugees.

Jordan met Carter shortly after his return. In the summer of 1966, he had

a job spraying mosquitoes. Dissatisfied with his work, Jordan wrote to Carter, who was then beginning his first (and abortive) gubernatorial campaign. He had heard Carter was a farmer, which impressed him, and in his letter he made suggestions that he felt would help his campaign. Within a week, Carter phoned him.

It didn't take Jordan long to move in to a key position on Carter's staff. Today, his public exposure is so complete that he has achieved celebrity status.

"I don't like to be recognized in the street anymore," Jordan laments. "Most people are considerate, but it only takes one out of a dozen who will try to provoke something—maybe to get his or her name in the newspapers."

While shopping for groceries in his local supermarket recently, Jordan was confronted by a stranger who started to pick a fight with him. Last year, someone he didn't know shoved a chocolate mousse in his startled face. The culprit escaped and to this day no one knows what the motive was.

Nowadays, Jordan is careful about where he goes. "My idea of fun is having a quiet dinner with friends or going to the movies," he says. "Or, if I work late I go right home and settle for a snack. I've been concerned about going out in public. People have stopped me on the street or in restaurants and have made abusive comments."

Jordan's secretary, Eleanor Connors, agrees. "He's hounded," she says. "One time a girl called from a restaurant and said, 'Tell Hamilton I'm waiting at our table.' She finally admitted she was a complete stranger. That wasn't the only time he got that type of call."

Dr. Peter Bourne, who was presidential assistant for health issues until 1978 and is now a United Nations coordinator, has this to say about Jordan's life:

"Hamilton has weaknesses, as we all do. Most young men like to look at pretty women. And most women flirt with

handsome young men. But when one works in the White House, one is made even more vulnerable.

"In Washington, many women are attracted to men with power, so I'd say the reason for Jordan's bad press is a combination of his being in a powerful and visible position, and a desire by others to smear him and the President."

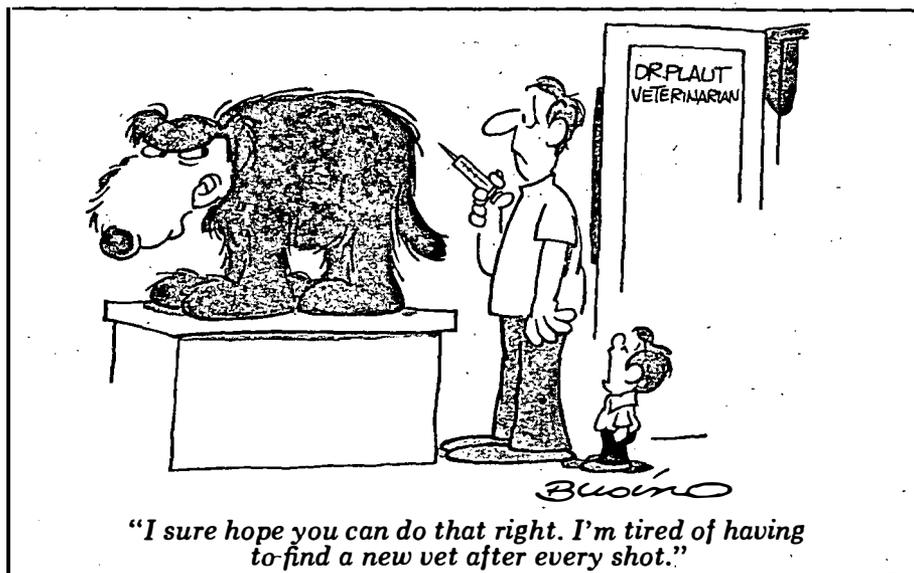
"There is nothing I can say about the stories written about me," Jordan remarks, "and I can't spend time worrying about them. There is a significant difference between what I am and what I am portrayed as being. As a result of the stories, I feel very vulnerable and haven't had a social life in almost two years. In that way, I try to avoid putting myself in situations where people can say I did this or that, whether it's true or not."

Soon after his appointment as chief of staff last July, a gossip columnist stated that Jordan was seen "in a smoochy, heavy-horizontal tête-à-tête" on the beach within sight of young children. Reportedly, the children's grandfather was disturbed enough to complain to beach officials.

Jordan insists the item is untrue. "I was at the beach," he says. "Yes, there was a young lady with me, but I did nothing improper. Furthermore, it is foolish for anyone to believe all the rumors about me, that I would even think of doing what was attributed to me. But, to deny the story would lend it some measure of credibility and it doesn't deserve a response."

One of the most circulated incidents occurred at a dinner party two years ago honoring the Egyptian and Israeli ambassadors after President Sadat's historic visit to Jerusalem. The setting was Washington's Madison Hotel, the ambiance elegant, the mood optimistic. Jordan was seated near the Egyptian envoy's wife, Mrs. Amal Chorbah, who was wearing a low-cut dress.

As the story goes, Jordan, (continued)



HAMILTON JORDAN

continued

emboldened by wine, gave a tug at Mrs. Ghorbal's gown, focused his eyes at her bosom and then remarked, "I've always wanted to see the twin pyramids of the Nile."

"Everyone at the table—including Mrs. Ghorbal—denied the story," Jordan explains. "But it was printed anyway."

That story was followed by an episode in a Washington, D.C. bar where Hamilton was reported to have spat a mouthful of cordial at a woman who was trying to make his acquaintance.

Jordan vigorously denies the report. "It was not accurate," he says. "I did nothing to provoke the incident. The story was slanted. But talking about it only perpetuates it."

The chief of staff himself is philosophical about his treatment in the press.

"I don't think there is any conspiracy against me, but I'm in a peculiar position. Anyone can call a newspaper anonymously and plant a rumor about me. The burden is then on me to disprove it."

"I'm frequently mentioned in the gossip columns, but no one ever calls me to check out anything they plan to write about me. I'm pretty much at the mercy of whatever people tell the press."

Many reporters, however, say they have called Jordan to check facts, but he fails to return their calls. Apparently, this is not unusual treatment on Jordan's part: Legislators as well as Carter's friends and supporters have also complained that Jordan is remiss in returning his calls.

Portrait changes

The portrait of Hamilton Jordan changes considerably depending on whether one speaks to professional associates or friends and family.

One person who doesn't recognize the Hamilton Jordan from newspaper and magazine accounts is, naturally enough, his mother, Adelaide.

"I'm constantly amazed when I read all those stories about my son," says Mrs. Jordan. "'Fun-loving,' yes; 'quick repartee,' yes; 'not caring for details,' with these, I agree. But not with any of the other things written about him."

"I simply cannot believe that anyone who has ever met Hamilton or has worked with him—colleagues, employees, friends, teachers, family, servants—considers him arrogant or irreverent or insecure—as some publications depict him. Hamilton was always precocious," Mrs. Jordan continues. "For instance, during his sophomore year in high school when he was invited to the senior dance, I told him he couldn't go. So instead, he put together his own affair:

He rented a hall, hired an orchestra and chaperones, and printed tickets. His daddy ended up paying the bill."

The mention of her late husband brings tears to her eyes as she reminisces. "In 1975, shortly before Carter announced his candidacy for president, Ham's father had his first surgery for cancer. There are not enough words to explain to you how sweet, thoughtful and considerate Hamilton was. . . . He would spend hours sitting at his father's bedside. Though Hamilton was swamped with details for the President's campaign at the time, he was always with us when we needed him. And he was the first of our children to reach the hospital when I called to say the end was near.

"My son has always been very close to his family. Even with his busy schedule now, he calls me once a week and always remembers special occasions like birthdays and Mother's Day. I wish everyone knew about Hamilton's good traits," says Mrs. Jordan. "He is a considerate and thoughtful son."

Even Nancy, Jordan's former wife, has nothing but nice words for her ex-husband. "Hamilton is a hard worker," says Nancy, "and is serious about everything he does. When he plays tennis, he plays to win; when he does his job, he works to win."

Nancy and Hamilton, who were married for seven years, first met at the University of Georgia. They ran into each other years later when *(continued)*

"I love coffee, but too much caffeine makes me nervous. Now I drink Sanka® Brand wherever I am. And I feel great about it!"

"Makes sense, Bill. It's 100% delicious coffee and 97% caffeine-free. And it's the one decaffeinated coffee available anywhere."



Being your best is not a part-time thing. That's why it makes good sense to order Sanka® Brand Decaffeinated Coffee out, as well as having it at home. It's 100% delicious coffee, but 97% caffeine-free. Enjoy it with good friends and be your best, anywhere.



Sanka®. The coffee that lets you be your best. At home. And away from home.



© General Foods Corporation, 1979

HAMILTON JORDAN

continued

Nancy was hanging posters for Jimmy Carter's gubernatorial campaign.

Since that time the two have shared a total dedication to both Rosalynn and Jimmy Carter. Nancy, who now works for Mrs. Carter, has remained "good friends" with Hamilton since their divorce last January.

"If either of us has a problem, we feel free to call the other and discuss it. We'll always be friends and have concern for each other's well-being."

Did Hamilton's job contribute to the breakup of their marriage?

"That's a hard question," Nancy replies. "Perhaps it could have, perhaps not. I really don't know."

"I don't think it was my job that created any problems," Hamilton observes. "It possibly had something to do with them, but it was not the main cause of our difficulties. Without going into details, things just didn't work out for us."

"Nancy is a wonderful person. I'll always think well of her, I'll always respect her."

Ham's fondness for his ex-wife may be evident in his choice of a recent date who resembles Nancy.

"I don't see any one special girl right now," says Jordan, adding with a grin, "but yes, come to think of it, one girl I go out with on occasion does look a little like Nancy."

While Nancy and Hamilton had no children, Hamilton does hope to be a father one day.

"I'm very fond of children," he says, "and I hope someday to remarry and have some of my own."

A Pied Piper

Indeed, Jordan may be thought of as the Pied Piper when it comes to his love of children—and they are among his staunchest admirers.

"When Hamilton calls to say he's coming to visit here [Albany, Georgia]," says Mrs. Jordan, "I tell his niece and nephews—they always want to visit at the same time he does. He is devoted to them and they adore him. They travel from Augusta and Atlanta to be with him. He plays ball with them, takes them swimming. They simply can't wait for his visits."

Jordan's neighbors also find their children enjoy spending time with him. No matter how busy he may be, he has taught a number to sail and swim.

While children love Jordan, it is not them he has to please. Washington's political arena has much tougher judges. Yet according to one associate, Hamilton goes out of his way to hide his basic sensitivity; he feels he needs to main-

tain a tough Machiavellian image. Because he hides his intellectual side, his real image is never publicly projected.

But there are some who recognize Jordan's real value at the White House. I asked Robert Strauss—a sophisticated politico and former chairman of the Democratic National Committee—whether the negative press about Jordan has hurt his effectiveness.

"We're all injured by gossip to some extent," the personal representative of the President (special envoy to the Middle East) answered. "But I don't think it reduces his value to Jimmy Carter. It's true he comes across as 'Peck's Bad Boy' but those who know him also know his good qualities."

"He is an intelligent person with rare gifts, especially in the political world. He genuinely cares about people, the issues and the country. I see documents he prepares for the President. They are exceedingly well thought out—carefully structured and substantive."

Secretary of State Cyrus Vance has "high regard" for Jordan as well. "I frequently work with him on a variety of foreign policy affairs and I value his judgment," he told me. "He has remarkable insight into political matters. His thoughts, his advice and his probing mind are very useful."

"For example, he was extremely helpful in working with a number of government departments and with the Congress in mobilizing the support necessary to get the Panama Canal treaties ratified. This was a major achievement and Hamilton played an important role in it. He also played a key role in gaining approval of the arms transfers in the Middle East. This was a controversial issue, and Hamilton showed great skill in dealing with the political aspects of the question."

If Jordan has been a blight in the past in some people's eyes, he himself

feels he has changed and is continuing to change for the better.

"I've developed and matured both on the job and as a person," he says. "I've been fortunate at a fairly young age to be exposed to decisions made at the highest level of government. Often, I have not had the experience and background to understand all the details of those decisions. It has required me to go back and study and read history, and learn more about the background of some of the problems."

"From the experience, I think I have learned a lot. I think to some extent, my attitudes are different now."

"Besides," he concludes, "the challenge is to try to accomplish positive things for the country. So if anyone wants to write about me, I wish the focus would be on the accomplishments we've made so far and what we're still trying to do."

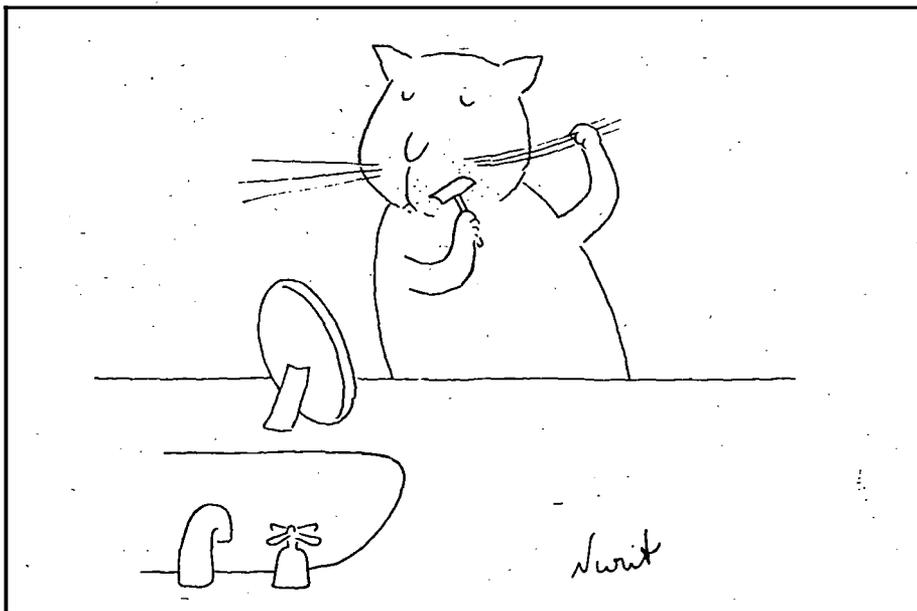
After observing Hamilton Jordan for over three years and talking to him at length, my impression is that he is a man of purpose, determined to succeed.

As he himself concludes: "The President gave me a huge responsibility. I do not intend to fail." **End**

EDITOR'S NOTE: As we went to press, the California cocaine charge against Jordan had been retracted. And, although the outcome of the original FBI investigation was still unknown, the White House remained staunchly behind Jordan.

President Carter announced that the furor would not make him drop his chief of staff, that replacing him is something he wouldn't do to be re-elected.

First Lady Rosalynn Carter also went on record in defense of Jordan. "Hamilton says he is completely innocent and I believe him," she said, adding: "He is almost like a member of our family. I think he has a good record and a good private life."



THE WHITE HOUSE
WASHINGTON
26 Nov 79

Landon Butler

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the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

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FOR APPROPRIATE HANDLING
LAST DAY FOR ACTION

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	DONOVAN
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	MCDONALD
	MOORE
	POWELL
	WATSON
	WEDDINGTON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE
	ANDRUS
	ASKEW
	BERGLAND
	BROWN
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	MILLER
	MOE
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	SANDERS
	SPETH
	STRAUSS
	TORRES
	VOORDE
	WISE

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

November 21, 1979

Done
J

MEMORANDUM TO PHIL WISE

FROM: LONDON BUTLER *LB*
SUBJECT: TELEPHONE CALL TO GLENN WATTS

I recommend that the President call Glenn Watts over the weekend.

On Monday, Glenn obtained for the President a formal endorsement from the CWA Board. Glenn forced the endorsement over stiff internal opposition, which became the subject of some news reports (see attached). Glenn is becoming more and more outspoken in favor of the President, and he is jeopardizing his own political position on our behalf.

If the President calls Glenn, he should simply thank him for CWA's endorsement, and acknowledge that he knows Glenn is making an extra effort on the President's behalf.

Glenn's office number is 785-6710; his home phone number is (301) 652-4343.

**Electrostatic Copy Made
for Preservation Purposes**

Union's Carter Endorsement Mirrors Labor's Divisions

W. STAR
11-20-79

By Lance Gay
Washington Star Staff Writer

In a split reflecting a larger division in the U.S. labor movement, five members of the executive board of the Communications Workers of America have endorsed Sen. Edward M. Kennedy for the presidency.

The five defected from CWA President Glenn Watts, a strident supporter of President Carter, to endorse the Massachusetts senator.

The dissenters on the 17-member board — who include George Strick, a CWA council member representing the Washington area — said they "could not in good conscience" endorse Watts' backing of Carter.

The labor movement appears to be tilting toward Kennedy in spite of pleas by administration aides to remain neutral until at least the first primaries.

Kennedy addressed labor last night, wrapping himself in the sayings of George Meany.

"George Meany said that the national economy is a mess, and he's right. George Meany said that decontrol has only led to the profits of the oil companies growing, and he's right. George Meany said that the shifting economic policies have been a disaster, and George Meany is right on that too," Kennedy told a cheering throng of more than 1,000 labor leaders at a reception.

Kennedy's appearance at the AFL-CIO convention was in contrast to Thursday's speech by Carter, which centered on the problems at the U.S. Embassy in Iran.

Carter got a warm welcome, but W. Howard McClennan, president of the International Association of Firefighters, said that was because of the nature of Carter's speech.

"If Carter didn't have Iran to talk about, it would have been something else. That was motherhood. This is real," McClennan said, watching people mobbing Kennedy and his Secret Service guards as they moved through an exhibit hall.

Kennedy yesterday picked up the endorsement of the 350,000-member United Paperworkers International Union, which had backed Carter in 1976. The union's executive board voted 12-4 for the endorsement.

And for some union leaders the choice has been a deeply personal one. Sol C. Chaiken, president of the International Ladies Garment Workers Union, has been a longtime booster of Kennedy campaigns and a personal friend of the Kennedys. And he says that if a poll was taken now, his union would vote for Kennedy.

Yet Chaiken is supporting Carter in 1980.

"Jimmy Carter is eminently within the mainstream of the Democratic policy," he said, adding that Carter has been "fully supportive" of the ILGWU's concerns, particularly in combating the rising tide of imported clothing and fabrics.

"This is going to be a difficult and exacerbating family fight, and I'm terribly concerned that there could be a residue of sufficient bitterness

that will bode neither of them any good," he said.

Communications workers' president Watts voiced similar concerns today when he officially announced his union's support for Carter. Watts, an early personal supporter of Carter's candidacy, told a news briefing that a Carter-Kennedy battle could hand the White House to conservative politicians for 20 years.

Watts said Kennedy was under pressure from "the same left wing of the Democratic Party" that nominated Sen. George McGovern in 1972 and denied the presidency to Hubert Humphrey in 1968 because of its support for independent Sen. Eugene McCarthy.

Now that he has challenged President Carter, I see the danger of a fatal split in the ranks of Democrats, which could hand the presidency to a Ronald Reagan or a John Connally — both of whom are completely unacceptable to organized labor," Watts said.

Oil Control Foe To Work for Sen. Kennedy

The man chosen to oversee TV and radio advertising for Sen. Edward Kennedy's presidential campaign is the Mobil Oil Co. executive who directed the company's ad campaign for decontrol of oil prices.

Kennedy has been an opponent of decontrol.

Herbert Schmertz, Mobil's vice president in charge of public relations, will take a leave of absence from the company to join the Kennedy campaign without salary, said Kennedy spokesman Richard Drayne.

Beginning after the Thanksgiving holiday, Schmertz will work for about six weeks "to set up a structure for the radio and television advertising," after which he will return to his job with Mobil, said Drayne.

The Kennedy spokesman contended that he didn't think there was "anything unusual in his (Schmertz's) helping out in this campaign. He's been a good friend of the senator's for many years."

The Massachusetts senator has strongly criticized President Carter for approving the phased decontrol of oil prices and has called for a stronger windfall oil profits tax than that proposed by the administration.

Mobil has been waging an intensive advertising blitz, including full-page newspaper ads, in trying to win public support for the energy industry's views on decontrol and windfall profits.

Drayne said of Schmertz's role in the campaign, "It's not going to be his responsibility to try to shape the senator's energy policy. Kennedy has held views on energy and oil for years and there's no reason to expect him to change them."

THE WHITE HOUSE

WASHINGTON

26 Nov 79

Jim McIntyre

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Rick Hutcheson

Phil Wise

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	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

11/21/79

Mr. President:

Stu has no comments.

Rick/Bill

THE WHITE HOUSE
WASHINGTON

Mr. President:

I am still working on these numbers. They may be reduced further but are indicative of the general levels which will be passed back to the agencies.

I need to discuss overall strategy with you as soon as possible.

Jim



EXECUTIVE OFFICE OF THE PRESIDENT
 OFFICE OF MANAGEMENT AND BUDGET
 WASHINGTON, D.C. 20503
 November 21, 1979

Mr. President:
 I am still working on these numbers. They may be reduced further but are indicative of the general levels which will be passed back to the agencies.
 I need to discuss overall strategy with you as soon as possible.
 Jim

MEMORANDUM FOR: THE PRESIDENT
 FROM: Jim McIntyre *Jim*
 SUBJECT: Major Budget Concerns

Although I will not meet with you this week, I wanted you to see the major issues covered in our reviews. We are passing these tentative OMB decisions back to the agencies.

DEPARTMENT OF AGRICULTURE

Food and Nutrition Service

(In million of dollars)

	1980 OMB rec.	1981		1983	
		Agency req.	OMB rec.	Agency req.	OMB rec.
Budget Authority.....	13,033	13,784	13,447	15,749	15,200
Outlays.....	12,796	13,661	13,329	15,415	15,000

OMB concurs in the Department's inclusion of initiatives originally proposed in the 1980 budget, which would result in savings of \$793 million in 1981. Child nutrition initiatives would reduce subsidies for middle and upper income students, target resources on lower income families, and improve overall program management. In food stamps, States would begin to share error rate cost liability. OMB recommends an increase of \$103 million for the supplemental food program for women, infants, and children (WIC) -- \$46 million below USDA's request.

DEPARTMENT OF EDUCATION

Elementary and Secondary Education (Title I) Concentration Program

	1980 OMB Rec.	1981 Agency Req.	1981 OMB Rec.
Budget Authority.....	200	400	300

*ok
J*

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The Department is requesting \$400 million, within its planning ceiling, for grants for compensatory education programs to local education agencies with high concentrations of low income children. You proposed this program during the 1978 reauthorization of the Elementary and Secondary Education Act and recommended a \$258 million 1979 supplemental to fund it. Congress provided \$150 million in 1979 and \$200 million for 1980. OMB believes that the congressional phase-in strategy is correct and that \$300 million will reflect sufficient growth for this program in 1981. We recommend increasing the program level to \$400 million in 1982.

Education for the Disadvantaged

The following shows the effect of my decisions on education programs that affect the poor:

	1980 <u>OMB Rec.</u>	1981 <u>Agency Req.</u>	1981 <u>OMB Rec.</u>
Title I Education for the Disadvantaged (BA).....	3,331	3,580	3,420
Bilingual Education.....	167	180	180
Indian Education.....	77	101	94
Emergency School Aid.....	315	342	339
Education for the Handicapped.....	1,049	1,150	1,052
Vocational Rehabilitation.....	933	1,004	937
Indochinese Refugee Children.....	18	---	---
Adult Education.....	100	122	122
Basic Skills.....	35	40	40
Basic Educational Opportunity Grants.....	2,275	2,362	2,029
Special Higher Education Programs for the Disadvantaged (TRIO).....	148	152	152
Developing Institutions.....	110	140	140

Student Financial Assistance

	FY 1980 <u>HEW Req.</u>	FY 1980 <u>OMB Rec.</u>	FY 1981 <u>Agency Req.</u>	FY 1981 <u>OMB Rec.</u>
Budget Authority.....	5,092	4,923	4,967	4,634
Outlays.....	4,583	4,563	4,636	4,184

The differences between the Department and OMB are estimating differences. We expect to resolve these early in December. Both the request and the OMB recommendation assume the passage of the Administration's higher education reauthorization bill. H.R. 5192 (the Ford bill) has passed the House and could add up to \$2 billion to the student assistance budget if authorizations are fully funded.

Rehabilitation Services Administration

We have agreed with the National Governors' Association that the small (\$17 million) RSA Innovation and Expansion program be consolidated with the major Basic State Grant (BSG) program.

	1980 <u>OMB Rec.</u>	1981 <u>Agency Req.</u>	1981 <u>OMB Rec.</u>
Basic State Grants			
Budget Authority.....	875	970	875
Outlays.....	652	880	875

This program is experiencing extremely large obligated unexpended balances which suggests that State and local educational agencies are having difficulties using the rapidly escalating appropriations. We recommend holding the program to the 1980 funding level.

DEPARTMENT OF ENERGYStrategic Petroleum Reserve

	FY 1981 (\$ in Millions)	
	<u>Agency Request</u>	<u>OMB Recomm.</u>
Facilities Development:		
Budget Authority.....	246	81
Outlays.....	290	166
Oil Acquisition:		
Budget Authority.....	250	0
Outlays.....	2,000	1,267

The Department is requesting funds for construction of an additional 200 million barrels of storage capacity in addition to funding already approved for 92 million barrels of oil now in storage and for construction of 528 million barrels of storage capacity. OMB recommends against the additional facilities until DOE completes a study of the need for additional storage in light of your recent initiatives to reduce oil imports substantially by 1990 and until we have better assurances that it will be possible to purchase oil for the capacity. We also recommend that the ultimate goal of one billion barrels of protection, including 750 million barrels of government-owned storage, be retained for now.

The Department is also proposing to resume oil purchases using \$4.2 billion of prior year funds. Purchases were halted in March during the

Iranian crisis in order to lessen the world oil shortfall. The Department proposes to purchase 220,000 barrels/day in 1980 and 1981, requiring \$249 million of new funds in FY 1981.

A decision on the resumption of oil purchases will be made in the near future by the Energy Coordinating Committee. Based on analysis of the current oil market, OMB believes that purchases of 220,000 barrels/day will be very difficult to achieve and are unrealistic because they will cause price increases or supply shortages or result in possible production cuts by Saudi Arabia. OMB recommends budgeting for a more realistic level of purchases (100,000 barrels/day) in the near term (1980-1981). At this rate, the existing \$4.2 BA is more than adequate.

Clinch River Breeder Reactor

	FY 1981 (\$ in Millions)	
	<u>Agency Request</u>	<u>OMB Recomm.</u>
Budget Authority.....	520	320

In the McClure Compromise of August 1978, the Administration agreed to fund the Liquid Metal Fast Breeder Reactor (LMFBR) program at \$504 million in 1980 and \$520 million in 1981, subject to cancellation of the Clinch River Breeder Reactor (CRBR). This year CRBR was funded again at a level of \$172.4 million, and OMB feels that the Administration is no longer committed to the breeder compromise.

The Congress again will attempt to fund CRBR in FY 1981, and the Administration will again have to argue its case for terminating the project. We recommend that the Administration submit a low level of funding as a starting point for our negotiations on this subject.

For now, CRBR is being handled as a budget issue. The final memorandum to you will again be the product of an interagency group. It will have four options this year:

1. \$320 million with no commitment to replace CRBR with another breeder.
2. \$440 million with a study of a new breeder.
3. \$520 million with a study of a new breeder.
4. \$520 million with a commitment to build a new breeder.

OMB recommends option #1.

Commercialization of New Energy Technologies

This is to alert you to a potential issue in the DOE budget regarding the commercial applications of new energy technologies. DOE is committed to pushing new technologies into the marketplace. The 1981 budget reflects an increasing number of commercialization proposals.

Over the past year, the Administration has proposed major initiatives to speed commercialization of new technologies through such mechanisms as tax credits, the Solar Bank and the Energy Security Corporation. All of these initiatives are outside of DOE.

In light of these major new programs, OMB is now reviewing what role DOE should play in commercialization. This is particularly true in the fossil area, where the proposed Energy Security Corporation is expected to sponsor a number of projects utilizing new fossil energy technologies. In other areas (e.g., conservation), continued work by DOE may be more appropriate. Depending on the outcome of our discussions with the Department, this may be an issue coming to you for decision.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

The 1981 budget request for HEW has been reviewed by OMB in terms of a Department of Health and Human Services (HHS) and Department of Education presentation. About 95 percent of the outlays for the new HHS will be from entitlement programs with social security alone accounting for 60 percent. This fact means that HHS's outlay totals will be largely driven by inflation and unemployment and will be exceedingly difficult to control without cost savings legislation.

(\$ in billions)

	1979	1980		1981	
	Actual	Agency req.	OMB rec.	Agency req.	OMB rec.
HHS total outlays.....	169.5	191.7	191.0	215.4	213.4
Entitlement program outlays.....	(162.5)	(183.2)	(183.2)	(206.2)	(205.6)

For 1980, Congressman Michel was successful in getting enactment of a law requiring HEW to reduce fraud, abuse, and waste by \$500 million from the total funds appropriated to HEW. The Department is expecting to meet this mandate by using its borrowing authority rather than achieving any real savings in 1980 or 1981. OMB has included savings of \$500 million for both 1980 and 1981 in its recommendation and is urging HEW to develop a plan to achieve the savings.

	1980	1981	
	<u>OMB Rec.</u>	<u>Agency Req.</u>	<u>OMB Rec.</u>
HHS Employment			
FTP.....	142,536	142,585	139,102
Other.....	12,600	12,600	12,300

The OMB recommendation reduces employment in 1981 because of operating efficiencies assumed in the management of HHS programs and either the transfer of St. Elizabeth's Hospital to the District of Columbia or the creation of a public corporation jointly responsible to the D.C. Mayor and the HHS Secretary to manage the hospital as an interim step to transfer to D.C. OMB agrees with HEW on increasing the size of the National Health Service Corps from a current level of 1,850 positions to 4,500 positions in 1981 to increase medical care in underserved areas.

Health Program Rescissions in 1980

OMB is recommending approximately \$100 million in 1980 rescissions for Health Profession Training Capitation and Loan programs. This is consistent with the position we took in the 1980 budget. We are not proposing rescission for Nurse Training programs but are instead assuming a phase-down strategy beginning in 1981.

Hospital Cost Containment

The Department's request assumed \$1.7 billion in 1981 savings from enactment of hospital cost containment legislation. The recent House action on this legislation forecloses savings in this amount. Our recommendation will include a \$1.1 billion saving associated with enactment of the Senate Human Resources Committee bill. We are working with Stu and Pat Harris on a strategy to push hard for the passage of that bill while making some administrative savings by tightening existing regulations. We are jointly preparing a memo for you with fuller details of this strategy as well as alternative courses you may wish to pursue.

Medicare/Medicaid Changes

HEW has requested a total of \$875 million in Medicare/Medicaid expansions, most of which (\$682 million) have been previously recommended. OMB is recommending acceptance of \$750 million of these expansions, including the Child Health Assurance program, improved primary care clinic reimbursements, and Medicare home health benefits. OMB is also recommending additional savings to be achieved by encouraging establishment of State hospital rate setting commissions, changes in hospital depreciation reimbursement policies, and improved Medicaid program management incentives. The Medicaid changes are designed to bring some management and fiscal discipline to the program

by integrating Medicaid planning with overall health planning, establishing performance standards for administration expenses and program effectiveness, and proposing a prospective budgeting system. The details of the prospective budgeting system proposal need to be worked out with the Department to determine whether savings can be reflected in the budget and whether implementation of such a proposal is feasible; for the moment, we are reflecting savings of \$45 million in our recommendations for 1981.

Biomedical Research

	1980	1981		1983	
	OMB rec.	Agency req.	OMB rec.	Agency req.	OMB rec.
Budget Authority.....	3,429	3,592	3,429	3,592	3,429
Outlays.....	3,159	3,421	3,353	3,576	3,410

OMB recommends funding in 1981 at the \$3.4 billion 1980 level. The National Institutes of Health would be required to support the initiative or continuation of 5,000 research project grants, the same level as in 1980, with offsetting reductions in institutional overhead, training grants, and other areas. Your science advisor recommends the HEW request for a 5 percent increase (\$163 M) above the 1980 funding level and strongly recommends against reductions in training grant programs.

Health Planning and Grant Reform

OMB proposes administrative consolidation of 11 separate State health plan requirements into a unified State planning and grant review process. In addition, OMB recommends consolidated funding for HEW's primary health services grant programs under "performance contract" agreements with willing State or local governments for delivery of comprehensive health services to the poor and underserved. We have general agreement with HEW staff on these administrative reform proposals, but Secretary Harris has not endorsed them as yet.

Mental Health

	1979 Approp.	1980		1981	
		HEW Req.	OMB Rec.	HEW Req.	OMB Rec.
Budget Authority.....	570	622	550	704	627
Outlays.....	490	581	566	566	492

HEW is requesting \$622 million in 1980 and \$704 million in 1981, including a 1980 supplemental of \$72 million for currently unauthorized

mental health services, to be forwarded to Congress once the Mental Health Systems Act is enacted. The continued delays in enactment of the Administration's mental health proposal have made it highly unlikely that a \$72 million 1980 supplemental could be spent effectively for the new services initiative. The OMB recommendation thus does not include a 1980 supplemental and effectively delays the mental health services initiative until 1981. The 1980 funding level would represent a decrease of \$20 million below the total 1979 appropriation and \$41 million below the 1979 level in services funding.

Adolescent Health

	1980	1981		1983	
	OMB	Agency	OMB	Agency	OMB
	<u>rec.</u>	<u>req.</u>	<u>rec.</u>	<u>req.</u>	<u>rec.</u>
Budget Authority.....	18	41	--	41	--
Outlays.....	6	19	6	35	--

OMB has not included funding in 1981 for this \$18 million program pending a review of how funds could best be used for adolescent health services. The Administration proposed a program to address the problems of preventing teenage pregnancy, while the Congress targetted the program on health care for pregnant teenagers. We may adjust our position on this during the appeals process.

Social Security

	1980	1981		1983	
	OMB	Agency	OMB	Agency	OMB
	<u>rec.</u>	<u>req.</u>	<u>rec.</u>	<u>req.</u>	<u>rec.</u>
Budget Authority.....	116,958	134,543	134,543	174,978	174,978
Outlays.....	119,128	135,330	135,190	167,569	166,569

The Department did not propose any major social security benefit reduction in 1981. We generally concur in this approach. The unexpected high inflation rate has created a serious cash flow problem in social security. Although this problem is temporary in nature, we need to concentrate our energies on dealing with it rather than defending a controversial, deferrable legislative package. Therefore, OMB concurs in the Department's recommendation to drop all of the cost reduction proposals which had been included in the 1980 budget, except for the phasing out of the costly student benefit (\$112 M) -- a proposal which seems to be gaining greater public acceptance. Before making a final recommendation, however, we intend to consult with appropriate Congressional contacts.

Refugee Assistance

Refugee domestic assistance costs (\$644 million in 1981) are based on your 1980 commitment to double the flow of Indochinese refugees to the U.S. to 14,000 per month, and on maintaining the current policy of resettling all Soviet bloc refugees who wish to come to the U.S.

Aging/Social Services

The OMB recommendation holds aging and social service program funding at the 1980 level. We may have to adjust our recommendation in this area during the appeals process.

DEPARTMENT OF TRANSPORTATIONFederal Transit Operating Subsidies

	1980	1981		1983	
	OMB	Agency	OMB	Agency	OMB
	<u>rec.</u>	<u>req.</u>	<u>rec.</u>	<u>req.</u>	<u>rec.</u>
Program Level	1,105	1,295	1,200	1,525	1,375
Outlays.....	1,010	1,190	1,130	1,460	1,325

For the 1980 budget the Administration took a hard line and requested that Federal transit operating subsidies be held at the 1979 level. Given the decisions and public statements of the Administration over the last few months in the mass transit area, it is clear that a new attitude has developed toward the Federal role in assisting local transit efforts. Furthermore, the expansion of transit systems financed by Federal energy funds, coupled with the continued escalation of transit operating expenses, promises higher transit system deficits. In this situation, our objectives for Federal operating assistance must change to emphasizing the effectiveness and efficiency of the program. Specifically, this means (1) increasing the targeting of aid to those most in need, (2) restructuring the program so it helps slow the growth in operating expenses, and (3) providing more incentives for local financial support of transit.

For transit authorizing legislation to be submitted shortly, OMB recommends: (1) increasing the relative share of subsidies going to larger transit systems, (2) limiting increases in transit operating expenses eligible for Federal assistance to those necessitated by service expansion and the general inflation rate, and (3) requiring the combination of fares and local subsidies to increase with the inflation rate. For the 1981 budget, OMB recommends an increase which approximates the effects of inflation (7.5%) and service expansion (1%),

and targets the resulting \$95 million increase to 46 urbanized areas with extensive transit systems.

Aviation Trust Fund

	1980	1981		1983	
	OMB	Agency	OMB	Agency	OMB
	<u>rec.</u>	<u>req</u>	<u>rec.</u>	<u>req.</u>	<u>rec.</u>
Airport grants (program level)...	620	700	700	800	450
Revenue plus interest.....	(1,930)	(2,265)	(2,265)	(2,675)	(1,975)

The Administration's Aviation Trust Fund extension proposal has received no support. Our proposal, largely influenced by Secretary Adams, sought to keep the Trust Fund taxes at the current rate for passengers and shippers while using the Trust Fund surplus to cover more of the FAA's operating costs. It is now clear there is no constituency for this approach.

A new approach is needed. We are unsure if the new DOT Secretary would agree. DOT is not prepared to offer a new position, and wants the 1981 budget to continue to reflect the original proposal.

OMB believes that such a posture is not credible, and that DOT should get back in front of the issue. Therefore, OMB suggests that the Administration's proposal be modified in two areas along the lines of the reported Senate Commerce Committee bill. First, reduce the passenger ticket tax from the current 8% to 4% (rather than staying at 8% or going to 2% as in the Senate bill). Second, eliminate the 70 largest airports from receiving Federal airport grants (saving \$1.3 billion over 5 years). Both changes would take effect in 1982. We continue to support funding a significant part of the FAA operating costs (\$1.4 billion in 1982) from the Trust Fund.

Federal Commitments to Fund Mass Transit Fixed Guideway New Starts

	1980	1981		1983	
	OMB	Agency	OMB	Agency	OMB
	<u>rec.</u>	<u>req</u>	<u>rec.</u>	<u>req.</u>	<u>rec.</u>
Program Level.....	515	500	450	600	560

There is pressure to fund new fixed guideway transit systems. Los Angeles and Honolulu want to begin building new systems, and Baltimore, Atlanta, Boston, Detroit and Miami want to extend their systems. The most significant problems are their costs and the lack of significant energy-savings when compared to less capital intensive alternatives.

DOT will be under considerable pressure to promise funding for these projects; however, previous promises have exhausted currently authorized funds through 1983. (Under the law we cannot write a "letter of intent" without enough authorizations to cover the related funding.) A multi-year authorization bill including the base program and the energy "add-on" would provide some additional authorizations for fixed guideway new starts, depending on the nature of the bill, but it is not expected to be enacted before mid 1980.

Secretary Goldschmidt has stated he wants to leave the door open to applications for fixed guideway new starts, but acknowledges that the Administration must be prepared to say no to most, if not all, of them. OMB is concerned that without a "moratorium" on all new starts -- or rapid rail subways in particular -- the Administration may be subjected to irresistible pressures to fund expensive new projects. Therefore, although we are willing to "leave the door open," we recommend that DOT develop a strategy for reconciling the demand for fixed guideway new starts with the practically nonexistent resources available in the near term and the limited resources likely to be available in the long term.

For the 1980 energy supplemental and 1981 budget requests, OMB recommends making no additional grants for fixed guideway new starts beyond those previously promised. This recommendation affects preliminary engineering for a Los Angeles subway system, further extensions of the Baltimore and/or Atlanta subway systems, and downtown people mover requests by St. Paul, Miami and possibly a few other cities.

Railroad Retirement Board

Windfall Subsidy:

	1980	1981		1983	
	OMB	Agency	OMB	Agency	OMB
	<u>rec.</u>	<u>req.</u>	<u>rec.</u>	<u>req.</u>	<u>rec.</u>
Budget Authority.....	\$313	500	350	500	350
Outlays.....	313	500	350	500	350

Railroad Retirement Board requested an increase from \$313 million in 1980 to \$500 million in 1981, for the annual Federal subsidy of windfall payments to the rail industry pension fund. The windfall subsidy estimates, originally calculated at \$250 million in 1974, will continue to rise with inflation. OMB proposes limiting future Federal liability for the windfall subsidy to \$350 million annually.

Overseas Personnel

	<u>1975</u>	<u>1977</u>	Current <u>Ceiling</u>	<u>1981</u>	
				<u>Agency Req.</u>	<u>OMB Recom.</u>
U.S. Positions at Overseas Missions.....	13,519	12,127	11,283	11,550	10,853

In response to your direction, we have completed a special review of U.S. civilian and military personnel attached to diplomatic missions overseas. This review covered (a) ten issues raised by the joint State/OMB Teams which inspected 12 embassies last summer and (b) a comprehensive evaluation of agency overseas personnel requests.

We can expect strong agency appeals on some of the recommended reductions (e.g., transferring more responsibility for the screwworm eradication program to the Mexican Government; further consolidation of defense attache offices and security assistance organizations; disallowance of defense medical research overseas staffing; elimination of all overseas Travel Service positions; rejection of request for additional HEW disease control specialists).

BUDGET STATUS*

	<u>(Outlays in Billions)</u>	
	<u>1980</u>	<u>1981</u>
Agencies reviewed to date.....	170.1	173.4
Agencies covered in this memorandum:		
Agriculture <u>1/</u>	12.8	13.3
Education.....	13.1	12.6
Energy.....	8.3	10.1
Health and Human Services.....	191.0	213.4
Transportation.....	17.0	17.5
Railroad Retirement Board.....	4.6	4.9
Unreviewed agencies and contingencies.....	<u>137.6</u>	<u>163.0</u>
Total outlays.....	554.5	608.4
Receipts.....	518.8	590.0
Deficit.....	=====	=====
	-35.3	-18.4

* Details may not add to totals due to rounding.

1/ Food and Nutrition Service Only.

DRAFT--11/26/79
Conference on the Caribbean
Video-Tape Remarks

*ok (for
tele prompter?)*

*Rick --
please send to
Ann Edwards;
perhaps cc today*

Even though I cannot be with you in person, I want
to use this Conference to reaffirm my commitment and that
of the United States to economic development and democracy
in the Caribbean.

*Mark
L*

We ourselves are ^{*part of the*} Caribbean ^{*community*} ^{*know*} ~~nation~~, and we realize that
development and democracy are key to realizing the strength
of the region and meeting its challenges.

The Caribbean today is passing through a time of
rapid change, and our mutual challenge is to steer a
course -- economically, socially, and politically --
that will lead to a better life for all our people.

Twenty years ago, only three island nations in the
Caribbean were independent; today there are thirteen such

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sovereign nations, and that number is likely to increase by as many as five in the next few years.

Behind these numbers is a stirring history. Its beginning was an unpleasant story, marked by lonely struggles against slavery, colonialism, and -- too often -- indifference by the outside world. But the ~~drive~~ ^{effort} ~~struggle~~ ^{drive} of the Caribbean peoples, ^{toward} for freedom and modern development is primarily a proud story, one of courage, imagination, and determination in the face of hardship.

Today, however, with independence largely won, the Caribbean still faces many problems. Perhaps the most serious problems are economic. Spiralling oil prices, unstable commodity markets, uneven growth, inflation, and unemployment are not unique to the Caribbean; but these global trends have struck the small countries of the Caribbean with special severity. They add a major burden

to the always imposing challenge of the building and development of independent nations. And economic deprivation creates vulnerabilities to extremism and foreign intervention.

In facing these problems, the Caribbean has some significant advantages. In addition to its beauty and climate, vigorous political institutions and talented human resources provide special opportunities. From the resurgent social democracy of the Dominican Republic to the established parliamentary traditions of some English-speaking peoples, free institutions have fostered development within a stable framework. The awarding of this year's Nobel Prize to the distinguished development economist W. Arthur Lewis, ^{from Trinidad,} exemplifies the achievements and contributions of the Islands' peoples.

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Citizens

~~The~~ people of the United States and the Caribbean

stand together with a common pride in our achievement. We stand for the rights of people to be free of oppression, free from arbitrary abuse, and free to participate^e~~in~~ in a nation's political life. These rights of freedom are precious. Whatever the claimed justification, we will not be silent when these rights are abused.

We stand with those who are genuinely committed to development. We stand with those who ^{espouse} ~~live with~~ social justice and human rights and who work to translate them from abstract goals into real programs.

We stand with those who are genuinely committed to international relations based on mutual respect.

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As President, I have sought consistently to implement these principles and to strengthen relations in the region:

-- We negotiated Canal Treaties with Panama in keeping with our determination to forge new and better relationships with development countries.

-- We have worked with 30 countries and 15 international institutions to establish a Caribbean Group which has expanded and coordinated the flow of aid to the region and will support efforts to design, fund, and implement regionally integrated development activities.

-- My Administration has increased direct economic assistance to the Caribbean, nearly doubling bilateral aid obligations over the past two years. As actual disbursements ~~begin to~~ reflect these increases ~~over the next two years~~ we will be contributing more than ever before to ~~concrete projects that~~ generate employment and help meet basic human

needs. This is particularly true for the newly independent countries of the Eastern Caribbean.

-- We have come rapidly to the assistance of countries like the Dominican Republic and Dominica, friends in need of emergency aid to rebound from natural disasters.

-- We have repeatedly shown our eagerness to support political freedom and democratic processes.

But such governmental action is still not enough. That is why your meeting is so important. The U.S. has vast untapped resources of technology, skills, goodwill. I will use my office and my influence to help mobilize the people of the U.S. to work with the people of the Caribbean for common goals -- social and economic development and democracy.

United States
In the ~~U.S.~~ our universities, agricultural and labor organizations, business and industry, churches and other benevolent institutions, state and local governments, and individual private citizens can all play a vital role in establishing mutually *advantageous* ~~beneficial~~ relationships with our friends in the Caribbean. We can all benefit from improvements in education, agriculture, tourism, industry, trade, health, transportation, employment opportunities and personal friendships among our people.

The answers for the future are in the Caribbean's own talents and traditions, not in the false promises of foreign models. ~~Nor will~~ *will not* solutions emerge by blaming our problems on our own friends. To seek freedom, justice, independence, and a better life, one needs to work closely with those who genuinely share the goals of development and democracy.

~~[As the President of a nation that is itself part of the Caribbean community]~~ I hope that the other basin states of Venezuela, Columbia, Mexico and Central America will play a vigorous role in this effort. The Caribbean Group is an excellent example of the benefits of ^{a multilateral} ~~Caribbean~~ ^{effort.} ~~Basin~~ cooperation. Closer cooperation between the Caribbean Community and the Central American Common Market, and perhaps also the Andean Pact, could be another step toward greater progress.

Like the Caribbean, Central America is experiencing a period of profound change. Unlike the Caribbean, where nations are struggling to defend democratic institutions while they modernize, many of the nations of Central America are seeking to develop democratic institutions which had not previously existed. ^{Nevertheless,} both regions have much in common, and also much to learn from each other.

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Few societies can more genuinely speak of a common destiny than ours. For the United States and the Caribbean, the ~~ties~~^{ties} of history and geography are continuously renewed by what can only be described as one of the most intense people-to-people relationships in the world today. It is a relationship filled with exciting possibilities that are waiting to be explored.

As leaders and molders of opinion, we have a special responsibility to build understanding, to defend the region's democratic institutions, and to promote development of social and economic justice.

On behalf of the people of the United States, I pledge our continuing respect -- and support -- for these efforts.

Thank you.

#

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MEMORANDUM

THE WHITE HOUSE
WASHINGTON

November 23, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *ZB*
SUBJECT: Your Statement for the Conference
on the Caribbean

Attached is the draft of your video-tape remarks for the Miami Conference on the Caribbean. They have been cleared with State and the speechwriters. Jody is also receiving a copy.

Your schedule calls for you to make the tape on Monday afternoon.

Ed - Ag - Bus - Labor - Local - State - Tourism

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*Susan
draft
J
done*

DRAFT PRESIDENTIAL VIDEO-TYPE REMARKS FOR THE
MIAMI CONFERENCE ON THE CARIBBEAN

November 28, 1979.

Even though I ^{can} ~~could~~ not be with you in person, I wanted to

~~take this avenue for reaching you, because your concerns are very~~

~~close to mine. I wanted to~~ use ~~the opportunity of~~ this Conference

to reaffirm my commitment and that of the ^{United States to} ~~American people to work for~~

^{economic} development and democracy in the Caribbean.

We ourselves are a Caribbean nation, and we realize that

Development and democracy are key to ^{realizing} ~~understanding~~ the strength

of the region and meeting its challenges. [¶] The Caribbean today is

passing through a ~~turbulent~~ ^{rapid and mutual} time of change, [¶] Our challenge is to steer

a course -- economically, socially, and politically -- that will lead

to a better life for all our people.

^{island nations}
Twenty years ago, only 3 ^{countries} in the Caribbean were

independent; Today there are 13 ^{such} sovereign ~~Caribbean~~ nations, and

that number is likely to increase by as many as ^{five} ~~8~~ in the next few

years.

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Behind these numbers is a stirring history, ^{But} the drive of

the Caribbean peoples for ^{freedom and} modern development is ^{primarily} a proud story, one of ^{Courage} resilience, imagination, and determination in the face of hardship.

~~Its~~ ^{beginning was an unpleasant}
~~It is also [a difficult]~~ story, marked by lonely struggles against slavery, colonialism, and -- too often -- indifference by the outside world.

Today, however, with independence largely won, the Caribbean still faces many problems. ^{Perhaps} ~~By far~~ the most serious ^{problems} are economic. Spiralling oil prices, unstable commodity markets, uneven growth, inflation, and unemployment are not unique to the Caribbean, ^{but} these global trends have struck the small countries of the Caribbean with special severity. They add a major burden to the always imposing challenge of ^{the} independent nations' building and development. ^{economic} And ~~they~~ ^{deprivation} create vulnerabilities to extremism and foreign intervention.

In facing these problems, the Caribbean has some significant advantages. ^{In addition to its beauty and climate,} ~~particularly its~~ vigorous political institutions and ^{provide special opportunities.} talented human resources. From the resurgent social democracy of

the Dominican Republic to the established parliamentary traditions
of ^{Some} ~~the~~ English-speaking ^{peoples,} Caribbean, free institutions have fostered
development within a stable framework. ~~And~~ ^{the} awarding of this
^{nation?}
year's Nobel Prize to the distinguished [Caribbean] development
economist W. Arthur Lewis, exemplifies the achievements and contri-
butions of the Islands' peoples.

The people of the United States and the Caribbean stand together
with a common pride in our achievement. We stand for the rights of
people to be free of oppression, free from arbitrary abuse, and free
to participate in ^a ~~their~~ nation's political life. ^{These rights of freedom are precious.} Whatever the
^{claimed}
^a justification, [~~whether it be to repress revolution or to justify~~
~~it~~] we will not be silent when these rights are abused.

We stand with those who ^{are} genuinely committed to development.
We stand [~~not with those who mouth the words of social justice and~~
~~human rights, but~~] with those who ^{and work with social justice and human rights} live ^a them and who work to translate
them from abstract goals into real programs.

We stand with those who are genuinely committed to ^{international} relations based on mutual respect.

As President, *consistently*
~~[Since the beginning of my Administration]~~ I have sought to implement these principles and to strengthen relations in the region:

-- We negotiated ^{new} Canal Treaties with Panama in keeping with our determination to forge new ^{and better} ~~[mutually respectful]~~ relationships with developing countries.

-- We have worked with 30 countries and 15 international institutions to establish a Caribbean Group which has expanded and coordinated the flow of aid to the region ^{and will} ~~[The Group has also]~~ supported efforts to design, fund, and implement regionally integrated development activities.

-- My Administration has increased ~~[our own]~~ direct economic assistance to the Caribbean, nearly doubling bilateral aid obligations over the past two years. As actual disbursements begin to reflect these increases over the next two years, we will be

contributing more than ever before to concrete projects that generate employment and help meet basic human needs. And ^This is particularly true for the newly independent countries of the Eastern Caribbean.

-- We have come rapidly to the assistance of countries like the Dominican Republic and Dominica, friends in need of emergency ^{aid} ~~assistance~~ to rebound from natural disasters.

-- We have repeatedly shown our eagerness to support, ^{political freedom} the democratic process, ^{ess.} ~~[such as occurred in 1978 in the Dominican Republic in the first peaceful transfer of power from one democratic party to another in 100 years.]~~

^{such governmental action}
But ~~all that~~ is still not enough. And ^That is why your meeting is so important. The U.S. has vast untapped resources of technology, skills, goodwill. I ^{will} ~~am prepared to~~ use my office, ^{and my influence} to help mobilize the people of the U.S. to work with the people of the Caribbean for ^{social and economic} common goals -- ^A development and democracy.

our universities, agricultural and labor organizations, business and industry, churches and other benevolent institutions, state and local governments, and

In the U.S., private sector has a vital role to play in this effort and in the development of the modern Caribbean. ~~individual~~ ~~to do so,~~ ~~relationships with our friends in the Caribbean.~~ ~~private citizens can all play a vital role in establishing mutually beneficial relationships~~

~~all of us -- government and corporate leaders -- must not be misled by a history of commercial exploitation under colonialism. Modern businesses are as different from those abusers of the past as today's leaders are from colonial rulers. The excessive rhetoric which condemns all transnational corporations also condemns modern~~

We can all benefit from improvements in education, agriculture, tourism, industry, trade, health, transportation, employment opportunities and personal friendships among our people.

~~We must seek new positive terms for a relationship based on common goals and mutual respect.~~ *for the future* The answers are in the Caribbean's

~~own~~ talents and traditions, not in the false promises of foreign models.

will Nor ~~do~~ solutions emerge by blaming *our* ~~one's own~~ problems on *our own* ~~one's~~ friends. To seek freedom, justice, and independence, *and a better life* one needs to *work closely with* ~~[look to oneself and to]~~ those who genuinely share the goals of development and democracy.

of the community,

As the President of a nation that is itself part, Caribbean, I hope that the other basin states of Venezuela, Columbia, Mexico and Central America will also play a vigorous role in this effort. The

Caribbean Group is an excellent example of the benefits of Caribbean Basin cooperation. ^{close} ~~Some steps toward~~ cooperation between the Caribbean Community and the Central American Common Market, and perhaps also the Andean Pact, could be another ~~[sign of new closeness]~~ *step toward greater progress.*

Like the Caribbean, Central America is experiencing a period of profound change. Unlike the Caribbean, where nations are struggling to defend democratic institutions while they modernize, many of the nations of Central America are seeking to develop democratic institutions which had not previously existed. Both regions have *much in common, and also* much to learn from each other.

Few societies can more genuinely speak of a common destiny than ours. For the United States and the Caribbean, the ties of history and geography are continuously renewed by what can only be described as one of the most intense people-to-people relationships in the world today. It is a relationship filled with ^{exciting} possibilities ~~for~~ *that are waiting to* ~~added cooperation that should be explored.~~

-- As leaders and molders of opinion, we have a special responsibility to build understanding, to defend the region's democratic institutions, and to promote development of social *and economic* justice.

of the United States,
On behalf of the ~~American~~ people, I pledge our continuing respect -- and support -- for these efforts.

Thank you.

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