

**12/19/79 [2]**

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 12/19/79  
[2]; Container 143

To See Complete Finding Aid:

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

THE WHITE HOUSE  
WASHINGTON

December 19, 1979

*Rick J*

MEMORANDUM FOR THE PRESIDENT

**Electrostatic Copy Made  
for Preservation Purposes**

FROM: RICK HUTCHESON *Rick*

SUBJECT: MEMOS NOT SUBMITTED

1. HENRY OWEN MEMO on economic/energy decisions you are making:
  - A clear statement that you will impose an oil import fee if U.S. imports/consumption do not decline by appropriate amounts would strengthen our influence in pushing for import cuts in IEA negotiations.
  - The dollar's strength depends on how foreign countries view our energy and anti-inflation policies. There is skepticism that you will hold to tight fiscal policies during an election year. A tight budget will be a welcome signal that you still consider inflation the main threat.
  - Since the Tokyo Summit, Germany and Japan have increased their aid for LDC food production substantially. Italy has pledged to double its aid. The Vienna Summit could be the occasion for a major push to eliminate hunger by the year 2000, as proposed by the Hunger Commission. If we do not provide substantial food aid and increase aid for food production in FY 81, our allies will not take us seriously when we ask them to step up the war on hunger.
2. TRADE CASE. Ambassador Askew and all agencies concur with the ITC order excluding the importation of pump top insulated containers which violate a U.S. patent. *OK*
3. ROUTINE CAB DECISIONS in which the Counsel's office and all agencies concur:
  - Dockets 37189, 37196: suspend fare increases sought by TWA and Air France. *OK*
  - Dockets 35285, 35283: permit two Canadian firms to charter small aircraft for US-Canadian flights. *OK*

Dockets 33686, 33687, 34241, 33285, 33286, 33287, 34476,  
34477, 35301, 35302: permit various firms to engage in  
interstate and/or overseas air charter  
operations, and approve certain control  
and interlocking relationships. *etc*

4. SCOTTY CAMPBELL sent you an editorial from the Chicago Defender applauding the fact that more than half of the promotions in the Federal government went to minorities and women in the June 1977-78 period, reflecting the affirmative action priorities of the Administration. *To Stu*
5. JOHN REINHARDT MEMO. Events in Iran, Pakistan and Libya cannot be interpreted as indicating a general surge of anti-Americanism even in the Muslim world; in fact, there are enduring indications of esteem for the U.S.
6. SECRETARY BERGLAND sent you a memo reporting on his recent visit to Egypt and Israel. Both countries were enthusiastic with regard to cooperation in agriculture.
7. SECRETARY MARSHALL sent you a memo calling your attention to DOL's exchange program with Ministries of Labor in several countries. The Secretary finds that "sharing information to help overcome common domestic problems often yields foreign policy benefits."
8. JOHN P. WHITE memo reporting a violation of the Anti-Deficiency Act by the Department of Interior's Bureau of Land Management. OMB is satisfied that DOI has taken appropriate corrective measures in this instance.

**Electrostatic Copy Made  
for Preservation Purposes**

ID 795753

THE WHITE HOUSE

WASHINGTON

DATE: 17 DEC 79

FOR ACTION: STU EIZENSTAT

ZBIG BRZEZINSKI

CHARLES SCHULTZE

FRANK MOORE

JIM MCINTYRE

*concur*

*concur*

*CONCURS  
"don't see why  
President should  
have to look at it")*

INFO ONLY: THE VICE PRESIDENT

SUBJECT: ASKEW MEMO RE RECOMMENDED PRESIDENTIAL ACTION ON THE  
EXCLUSION OF PUMP TOP INSULATED CONTAINERS  
LAST DAY JANUARY 8

+++++  
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +  
+ BY: 1200 PM WEDNESDAY 19 DEC 79 +  
+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

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

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

ACTION  
FYI

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

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

THE SPECIAL REPRESENTATIVE FOR  
TRADE NEGOTIATIONS

WASHINGTON

20506

December 14, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Reubin O'D. Askew 

SUBJECT: Recommended Presidential Action on the  
Exclusion Under Section 337 of the Tariff  
Act of 1930, as amended, of Pump Top Insulated  
Containers which Infringe U.S. Letters Patent  
4,113,147.

Section 337 of the Tariff Act of 1930, as amended, authorizes the United States International Trade Commission to order remedies for unfair practices in import trade. Under that authority the Commission has ordered the exclusion from importation into the United States of pump top insulated containers that infringe a United States patent. Section 337 is generally used to seek relief in patent infringement cases.

Section 337 contains Presidential authority to disapprove the ordered remedy for policy reasons by informing the Commission of disapproval within 60 days of receipt of the Commission's determination and order. Representatives of the Trade Policy Staff Committee (the U.S. Trade Representative, the Departments of Agriculture, Commerce and Trade, Defense, Interior, Labor, State, Treasury, and the United States International Trade Commission) approved the recommendation that you exercise the first option below and take no action on the case. This will allow the exclusion order to become final on January 8, 1980. There is no provision for Congressional override of Presidential action in 337 cases.

There are no known economic or foreign policy reasons favoring disapproval of the exclusion order. The imported product was found to infringe a valid United States patent. The market for the product is highly competitive and includes both domestic and foreign manufacturers, so that the patent holder will not be free of price or product competition as a result of the exclusion order, and the market supply will not be limited. There is a policy interest in enforcing the patent rights of U.S. patent holders.

The President's Options are:

<u>Decision</u>	<u>Options</u>	<u>Presidential Action Required</u>
_____	Approval (automatic) Recommended	None. The exclusion order becomes final automatically on January 8, 1980.
_____	Approval (express)	President informs the U.S. International Trade Commission of approval of exclusion order prior to January 8, 1980.
_____	Disapproval	President informs the U.S. International Trade Commission of disapproval of the exclusion order prior to January 8, 1980.

**TRADE POLICY STAFF COMMITTEE**

**ACTION RECORD**

**DATE:** November 29, 1979  
**DOCUMENT:** 79-158  
**SUBJECT:** Section 337 Investigation on  
Pump Top Insulated Containers  
**SUBMITTED BY:** Office of the Special Representative  
for Trade Negotiations

**ATTENDANCE/TELEPHONE CLEARANCE:**

<u>Agency</u>	<u>Member or Alternate</u>	<u>Other</u>
STR	Ann Hughes, Acting Chairman; Alice Zalik	
Agriculture		
Commerce	Fred Montgomery	Judy Davis
Defense		
Interior	Howard Andersen	
Labor	Betsy White	Tim Bennett
State	Joel Spiro	William Diroll
Treasury	William Barreda	Steve Jacobs
USITC		
Justice		Tom Sheldon

**COMMITTEE DECISION:**

Paper approved.

**COMMITTEE COMMENT:**

  
Carolyn Frank  
Secretary

# LIMITED OFFICIAL USE

## PROBLEM

The President now has for disposition the determination and order of the United States International Trade Commission on Investigation No. 337-TA-59, Pump Top Insulated Containers. The investigation was initiated under section 337 of the Tariff Act of 1930, as amended (19 USC 1337), on a complaint filed on behalf of Aladdin Industries, Incorporated. The complaint alleged that unfair methods of competition and unfair acts existed in the importation of pump top insulated containers into the United States, or in their sale, by reason of the alleged coverage of such articles by the claims of U.S. Letters Patent No. 4,113,147, by reason of the unlawful copying of Aladdin's trade dress, and by reason of the failure to indicate on such articles the country of origin. The last allegation was later abandoned.

The Commission has found a violation of Section 337 in the importation into the United States of the pump top insulated containers covered by the patent claims of U.S. Letters Patent No. 4,113,147, or in their sale by their owners, importers, consignees, or agents of either, in the United States, the effect or tendency of which is to injure substantially an industry, efficiently and economically operated, in the United States. The Commission, therefore, has ordered that pump top insulated containers covered by the enumerated claims of the above referenced Letters Patent be excluded from entry into the United States for the term of the patent (until September 25, 1995) except under license of the patent owner.

The President may disapprove or expressly approve the exclusion order by so notifying the Commission within 60 days after the date on which he received the Commission report. If the order is not disapproved or expressly approved by the President, it will become final on January 8, 1980. The President does not have the authority to alter the remedy or delay the action beyond the sixty day period. There is no provision for the Congress to override the action taken by the President.

## RECOMMENDATION

The President should take no action on this case, allowing the exclusion order to become final on January 8, 1980.

LIMITED OFFICIAL USE

DISCUSSION

Rationale Supporting the Recommendation: The Commission is required by Section 337 to make a determination that there is, or is not, a violation of the provisions of the section. If the Commission finds affirmatively, it is required to issue a remedy in the form of an exclusion order or a cease and desist order, unless, after consideration of the effect of the chosen remedy on the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers, it determines that a remedy should not be ordered.

The legislative history on section 337(g)(2), which provides for Presidential review of USITC orders, states that the factors to be considered by the President in determining whether an order should be disapproved for "policy reasons" include the same factors considered by the Commission in deciding to issue a remedy, and adds foreign policy considerations. Senate Finance Committee Report No. 93-1298 adds:

"The President's power to intervene would not be for the purpose of reversing a Commission finding of a violation of section 337; such a finding is determined solely by the Commission, subject to judicial review."

The Commission presumed the complainant's patent to be valid, as it was in no way challenged, and found the importation and sale of respondent's (Apollo Limited) product, which contained elements covered by the claims of the patent, infringed complainant's patent rights in violation of section 337. Apollo Limited did not respond to the complaint or motions filed with the Commission, nor did it make an appearance.

The pump top insulated containers which are to be excluded from entry absent a license from the patent holder are the product of a single manufacturer located in Korea and certain unknown manufacturers in Taiwan. Insulated containers of other types are readily available in the United States and the market is price competitive. Opportunity to comment on the possible effects was given to the public, the Federal Trade Commission, the Department of Justice, the Department of Health, Education, and Welfare, and the Customs Service prior to the issuance of the exclusion order. No comment was received concerning any of the public factors to be reviewed by the President.

There appear to be no domestic or foreign policy reasons sufficient to disapprove the Commission's order.

PROCEDURAL HISTORY

On November 9, 1978, Aladdin Industries, Incorporated, of Nashville, Tennessee, filed a complaint with the Commission under section 337 of the Tariff Act of 1930, as amended. The complaint alleged that complainant's patent rights, assigned to complainant by the patentees, were being infringed by the importation and sale in the United States of pump top insulated containers, features of which were included in the claims of U.S. Letters Patent No. 4,113,147, by the passing off of such pump top insulated containers as though they were complainant's product and by the failure of the manufacturer to indicate the country of origin on the imported containers. Notice of the investigation appeared in the Federal Register of November 9, 1978 (43 FR 52297).

Respondents named in the notice of investigation were: W.P. Hemenway Co. and Rainbow National, Inc. Later, on motion by Aladdin, the Commission deleted Hemenway as a respondent and added the Warren Company, Apollo Limited, and the Rollin Corporation. The last was named as respondent only to an allegation of unlawful copying of trade dress. The allegation relating to the indication of the country of origin was abandoned by complainant.

Aladdin reached a settlement agreement with Warren Company and Rainbow National, Inc. and the Commission granted a motion to terminate the investigation with respect to them on September 25, 1979.

The Administrative Law Judge recommended that respondent Apollo Limited and certain unknown manufacturers from Taiwan be found in violation of section 337 in the importation into the United States of pump top insulated containers from Korea and from Taiwan without license from the owner of the patent, the claims of which covered the basic features of the imported containers. The Administrative Law Judge recommended against finding a violation of 337 on the part of respondent Rollin because there was no evidence that Rollin had imported pump top insulated containers into the United States.

Oral arguments and oral presentations were made before the Commission by the complainant and the investigative attorney on the ALJ's recommended determinations, as well as the issues of appropriate relief, the public interest, and bonding. Neither the respondents, nor the government agencies notified of the hearing, appeared or submitted comments.

The Commission found that the complainant had been assigned the patent rights under U.S. Letters Patent No. 4,413,147. The imported pump top insulated containers included features covered by claims 1, 4, and 15 of the assigned patent and thereby infringed that patent. The Commission, therefore, adopted the conclusions of law of the ALJ as to the violation of section 337. The Commission also found the record did not contain evidence showing that Rollin had imported or sold pump top insulated containers in the United States and, therefore, there was no violation of section 337 by that firm.

The Commission reviewed evidence as to Aladdin's production facilities, technological improvements and capital program and determined that the firm was efficiently and economically operated. The evidence also related the decline in Aladdin's sales and profitability to the period during which Apollo began importing pump top insulated containers into the United States. The Commission found the relation sufficient to determine injury to the domestic industry caused by the importation of the patent infringing product.

Based upon the above determinations, the Commission ordered the exclusion of the imported pump top insulated containers for the duration of the patent (until September 25, 1995) except under license from the patent owner. No public interest factors were presented, although the public, the Federal Trade Commission, the Department of Justice, the Department of Health, Education, and Welfare, and the Customs Service were invited to comment. Bond for products imported during the 60 day period allotted for Presidential review was set at 63 percent ad valorem.

THE WHITE HOUSE  
WASHINGTON

12/19/79

To Bob Linder:

On the attached CAB Decision's  
Docket 36114, 35285 and  
35283 we have received  
White House concurrence.

Please have the letters  
autopenned.  
Thanks.

Patti Maloomian

ID 15 795752  
5751



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

DEC 14 1979

ACTION

MEMORANDUM FOR THE STAFF SECRETARY

SUBJECT: Civil Aeronautics Board Decisions:

Rordaire Limited

Docket 35285

Due Date: January 8, 1980

Ranger Lake Helicopters Limited

Docket 35283

Due Date: January 8, 1980

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

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

*/s/* R. O. Schlickeisen

R. O. Schlickeisen  
Associate Director for  
Economics and Government

Attachments:

Memorandum to the President  
CAB letters of transmittal  
CAB orders  
Letter to the Chairman

DEC 14 1979

ACTION

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Civil Aeronautics Board Decisions:

Bordaire Limited

Docket 35285

Due Date: January 8, 1980

Ranger Lake Helicopters Limited

Docket 35283

Due Date: January 8, 1980

The Civil Aeronautics Board proposes to issue foreign air carrier permits to Bordaire Limited and Ranger Lake Helicopters Limited. The Board's action would authorize these two Canadian firms to engage in small aircraft charter air transportation services between any point or points in Canada and any point or points in the United States.

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

/s/ R. O. Schlickeisen

R. O. Schlickeisen  
Associate Director for  
Economics and Government

Attachments:

CAB letters of Transmittal

CAB orders

Letter to the Chairman

Options and Implementation Actions:

- 1) Approve the Board's orders by taking no action.  
(DOS, DOD, DOJ, DOT, NSC, OMB.)  
-- Sign the attached letter to the Chairman.
- 2) Disapprove.  
-- Appropriate implementation materials to be prepared.
- 3) See me.

cc: The Staff Secretary

To Chairman Marvin Cohen:

I have reviewed the following orders proposed by the Civil Aeronautics Board:

Bordaire Limited  
Docket 35285

Ranger Lake Helicopters Limited  
Docket 35283

I do not intend to disapprove the Board's orders within the 60 days allowed by statute.

Sincerely,

Honorable Marvin S. Cohen  
Chairman  
Civil Aeronautics Board  
Washington, D.C. 20428

cc: The Staff Secretary



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

DEC 14 1979

ACTION

MEMORANDUM FOR THE STAFF SECRETARY

SUBJECT: Civil Aeronautics Board Decision:

American Samoa Show-Cause Proceeding  
Docket 36114  
Due Date: January 4, 1980

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

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

/s/ R. O. Schlickeisen  
R. O. Schlickeisen  
Associate Director for  
Economics and Government

Attachments:

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

DEC 14 1979

ACTION

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Civil Aeronautics Board Decision:

American Samoa Show-Cause Proceeding  
Docket 36114  
Due Date: January 4, 1980

The Civil Aeronautics Board proposes to amend the route certificates of Continental Air Lines, DHL Airways and Hawaiian Airlines to serve various U.S. Mainland points, Honolulu and Pago Pago.

The Departments of State, Defense, Justice and Transportation and the National Security Council have not identified any foreign policy or national defense reasons for disapproving the Board's order in whole or in part.

The Office of Management and Budget recommends that you approve the Board's decision by signing the attached letter to the Chairman which indicates that you do not intend to disapprove the Board's order within the 60 days allowed by statute for your review. Also, OMB recommends that you state in your letter that no national defense or foreign policy reason underlies your action. This will preserve whatever opportunity is available under the new statute for judicial review.

/s/ R. O. Schlickeisen

R. O. Schlickeisen  
Associate Director for  
Economics and Government

Attachments:

CAB letter of transmittal  
CAB order  
Letter to the Chairman

Options and Implementation Actions:

- 1) Approve the Board's order and preserve whatever opportunity is available for judicial review (DOS, DOD, DOJ, DOT, NSC, OMB).  
-- Sign the attached letter to the Chairman.
- 2) Approve the Board's order and do nothing to preserve whatever opportunity is available for judicial review.  
-- Implementation materials to be prepared.
- 3) Disapprove the Board's order.  
-- Implementation materials to be prepared.
- 4) See me.

cc: The Staff Secretary

To Chairman Marvin Cohen:

I have reviewed the following order proposed by the Civil Aeronautics Board:

American Samoa Show-Cause Proceeding,  
Docket 36114

I do not intend to disapprove the Board's order within the 60 days allowed by statute. No foreign policy or national defense reason underlies my action.

Sincerely,

Honorable Marvin S. Cohen  
Chairman  
Civil Aeronautics Board  
Washington, D.C. 20428

cc: The Staff Secretary



OFFICIAL USE ONLY  
CIVIL AERONAUTICS BOARD

WASHINGTON, D.C. 20428

IN REPLY REFER TO: B-1-72

NOV 5 1979

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

Dear Mr. President:

I transmit the Board's proposed order on the applications of Continental Air Lines, DHL Airways and Hawaiian Airlines, Docket 36114, for your consideration under section 801(a) of the Federal Aviation Act of 1958 as amended by the Airline Deregulation Act of 1978. The order will issue amended certificates to the applicants and adopt the Board's findings in its Order 79-11-16 (enclosed) unless you disapprove it within 60 days of this transmittal.

If you should decide earlier that you will not disapprove, please advise me to that effect; this will allow the earlier issuance of the certificate amendments and may allow earlier service to the public.

We are submitting this proposed decision to you before publication under the provisions of section 801(a) of the Federal Aviation Act of 1958. In accordance with Executive Order 11920, however, we plan to release all unclassified portions of the decision upon receipt of authorization from your Assistant for National Security Affairs.

Respectfully yours,

(Signed) Marvin S. Cohen

Marvin S. Cohen  
Chairman

Enclosures

OFFICIAL USE ONLY

THE WHITE HOUSE  
WASHINGTON

To Bob Linder

The Counsel's office concurs  
with OMB's recommendations  
re the attached CAB decisions:  
dockets 33198 and 33196.  
Please act accordingly. (No  
letters needed for autopen).

Thanks

Marion Bartle

Summary



ID 795526

THE WHITE HOUSE

WASHINGTON

DATE: 10 DEC 79

FOR ACTION: STU EIZENSTAT

LLOYD CUTLER (DOUG HURON)

*Concur*

INFO ONLY: THE VICE PRESIDENT

SUBJECT: CAB DECISIONS: US CARIBBEAN FARE INCREASES BY COMPAGNIE  
NATIONALE AIR FRANCE; INCREASE IN TRANSATLANTIC PASSENGER  
FARES BY TRANS WORLD AIRLINES - LAST DAY DECEMBER 14

+++++

+ RESPONSE DUE TO DOUG HURON +

+ BY: +

+++++

ACTION REQUESTED: IMMEDIATE TURNAROUND

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

PLEASE NOTE OTHER COMMENTS BELOW:



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

DEC 7 1979

ACTION

MEMORANDUM FOR THE STAFF SECRETARY

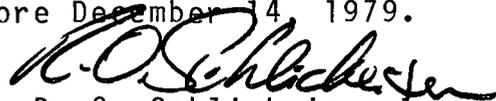
SUBJECT: Civil Aeronautics Board Decision:

U.S.-Caribbean fare increases proposed by  
Compagnie Nationale Air France

Docket 37198

You will find attached a memorandum for the President about the above international aviation case. The interested executive agencies have indicated that they have no objection to the proposed order.

The Board's decision becomes final unless the President disapproves the order on or before December 14, 1979.

  
R. O. Schlickeisen  
Associate Director for  
Economics and Government

Attachments:

Memorandum to the President  
CAB letter of transmittal  
CAB order

DEC 7 1979

ACTION

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Civil Aeronautics Board Decision:

U.S.-Caribbean fare increases proposed by  
Compagnie Nationale Air France

Docket 37198

The Civil Aeronautics Board proposes to suspend normal economy fare increases of about 6 percent requested by Compagnie Nationale Air France in five U.S.-Caribbean markets. Air France states that the fare increases are necessary to offset rising fuel costs.

In the Board's view, the U.S.-Caribbean normal economy fares generally remain inordinately high and most passengers continue to pay fares far above the cost of service they receive. During recent months, similar requests by other carriers for U.S.-Caribbean normal economy fare increases have been suspended by the Board with your concurrence.

The Departments of State, Defense, Justice and Transportation and the National Security Council have no objection to the Board's proposed order.

The Office of Management and Budget also recommends that you take no action and allow the Board's order to go into effect.

The Board's order becomes final unless you disapprove the order on or before December 14, 1979.

*/s/* R. O. Schlickeisen

R. O. Schlickeisen  
Associate Director for  
Economics and Government

Attachments:

CAB letter of transmittal  
CAB order

Options and Implementation Actions:

- 1) Approve the Board's order by taking no action.  
(DOS, DOD, DOJ, DOT, NSC, OMB.)
- 2) Disapprove.  
-- Appropriate implementation materials to be prepared.
- 3) See me.

cc: The Staff Secretary



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

DEC 7 1979

ACTION

MEMORANDUM FOR THE STAFF SECRETARY

SUBJECT: Civil Aeronautics Board Decision:

Increase in transatlantic passenger fares proposed by  
Trans World Airlines

Docket 37196

You will find attached a memorandum for the President about the above international aviation case. The interested executive agencies have indicated that they have no objection to the proposed order.

The Board's decision becomes final unless the President disapproves the order on or before December 14, 1979.

A handwritten signature in cursive script, reading "R. O. Schlickeisen".

R. O. Schlickeisen  
Associate Director for  
Economics and Government

Attachments:

Memorandum to the President  
CAB letter of transmittal  
CAB order



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

DEC 7 1979

ACTION

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Civil Aeronautics Board Decision:

Increase in transatlantic passenger fares proposed by  
Trans World Airlines

Docket 37196

The Civil Aeronautics Board proposes to suspend a 7% normal economy fare increase requested by Trans World Airlines (TWA) for routes between the U.S. and Greece. TWA asked for a 7% increase for all transatlantic fares as a result of fuel price increases and the Board decided to permit all of the requested increase except for normal economy fares to and from Greece. In the opinion of the Board, fares to and from Greece are already high enough to return a fair profit and the competitive structure of the market is such that competition alone is unlikely to discourage excessively high fares.

The Departments of State, Defense, Justice and Transportation and the National Security Council have no objection to the Board's proposed order.

The Office of Management and Budget also recommends that you take no action and allow the Board's order to go into effect.

The Board's order becomes final unless you disapprove the order on or before December 14, 1979.

*[Signature]* R. O. Schlickeisen

R. O. Schlickeisen  
Associate Director for  
Economics and Government

Attachments:

CAR letter of transmittal  
CAB order

Options and Implementation Actions:

- 1) Approve the Board's order by taking no action.  
(DOS, DOD, DOJ, DOT, NSC, OMB.)
- 2) Disapprove.  
-- Appropriate implementation materials to be prepared.
- 3) See me.

United States of America  
**Office of  
Personnel Management**

Washington, D.C. 20415

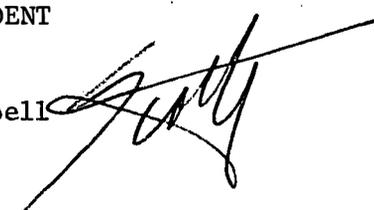
December 11, 1979

In Reply Refer To:

Your Reference:

MEMORANDUM FOR THE PRESIDENT

FROM: Alan K. Campbell  
Director



SUBJECT: Editorial from Chicago Defender

I send along a recent editorial from the Chicago Defender, an important minority community newspaper, in case it has not been brought to your attention. The editorial reflects significant support from the Black community, and is a credit to your administration and to the Federal bureaucracy.

The affirmative action accomplishments on which this editorial comments are evidence of the extent to which Federal managers, particularly those in the career service, have been responsive to your policies. This is a remarkable achievement, since the size of the Federal work force is not increasing and it is possible to make significant gains for women and minorities only through promotions.

Enclosure

## Women and minorities

Those who are loudly condemning President Jimmy Carter's failure to aid minority employment in any substantial way probably didn't notice a little report issued last week by the federal Office of Personnel Management. It revealed that from June, 1977, to June, 1978, more than half of the promotions in government employment nationwide went to women and minorities. This substantial improvement occurred just after Mr. Carter ordered federal agencies to give special emphasis to this matter.

Although white women were the principal beneficiaries of the order (getting more than three of every 10 promotions), blacks and Latinos, for a change, got a healthy share (two out of each 10 promotions). The figures are impressive for two reasons.

First, they revealed that the administration's commitment to racial equality isn't as flimsy as many pundits have been saying. Two out of 10 isn't exactly equality — but it is almost exactly the per-

centage of minorities in the federal workforce of more than a half million persons. As such, it suggests that some old discrimination barriers aren't operating as potently as they once did, at least on the federal level.

Second, the figures challenge the common assumption that blacks may get their foot in the employment door only to remain frozen forever at the lowest levels just inside that door. That has been a persistent phenomenon in both the government and private industry ever since affirmative action was hatched. These figures reveal that despite the Bakke trend and the return of considerable "benign neglect," minority promotion has gone beyond token stages.

We do not know to what extent this healthy trend continued after mid-1978, since authoritative figures are not yet available. Nevertheless, such undeniable progress makes some observers wonder if Mr. Carter is more than a victim of poor public relations than of misplaced affirmative action priorities.

ID 795627

THE WHITE HOUSE

WASHINGTON

DATE: 11 DEC 79

FOR ACTION:

INFO ONLY: LOUIS MARTIN

SARAH WEDDINGTON

SUBJECT: CAMPBELL MEMO RE CHICAGO DEFENDER EDITORIAL

+++++

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

+ BY: +

+++++

ACTION REQUESTED:

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

PLEASE NOTE OTHER COMMENTS BELOW:

*Summary*



**International  
Communication  
Agency**

United States of America  
Washington, D.C. 20547

Director

December 7, 1979

RL

060452

MEMORANDUM FOR: The President

FROM: John E. Reinhardt *qer*

There is no hard evidence of a major change of international opinion about the United States leading up to -- or flowing from -- the events in Iran, Pakistan and Libya. There are, in fact, enduring indications of esteem for the U.S.

In the Moslem world, special factors are at work which must be distinguished from generalized anti-Americanism. Mob behavior cannot be interpreted as indicating a general surge of anti-Americanism even in the Muslim world.

The evidence indicates not widespread anti-Americanism, but specific grievances that are best addressed in their own terms; conversely, there is no evidence that specific disagreements normally imply a lowering of general esteem for the U.S.

A fuller description of our findings is attached.

cc: The Secretary of State

## November 4: A Wave of Anti-Americanism?

It is tempting to conclude that the explosive events in the Moslem world since November 4 suggest a sea-change in international feelings toward the U.S.

Such a conclusion is an improper generalization from individual events. It over-simplifies the complexities of public psychology.

From a review of the (geographically limited) available research, we find no hard evidence that a major opinion change toward the US has occurred abroad. Instead there has been, as a constant fact of the last two decades, strong, repeated, widespread evidence of general esteem and respect for this country that has persisted beyond specific events and overt acts of "anti-Americanism."

The concept of anti-Americanism is, itself, not very useful. Indeed, the most important finding of our review is the relative independence of several factors that are commonly lumped together as anti-Americanism. The concept usually mixes general feelings about the US with specific reactions to issues, perceptions of US military and economic power, distrust of motives, etc. These factors do not necessarily rise or fall together. Their record in recent years shows quite independent movement.

There are, undoubtedly, reverberations among these elements; they breathe the same air. A long history of anguish and disagreement in one area can erode good feeling in another. Disagreement with our policy in Vietnam did, over time, appear to affect overall European and Japanese attitudes toward the US. But it is the independence, not the links, that is striking.

## Where is the Anti-Americanism?

Fifty post-war surveys in various countries show a large reservoir of general good opinion of the US. This pattern has been repeatedly confirmed in studies from 1955 to 1979.

It is true that certain perceptions of American military and economic pre-eminence have markedly declined throughout the decade as new centers of power have emerged. But the

belief that America is no longer considered omnipotent is different from "anti-Americanism."

In Western Europe, there are few signs of overt anti-Americanism. The pervasive "Yankee Go Home" signs, the vitriolic sniping, and demonstrations of the 1950s and 60s have all but disappeared. Measures of general feelings toward the US were taken by the EC in October 1978 in nine West European countries. The study found that favorable opinions greatly overshadowed unfavorable opinions in all nine countries -- by margins of 4-to-1 or more. Our own recent studies in Japan, Mexico, Australia, and Canada demonstrate that good opinion of the US clearly outweighed bad opinion.

For the Soviets, anti-US sentiment is a governmental policy consistent with international political competition. Nonetheless, Soviet elites continue to believe that the long-term stability of the US-Soviet relationship is the key element of their foreign policy. There are numerous indications that Soviet elites and "public" continue to measure their own progress in many areas against a US standard and desire increased cooperation in many spheres. Pro-US sentiment is even more apparent in Eastern European countries where, in addition to other factors, the US connection is a counterbalance to Soviet dominance.

Even in Moslem countries we have not previously found widespread anti-Americanism. Some of the current rage we see may be directed at the Western model of modernization and the rapid change that we epitomize. Moslem scholars interviewed since November 4 unanimously stress this interpretation. (The recent rebellion in Saudia Arabia demanded an end to television, soccer, and women working.) Whatever the cause, the problem is far more complex than a simple anti-US bias, and the rage may hide different underlying attitudes.

Much history warns against seeing mob behavior as a reliable indicator of general public opinion. It may not even be a sound indicator of the demonstrators' minds. Modern psychology finds admiration and anger frequently coexisting in an individual. Expressed rage may have little impact on underlying attitudes of good will and respect.

Aside from Khomeini, Iran's leadership continuously expresses respect and affection for "the American people" and "American friends." Some Americans continue to live and work freely in Tehran and elsewhere. Thousands of students in "hostile" nations still clamor for study visas, assisted by their own governments.

### What is Anti-Americanism?

Our data identify individual cases of low esteem for the US, belief that the US has been weakened, distaste for its culture, distrust of its motives. But the factors are various, and rather independent of each other.

In 1972, general publics in 15 countries had a largely good opinion of the US but, in 13 of the 15 countries, a largely negative opinion of its Vietnam policy: adverse views of the US and adverse views of specific policy are different things.

We have similar findings in other surveys. Our 1979 surveys in Mexico City show widespread good feelings toward the US generally, but sharp disapproval of specific policies and suspicion that our motives are to exploit and dominate the country's economy.

Likewise, the Canadian general public in recent surveys has very high levels of good will, respect, and trust for the US, but negative feelings about our investments in Canadian property. Very recent studies in Japan, Germany, France, and Britain show that the prevailing view of a weaker US dollar is not related to people's general views of overall US power.

Despite broad policy differences and a determination to maintain maximum independence, the French public in 1979 still identifies the US as its second "best friend" (after West Germany).

In sum: it is over-simplified and confusing to equate criticism of US policies with anti-Americanism.



# RECORDS MANAGEMENT ONLY

## CLASSIFICATION SECTION

No. of Additional Correspondents: \_\_\_\_\_ Media: 0 Individual Codes: 1140

Prime Subject Code: CO 071 Secondary Subject Codes: FG 298

## PRESIDENTIAL REPLY

Code	Date	Comment	Form
C	_____	Time: _____	P-
DSP	_____	Time: _____	Media: _____

**SIGNATURE CODES:**

- CPn** - Presidential Correspondence
  - n - 1 - James Earl Carter
  - n - 2 - Jimmy Carter
  - n - 3 - Jimmy
  - n - 4 - JC
  - n - 5 - J
- CLn** - First Lady's Correspondence
  - n - 1 - Rosalynn Carter
  - n - 2 - Rosalynn
  - n - 3 - R
- CBn** - Presidential & First Lady's Correspondence
  - n - 1 - Jimmy Carter - Rosalynn Carter
  - n - 2 - Jimmy - Rosalynn

**MEDIA CODES:**

- B** - Box/package
- C** - Copy
- D** - Official document
- G** - Message
- H** - Handcarried
- L** - Letter
- M** - Mailgram
- O** - Memo
- P** - Photo
- R** - Report
- S** - Sealed
- T** - Telegram
- V** - Telephone
- X** - Miscellaneous
- Y** - Study

ID 795644

THE WHITE HOUSE

WASHINGTON

DATE: 12 DEC 79

FOR ACTION:

INFO ONLY: THE VICE PRESIDENT

JODY POWELL

ZBIG BRZEZINSKI

SUBJECT: REINHARDT MEMO RE INTERNATIONAL OPINION OF THE U.S.

RE IRAN

+++++

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

+ BY: +

+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

*for summary*

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

*for summary*

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

ACTION  
FYI

<input checked="" type="checkbox"/>	VICE PRESIDENT
	JORDAN
	CUTLER
	DONOVAN
	EIZENSTAT
	MCDONALD
	MOORE
<input checked="" type="checkbox"/>	POWELL
	WATSON
	WEDDINGTON
	WEXLER
<input checked="" type="checkbox"/>	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



DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

DEC 10 1979

060619

The President  
The White House

Dear Mr. President:

The purpose of this letter is to give you highlights of my very successful visit to Egypt and Israel in November.

In Egypt I had extensive sessions with President Sadat, Prime Minister Khalil, and Minister of Agriculture Da'ud and members of his staff. Ambassador Atherton accompanied me during these sessions. In Israel I met with Prime Minister Begin, Minister of Agriculture Sharon, and Director General Asheri of the Ministry of Industry, Trade and Tourism. Minister Sharon accompanied me throughout my entire stay and Ambassador Lewis was with me at all of the official meetings and functions.

These sessions gave me an opportunity to learn firsthand of agricultural problems and potentials in both countries. These leaders demonstrated their high interest in agriculture and agricultural development.

Both the Egyptians and Israelis are very interested in a tripartite arrangement with us on agricultural research and development after normalization of relations takes place in February. It is recognized with some sense of urgency on all sides that more progress needs to be made in Egyptian agricultural development. We believe that USDA can make a major contribution by assisting in the production of food and fiber throughout the region. Thus we intend to develop firm plans jointly with the two countries and proceed with assistance efforts as rapidly as feasible in full cooperation with AID and State.

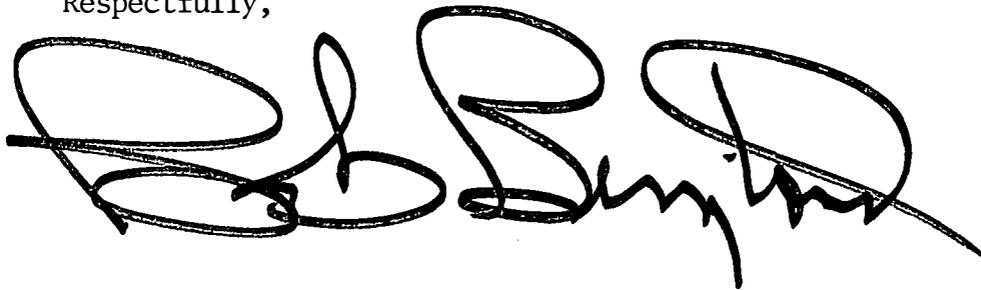
A private development group from Israel, headed by Mr. S.N. Eisenberg, has already met with Egyptian government officials on developing one million acres of new agricultural land in the Cairo-Ismailia area. It was agreed upon at

this meeting to conduct a joint Egyptian/Israeli study for the area within three months to prepare an action plan. We were represented at the initial meetings and USDA technicians will be available for consultation as requested by the Egyptian government.

I was very pleased with the enthusiasm of the two countries with regard to cooperation in agriculture. We see good possibilities for both public and private funds to be used to assist Egypt directly with its agricultural development. And most importantly, positive specific steps have been taken toward joint ventures in agriculture among the three countries. The potential contribution of these activities to the peace process are in my judgment enormous.

The timing of our visit could not have been better.

Respectfully,

A handwritten signature in black ink, appearing to read "Bob Bergland". The signature is highly stylized with large, sweeping loops and a long, trailing flourish extending to the right.

**Bob Bergland**  
Secretary



DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

DEC 10 1979

The President  
The White House

Dear Mr. President:

The purpose of this letter is to give you highlights of my very successful visit to Egypt and Israel in November.

In Egypt I had extensive sessions with President Sadat, Prime Minister Khalil, and Minister of Agriculture Da'ud and members of his staff. Ambassador Atherton accompanied me during these sessions. In Israel I met with Prime Minister Begin, Minister of Agriculture Sharon, and Director General Asheri of the Ministry of Industry, Trade and Tourism. Minister Sharon accompanied me throughout my entire stay and Ambassador Lewis was with me at all of the official meetings and functions.

These sessions gave me an opportunity to learn firsthand of agricultural problems and potentials in both countries. These leaders demonstrated their high interest in agriculture and agricultural development.

Both the Egyptians and Israelis are very interested in a tripartite arrangement with us on agricultural research and development after normalization of relations takes place in February. It is recognized with some sense of urgency on all sides that more progress needs to be made in Egyptian agricultural development. We believe that USDA can make a major contribution by assisting in the production of food and fiber throughout the region. Thus we intend to develop firm plans jointly with the two countries and proceed with assistance efforts as rapidly as feasible in full cooperation with AID and State.

A private development group from Israel, headed by Mr. S.N. Eisenberg, has already met with Egyptian government officials on developing one million acres of new agricultural land in the Cairo-Ismailia area. It was agreed upon at

The President

2

this meeting to conduct a joint Egyptian/Israeli study for the area within three months to prepare an action plan. We were represented at the initial meetings and USDA technicians will be available for consultation as requested by the Egyptian government.

I was very pleased with the enthusiasm of the two countries with regard to cooperation in agriculture. We see good possibilities for both public and private funds to be used to assist Egypt directly with its agricultural development. And most importantly, positive specific steps have been taken toward joint ventures in agriculture among the three countries. The potential contribution of these activities to the peace process are in my judgment enormous.

The timing of our visit could not have been better.

Respectfully,

Bob Bergland  
Secretary

**WHITE HOUSE  
CORRESPONDENCE TRACKING WORKSHEET**

ID # 060619

- O - OUTGOING
- H - INTERNAL
- I - INCOMING

Date Correspondence Received (YY/MM/DD) 79 12 11

Name of Correspondent: Bob Bergland

MI Mail Report

User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: Gives the President highlights of his very successful visit to Egypt and Israel in November. Sessions gave him opportunity to learn firsthand of agricultural problems and potentials in both countries.

**ROUTE TO:**

**ACTION**

**DISPOSITION**

Originating Office, Your Last Name	Refer Action Type Code	Tracking Date YY/MM/DD	Type of Response	Completion Date YY/MM/DD
<u>EC Lind</u>	ORIGINATOR	<u>79/12/12</u>		<u>C 79/12/13</u>
Office/Agency, Last Name				
<u>To Rick Hatcher</u>	R SA	<u>1 1</u>		<u>1 1</u>
	Referral Note:			
	R	<u>1 1</u>		<u>1 1</u>
	Referral Note:			
	R	<u>1 1</u>		<u>1 1</u>
	Referral Note:			
	R	<u>1 1</u>		<u>1 1</u>
	Referral Note:			

REFER TYPE: A - Agency  
S - Staff

**ACTION CODES:**

- A - Appropriate Action
- C - Comments
- D - Draft Response
- F - Fact Sheet
- I - Info Copy
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Response

**DISPOSITION CODES:**

- A - Acknowledged
- B - Non-Special Referral
- C - Completed
- S - Suspended

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Refer questions about the correspondence tracking system to Stephen Slade, ext. 2941.

# RECORDS MANAGEMENT ONLY

## CLASSIFICATION SECTION

No. of Additional Correspondents: \_\_\_\_\_ Media: L Individual Codes: 1.120

Prime Subject Code: FO 003 Secondary Subject Codes: CO 045 FG 019  
CO 074  
AG

## PRESIDENTIAL REPLY

<u>Code</u>	<u>Date</u>	<u>Comment</u>	<u>Form</u>
<u>C</u>	_____	<u>Time:</u> _____	<u>P-</u> _____
<u>DSP</u>	_____	<u>Time:</u> _____	<u>Media:</u> _____

### SIGNATURE CODES:

**CPn** - Presidential Correspondence  
n - 1 - James Earl Carter  
n - 2 - Jimmy Carter  
n - 3 - Jimmy  
n - 4 - JC  
n - 5 - J

**CLn** - First Lady's Correspondence  
n - 1 - Rosalynn Carter  
n - 2 - Rosalynn  
n - 3 - R

**CBn** - Presidential & First Lady's Correspondence  
n - 1 - Jimmy Carter - Rosalynn Carter  
n - 2 - Jimmy - Rosalynn

### MEDIA CODES:

**B** - Box/package  
**C** - Copy  
**D** - Official document  
**G** - Message  
**H** - Handcarried  
**L** - Letter  
**M** - Mailgram  
**O** - Memo  
**P** - Photo  
**R** - Report  
**S** - Sealed  
**T** - Telegram  
**V** - Telephone  
**X** - Miscellaneous  
**Y** - Study

ID 795567

THE WHITE HOUSE

WASHINGTON

DATE: 10 DEC 79

FOR ACTION:

INFO ONLY: THE VICE PRESIDENT

STU EIZENSTAT

JACK WATSON

JIM MCINTYRE

SUBJECT: MARSHALL MEMO RE DEPARTMENT TO MINISTRY PROGRAM

+++++

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

+ BY: +

+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

*For Summary*

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

*for Summary*

ACTION  
FYI

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

<input checked="" type="checkbox"/>	VICE PRESIDENT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	CUTLER
<input type="checkbox"/>	DONOVAN
<input checked="" type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	MCDONALD
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	WATSON
<input type="checkbox"/>	WEDDINGTON
<input type="checkbox"/>	WEXLER
<input type="checkbox"/>	BRZEZINSKI
<input checked="" type="checkbox"/>	MCINTYRE
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	
<input type="checkbox"/>	ANDRUS
<input type="checkbox"/>	ASKEW
<input type="checkbox"/>	BERGLAND
<input type="checkbox"/>	BROWN
<input type="checkbox"/>	CIVILETTI
<input type="checkbox"/>	DUNCAN
<input type="checkbox"/>	GOLDSCHMID'T
<input type="checkbox"/>	HARRIS
<input type="checkbox"/>	KREPS
<input type="checkbox"/>	LANDRIEU
<input type="checkbox"/>	MARSHALL

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

U.S. DEPARTMENT OF LABOR

SECRETARY OF LABOR  
WASHINGTON, D.C.

DEC 5 1979

MEMORANDUM FOR THE PRESIDENT

FROM: THE SECRETARY OF LABOR *for*

SUBJECT: Department-to-Ministry Program

060268

Introduction

This is to call your attention to the Department of Labor's "Department-to-Ministry" program that I think has great potential for improving relations between the United States and other countries. This program gives concrete expression to your human rights concerns, and grew out of your response to Prime Minister Andreotti's request to our government for assistance in the area of employment and training. We responded to that request and have established similar and broader based programs in Germany, Great Britain, Israel, Japan, Mexico and the European Community.

Our experience convinces me that this program not only helps us better understand our own problems, but also is an important means of improving international relations by cooperative efforts to promote the welfare of workers.

These Department-to-Ministry programs have been established only when requested by the labor ministers of other countries, but we are getting more requests than we can honor. We are therefore proceeding cautiously in order not to build up false expectations, or to promise more than our resources permit.

We welcome any guidance or suggestions you might have on this program.

### Background

The Department of Labor is conducting a series of exchanges with the Ministries of Labor in a number of countries. These exchanges are proving to be extremely useful for our domestic labor programs and are contributing to improvement in the lives of workers here and abroad. The Department-to-Ministry program has also generated an important bonus in terms of our overall relations with these countries.

In mid-1978 the Labor Department began to build permanent institutional relationships with other labor ministries stimulated in part by your request for employment and training assistance for Italy.

In 1979 we established Department to Ministry relations with Labor Ministries in Japan, Israel, Italy, Germany, and Mexico and the Commission of the European Communities (EC). In 1980 we plan to do so with the United Kingdom and Brazil. We have held conferences with Mexico, Germany, Japan, Israel, and the EC exchanging experience in areas such as occupational safety and health, employment policies, and labor management relations and labor statistics.

### Purpose

The purpose of the program is to:

- o Develop and share information that benefits both sides in formulating domestic programs and policies, and in so doing
- o Help further the foreign policy goals of the United States.

### Nature of the Program

The first phase is an exchange of views with the labor ministers of the cooperating countries. These define a program of cooperation for the next twelve months. This may include seminars, exchange of

experts, joint research and information exchange. The subjects include issues such as youth unemployment, employment of women and older workers, rural labor markets, dislocation of workers caused by plant closings, carcinogens at the workplace, productivity and industrial relations.

A few other points about the program can be made:

- o It is not an AID program, but is based upon the principle of reciprocal benefits between the Department and other labor ministries.
- o It is a low cost program - estimated at about \$300,000 in FY 1980, which because of its nature can be easily handled within the Department's existing budget.
- o It supplements our activities in the OECD by refining the general policy problems discussed there into country specific terms.
- o It has provided, and will continue to provide, an opportunity to promote our views on the ILO and to gain more support in that organization should we rejoin.

#### Benefits

This atmosphere of cooperation on important problems has allowed us to develop unusually warm professional relationships with labor ministries in Mexico, Israel, Japan and Germany. The intensive professional discussions, have been very frank in examining failures as well as successes.

- o An examination of employment policies in a country with chronic labor shortages such as Israel should shed light on our own policy options when we face the same problem in the mid 1980s.

- o A broad range of toxic substances of potential danger to workers needs to be researched and verified. We can share that effort thus speeding up and broadening results.
- o Japan and Mexico have experience in government policies to stimulate job creation in the private sector from which we can learn. We can contribute our experience in public sector job creation.

Sharing information to help overcome common domestic problems often yields foreign policy benefits. We found, for instance, that a lack of understanding of industrial relations systems seems to inhibit direct foreign investment in Japan and the United States. We are planning reciprocal seminars and monographs on this subject.

In Mexico, closer cooperation on employment and economic development policies can help with our illegal immigration problems. Our work with the Mexican Labor Ministry is proving to be a very positive factor for Mexican-American relations. In Israel our meetings there in August 1979 were characterized by Ambassador Lewis, in a letter to Hamilton Jordan, as a highly useful event in U.S.-Israel relations.

A corollary development to the Department-to-Ministry program has been the periodic informal meetings of labor ministers of the U.S., Japan, Canada, most of the member States of the European Community and the Secretary-General of the OECD. The so-called "Copenhagen Group" had its origin in the 1977 high level meeting of the OECD on Youth Unemployment. The labor ministers met first in Copenhagen in September 1978 and then in Washington in May 1979. A third meeting, scheduled for Paris in November 1979 was cancelled because of the untimely death of French Labor Minister Boulin. Topics discussed, in an informal setting, have included worker adjustment problems, youth unemployment, fair labor standards, employment and inflation and the ILO. The benefits have been a closer cohesion of policy among the industrial nations and an improved understanding of approaches to common problems.



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

DEC 7 1979

WASHINGTON, D.C. 20503

MEMORANDUM FOR: THE PRESIDENT

FROM: JOHN WHITE *JW*

Subject: Report of the Secretary of Interior,  
Cecil Andrus on a Violation of Section  
3679 of the Revised Statutes, as Amended

There is attached a memorandum undated, from the Secretary of Interior reporting to you as required by law, a violation of subsection h of Section 3679 of the Revised Statutes as amended (31 USC 665), commonly known as the Anti-Deficiency Act.

This violation involves the overobligation of an apportionment under the appropriation for payment-in-lieu of taxes in FY 1979. The overobligation was in the amount of \$6,471,186 and resulted from processing correction payments necessitated by a Comptroller General's decision in November 1978 under a system different from the Bureau of Land Management's normal program expenditures system. The violation was an obligation exceeding the amount apportioned in the period even though a reapportionment was made later in the same period so that obligations were not in excess of the apportionment at the end of the period. No overobligation of an appropriation was involved.

The memorandum from the Secretary of Interior states that the responsible officers are Paul M. Vetterick, Chief, Division of Budget and Program Development, Bureau of Land Management, Department of the Interior and Edward P. Greenberg, Chief, Division of Finance, Bureau of Land Management, Department of the Interior.

No formal disciplinary action has been taken against either employee, although both have been cautioned to avoid a repetition of the incident and Mr. Greenberg has received an oral reprimand.

The Department's regulations for administrative control appear to be adequate. Furthermore, Bureau of Land Management has instituted additional procedural safeguards for the special handling of this account to ensure compliance with Departmental regulations. In view of the circumstances related in the memorandum, we do not recommend any further action.

Attachment

DEC 17 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: JOHN WHITE (signed)  
JOHN D. WHITE

Subject: Report of the Secretary of Interior,  
Cecil Andrus on a Violation of Section  
3679 of the Revised Statutes, as Amended

There is attached a memorandum undated, from the Secretary of Interior reporting to you as required by law, a violation of subsection h of Section 3679 of the Revised Statutes as amended (31 USC 665), commonly known as the Anti-Deficiency Act.

This violation involves the overobligation of an apportionment under the appropriation for payment-in-lieu of taxes in FY 1979. The overobligation was in the amount of \$6,471,186 and resulted from processing correction payments necessitated by a Comptroller General's decision in November 1978 under a system different from the Bureau of Land Management's normal program expenditures system. The violation was an obligation exceeding the amount apportioned in the period even though an reapportionment was made later in the same period so that obligations were not in excess of the apportionment at the end of the period. No overobligation of an appropriation was involved.

The memorandum from the Secretary of Interior states that the responsible officers are Paul M. Vetterick, Chief, Division of Budget and Program Development, Bureau of Land Management, Department of the Interior and Edward P. Greenberg, Chief, Division of Finance, Bureau of Land Management, Department of the Interior.

No formal disciplinary action has been taken against either employee, although both have been cautioned to avoid a repetition of the incident and Mr. Greenberg has received an oral reprimand.

The Department's regulations for administrative control appear to be adequate. Furthermore, Bureau of Land Management has instituted additional procedural safeguards for the special handling of this account to ensure compliance with Departmental regulations. In view of the circumstances related in the memorandum, we do not recommend any further action.

Attachment

DEC 17 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: JOHN WHITE (signed) JOHN P. WHITE

Subject: Report of the Secretary of Interior, Cecil Andrus on a Violation of Section 3679 of the Revised Statutes, as Amended

There is attached a memorandum undated, from the Secretary of Interior reporting to you as required by law, a violation of subsection h of Section 3679 of the Revised Statutes as amended (31 USC 665), commonly known as the Anti-Deficiency Act.

This violation involves the overobligation of an apportionment under the appropriation for payment-in-lieu of taxes in FY 1979. The overobligation was in the amount of \$6,471,186 and resulted from processing correction payments necessitated by a Comptroller General's decision in November 1978 under a system different from the Bureau of Land Management's normal program expenditures system. The violation was an obligation exceeding the amount apportioned in the period even though an reapportionment was made later in the same period so that obligations were not in excess of the apportionment at the end of the period. No overobligation of an appropriation was involved.

The memorandum from the Secretary of Interior states that the responsible officers are Paul M. Vetterick, Chief, Division of Budget and Program Development, Bureau of Land Management, Department of the Interior and Edward P. Greenberg, Chief, Division of Finance, Bureau of Land Management, Department of the Interior.

No formal disciplinary action has been taken against either employee, although both have been cautioned to avoid a repetition of the incident and Mr. Greenberg has received an oral reprimand.

The Department's regulations for administrative control appear to be adequate. Furthermore, Bureau of Land Management has instituted additional procedural safeguards for the special handling of this account to ensure compliance with Departmental regulations. In view of the circumstances related in the memorandum, we do not recommend any further action.

Attachment

DEC 17 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: JOHN WHITE, (signed)  
JOHN P. WHITE

Subject: Report of the Secretary of Interior,  
Cecil Andrus on a Violation of Section  
3679 of the Revised Statutes, as Amended

There is attached a memorandum undated, from the Secretary of Interior reporting to you as required by law, a violation of subsection h of Section 3679 of the Revised Statutes as amended (31 USC 665), commonly known as the Anti-Deficiency Act.

This violation involves the overobligation of an apportionment under the appropriation for payment-in-lieu of taxes in FY 1979. The overobligation was in the amount of \$6,471,186 and resulted from processing correction payments necessitated by a Comptroller General's decision in November 1978 under a system different from the Bureau of Land Management's normal program expenditures system. The violation was an obligation exceeding the amount apportioned in the period even though an reapportionment was made later in the same period so that obligations were not in excess of the apportionment at the end of the period. No overobligation of an appropriation was involved.

The memorandum from the Secretary of Interior states that the responsible officers are Paul M. Vetterick, Chief, Division of Budget and Program Development, Bureau of Land Management, Department of the Interior and Edward P. Greenberg, Chief, Division of Finance, Bureau of Land Management, Department of the Interior.

No formal disciplinary action has been taken against either employee, although both have been cautioned to avoid a repetition of the incident and Mr. Greenberg has received an oral reprimand.

The Department's regulations for administrative control appear to be adequate. Furthermore, Bureau of Land Management has instituted additional procedural safeguards for the special handling of this account to ensure compliance with Departmental regulations. In view of the circumstances related in the memorandum, we do not recommend any further action.

Attachment

DEC 17 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: JOHN WHITE (signed)  
JOHN P. WHITE

Subject: Report of the Secretary of Interior,  
Cecil Andrus on a Violation of Section  
3679 of the Revised Statutes, as Amended

There is attached a memorandum undated, from the Secretary of Interior reporting to you as required by law, a violation of subsection h of Section 3679 of the Revised Statutes as amended (31 USC 665), commonly known as the Anti-Deficiency Act.

This violation involves the overobligation of an apportionment under the appropriation for payment-in-lieu of taxes in FY 1979. The overobligation was in the amount of \$6,471,186 and resulted from processing correction payments necessitated by a Comptroller General's decision in November 1978 under a system different from the Bureau of Land Management's normal program expenditures system. The violation was an obligation exceeding the amount apportioned in the period even though an reapportionment was made later in the same period so that obligations were not in excess of the apportionment at the end of the period. No overobligation of an appropriation was involved.

The memorandum from the Secretary of Interior states that the responsible officers are Paul M. Vetterick, Chief, Division of Budget and Program Development, Bureau of Land Management, Department of the Interior and Edward P. Greenberg, Chief, Division of Finance, Bureau of Land Management, Department of the Interior.

No formal disciplinary action has been taken against either employee, although both have been cautioned to avoid a repetition of the incident and Mr. Greenberg has received an oral reprimand.

The Department's regulations for administrative control appear to be adequate. Furthermore, Bureau of Land Management has instituted additional procedural safeguards for the special handling of this account to ensure compliance with Departmental regulations. In view of the circumstances related in the memorandum, we do not recommend any further action.

Attachment

DEC 17 1979

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JOHN WHITE (signed)  
JOHN P. WHITE

Subject:

Report of the Secretary of Interior,  
Cecil Andrus on a Violation of Section  
3679 of the Revised Statutes, as Amended

There is attached a memorandum undated, from the Secretary of Interior reporting to you as required by law, a violation of subsection h of Section 3679 of the Revised Statutes as amended (31 USC 665), commonly known as the Anti-Deficiency Act.

This violation involves the overobligation of an apportionment under the appropriation for payment-in-lieu of taxes in FY 1979. The overobligation was in the amount of \$6,471,186 and resulted from processing correction payments necessitated by a Comptroller General's decision in November 1978 under a system different from the Bureau of Land Management's normal program expenditures system. The violation was an obligation exceeding the amount apportioned in the period even though an reapportionment was made later in the same period so that obligations were not in excess of the apportionment at the end of the period. No overobligation of an appropriation was involved.

The memorandum from the Secretary of Interior states that the responsible officers are Paul H. Vetterick, Chief, Division of Budget and Program Development, Bureau of Land Management, Department of the Interior and Edward P. Greenberg, Chief, Division of Finance, Bureau of Land Management, Department of the Interior.

No formal disciplinary action has been taken against either employee, although both have been cautioned to avoid a repetition of the incident and Mr. Greenberg has received an oral reprimand.

The Department's regulations for administrative control appear to be adequate. Furthermore, Bureau of Land Management has instituted additional procedural safeguards for the special handling of this account to ensure compliance with Departmental regulations. In view of the circumstances related in the memorandum, we do not recommend any further action.

Attachment

DEC 17 1979

MEMORANDUM FOR:

THE PRESIDENT

FROM:

(signed)  
JOHN WHITE JOHN P. WHITE

Subject:

Report of the Secretary of Interior,  
Cecil Andrus on a Violation of Section  
3679 of the Revised Statutes, as Amended

There is attached a memorandum undated, from the Secretary of Interior reporting to you as required by law, a violation of subsection h of Section 3679 of the Revised Statutes as amended (31 USC 665), commonly known as the Anti-Deficiency Act.

This violation involves the overobligation of an apportionment under the appropriation for payment-in-lieu of taxes in FY 1979. The overobligation was in the amount of \$6,471,186 and resulted from processing correction payments necessitated by a Comptroller General's decision in November 1978 under a system different from the Bureau of Land Management's normal program expenditures system. The violation was an obligation exceeding the amount apportioned in the period even though an reapportionment was made later in the same period so that obligations were not in excess of the apportionment at the end of the period. No overobligation of an appropriation was involved.

The memorandum from the Secretary of Interior states that the responsible officers are Paul M. Vetterick, Chief, Division of Budget and Program Development, Bureau of Land Management, Department of the Interior and Edward P. Greenberg, Chief, Division of Finance, Bureau of Land Management, Department of the Interior.

No formal disciplinary action has been taken against either employee, although both have been cautioned to avoid a repetition of the incident and Mr. Greenberg has received an oral reprimand.

The Department's regulations for administrative control appear to be adequate. Furthermore, Bureau of Land Management has instituted additional procedural safeguards for the special handling of this account to ensure compliance with Departmental regulations. In view of the circumstances related in the memorandum, we do not recommend any further action.

Attachment



# United States Department of the Interior

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240

1. Rod  
2. Carol

RL  
056517

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

Through: Director  
Office of Management and Budget  
Washington, D.C. 20503

Dear Mr. President:

In accordance with Part VII of the Office of Management and Budget Circular No. A-34, there is submitted a report required by Section 3679 of the Revised Statutes, as amended. An identical report is being submitted to the Congress as required by law. An overobligation of the apportionment occurred in the Bureau of Land Management (BLM) for which the following data is submitted:

- (1) Appropriation Title and Symbol: Payment in Lieu of Taxes (1491114)

Amount involved: \$6,471,186  
Date: Month of February, 1979

- (2) Individual responsible for overobligation of the apportionment:

- a) Name and position of the officer or employee responsible for the disposition and utilization of all BLM funds (sole allottee):

Paul M. Vetterick  
Chief, Division of Budget and  
Program Development  
Bureau of Land Management  
Department of the Interior

- b) Name and position of the officer or employee responsible for authorizing payment thereby creating the overobligation and overexpenditure of the apportionment:

Edward P. Greenberg  
Chief, Division of Finance  
Bureau of Land Management  
Department of the Interior

- (3) Pertinent facts: The total amount disbursed exceeds the amount apportioned by the Office of Management and Budget by \$6,471,186. An overobligation of the appropriation is not involved since funds for such in-lieu tax payments were duly appropriated by Congress for expenditure in Fiscal Year 1979. The computation of the overobligation of the apportionment is indicated below:

Total FY 1979 funds appropriated	\$105,000,000
Amount apportioned for 1st half FY 1979 (October 1978 thru March 1979)	150,000
Obligations incurred through February, 1979	<u>6,621,186</u>
Difference (overobligation of apportionment)	<u>\$ 6,471,186</u>

P.L. 94-565 (31 U.S.C. 1601-1607), as amended, provides for annual payments to units of local government in which certain Federal lands are located.

Section 1 of the Act provides for payments for Federal lands that are defined by the Act as "entitlement lands". This includes most of the lands administered by BLM, Forest Service, National Park Service, and certain lands administered by the Bureau of Reclamation, Corps of Engineers, and the Fish & Wildlife Service. These payments are based on a statutory formula which stipulates how payments are to be computed and establishes maximum payment limitations. The computation formula specifies that payments shall be equal to the greater of: (a) 75 cents per acre reduced by payments made under eleven selected public land payment or revenue sharing programs such as Mineral Lands Leasing Act and the National Forest Revenue Act; or, (b) 10 cents per acre. However, payments under either formula may not exceed a statutory ceiling based on population.

Section 3 of the Act authorizes additional payments for Federal lands or interests therein acquired for the Redwood National Park or for additions to the National Park System or Forest Wilderness Areas after December 31, 1970. These payments are to be made for each of the 5 fiscal years following each land acquisition. The statutory formula directs that the amount of each payment shall be equal to the lesser of 1% of their assessed value when acquired or the real property taxes assessed and levied on such lands in the fiscal year prior to acquisition. Payments for lands acquired under the Redwoods Expansion Act of 1978 (P.L. 95-250, Section 106) waive the property tax and 5 year payment period limitations on lands acquired pursuant to that Act.

A total of \$105,000,000 has been appropriated for FY 1979. About 99 percent of this account is normally expended in the fourth quarter of the fiscal year which represents the disbursement of payments

due to each unit of local government (normally county or county-type governments). The balance of the account or \$200,000 is available for administrative costs.

In response to a request dated August 3, 1978, from the Deputy Solicitor, Department of the Interior, a decision concerning the statutory calculation of payments under Section 1 of the Act was rendered by the Comptroller General (CG) on October 16, 1978 (CG File No. B-167553). This decision said in effect that in-lieu tax payment calculations should be reduced only by the amounts of certain revenue sharing payments specified under Section 4 of the Act that were actually received by the eligible units of local government and available for their independent use. Prior to this decision, those revenue sharing payments allocated to school or other special districts within qualified county or similar governmental jurisdictions were deducted by BLM in determining in-lieu payments. The CG ruling thus established that excessive amounts of revenue sharing funds had been deducted by BLM in calculating appropriate in-lieu tax payments thereby resulting in underpayments to many units of local government.

Under the authority contained in the Department of the Interior and Related Agencies FY 1979 Appropriations Act, funds appropriated for FY 1979 may be used to correct underpayments in the previous fiscal year. Based on data furnished by General Accounting Office (GAO) officials, and acting upon the advice of the Interior's Office of the Solicitor that underpayment adjustments be paid promptly, a Schedule of Payments (SF 1166) authorizing the issuance of checks by the Department of the Treasury to correct underpayments in FY 1978 was prepared in BLM's Division of Finance. These checks, covering the first of many payment adjustments which must be made to meet the requirements of this new interpretation of the law, were issued by the Department of the Treasury on February 15, 1979. Upon discovery of the administrative error in authorizing obligations and expenditures in excess of the amount apportioned, payment adjustments to other local governments were immediately discontinued. Concurrently, BLM's Division of Budget and Program Development prepared a reapportionment request for Office of Management and Budget approval in anticipation that such corrective payment action would have to be initiated earlier than the final quarter of fiscal year 1979. The reapportionment request was submitted to the Office of Management and Budget on March 1, 1979, and provided for the reapportionment of sufficient funds in the first half of the fiscal year to cover underpayments including those already disbursed. The reapportionment request was approved by OMB March 19, 1979, and

terminated the violation as of that approval date. The violation did not create a financial loss to the United States inasmuch as these funds would have been properly dispersed as soon as a reapportionment was administratively approved by OMB.

- (4) Administrative discipline imposed and any further steps taken with respect to the officer or an explanation as to why no disciplinary action is considered necessary:

The violation would have been avoided were the payments processed through the normal Bureau channels established in BLM's Service Center in Denver, Colorado for routine Bureau expenditures.

However, it should be noted that there are a number of reasons why the in lieu-tax program is not handled in a routine manner; the most significant ones follow:

- A. This new program was, and still is, in an evolutionary state with numerous legal and administrative questions yet to be fully resolved. The CG ruling of October 16, 1978 is but one example of the unsettled nature of this program. This situation requires close cooperation and coordination between BLM and the Department's Office of the Solicitor and the Office of the Inspector General for legal interpretations, counsel, and assistance.
- B. Compilation of data and calculation of in-lieu tax payments require centralized national level support, including input and coordination with a number of Federal agencies such as the Bureau of Census, Office of Revenue Sharing, Bureau of Reclamation, National Park Service, U.S. Forest Service, Corps of Engineers, Federal Energy Regulatory Commission, and more recently the Fish and Wildlife Service.

The transmittal of data and coordination with these agencies, therefore, is best handled at the Washington, D.C. level.

- C. Similarly, the determination of payments requires data from each State government as to the distribution, if any, of certain shared Federal revenues to their local governmental units. Requests for these data and their consolidation for in-lieu tax payment calculations is best handled at the national level. Since the inception of this program much of this information has been provided very late in the fiscal year, providing short reaction time to complete payment calculations and effect the issuance of checks prior to the close of the fiscal year.

D. To insure that in-lieu payments could be made in Fiscal Year 1977, the year in which the Act was passed, BLM arranged for use of Interior Department ADP hardware facilities and use of local contractor ADP programming assistance to meet the initial payment deadlines. Some of these arrangements are still in use so as to avoid any disruption of the program regime in determining subsequent fiscal year in-lieu tax payments.

Transferring these functions to BLM Denver Office at this time would require a reallocation of workload, tax existing capabilities and increase administrative costs.

These factors all contribute to the need for a responsive, efficient and nationally centralized payment system which is not a part of normal Bureau expenditure routines.

While this violation could have been prevented had BLM anticipated the impact of the decision of the Comptroller General earlier and requested a reapportionment required for payment to local governments in a more timely manner, the fact is that obligations were technically incurred as each finding of a FY 1978 underpayment to a local unit of government was established and verified. This is true whether or not such obligations were actually entered into the Bureau's accounting system, or whether such checks for prior year underpayments were actually issued.<sup>1/</sup> This technicality should not obscure the fact that corrective payments which resulted in overexpending available apportionments were certified in the BLM's Division of Finance without benefit of a supporting apportionment during the period in question. //

Notwithstanding the above considerations, the error could also have been avoided had the Bureau established and used standard allotment ledger and status of fund verification procedures in its Washington Office for this account. Failure to establish //

---

<sup>1/</sup> Section 25.1F of OMB Circular A-34, states that obligations incurred for grants and taxes payable to States and local governments:

(1) For grants that involve no administrative determination and are automatically fixed by a statutory formula or specified by law, the obligation to be reported will be the amount determined by the application of the formula or the amount appropriated, whichever is smaller at the time the amount so determined becomes available to the grantee.

and use such a system, in common use throughout the government including normal program expenditures in BLM, led to a circumstance in which routine examination for availability of funds in advance of obligation recordation and expenditure was not made.

These payments were authorized under the direction of Mr. Edward Greenberg, Chief of BLM's Division of Finance through Ms. Alice Niner, Senior Systems Accountant, also of the Division of Finance. These payments were certified on the basis that funds were available within the total appropriation without full realization that the bulk of FY 1979 funds were apportioned in the last quarter of the fiscal year. In an effort to respond to suggestions from GAO, State Government Officials, the recipient local governmental units, Congressional concern for early corrections of underpayments and with supporting legal advice from the Office of the Solicitor, payments were made without verifying the status of the apportionment. In short, the absence of established systematic procedures to avoid overobligation and overexpenditure of funds for this particular account resulted in an oversight in the administration of a highly complex, involved, and fluid program. The establishment of such procedures is the responsibility of the Chief, Division of Finance.

The responsible officials have been cautioned to avoid a repetition of this incident and to establish proper procedures so as to insure that all financial and other administrative and legal restrictions are rigidly followed. Further, the BLM's Chief, Division of Finance has been reprimanded since he has administrative jurisdiction over the in-lieu tax payment program.

- (5) Additional action taken, including any new safeguards to prevent reoccurrence:

It has been directed that all BLM finance and accounting personnel responsible for obligation and/or expenditure of funds be apprised of the importance of checking the status of current approved apportionments through a prevalidation determination of amounts available by time period before processing obligations, expenditures and/or authorizing disbursements. It is also apparent that, because of the nature in which obligations may be technically incurred, this program should not be apportioned in the manner in which it has been apportioned in the past. Instead it may be more appropriately handled as a "Category B" apportionment wherein the entire apportionment is made available for a fiscal year without regard to apportionment time periods.

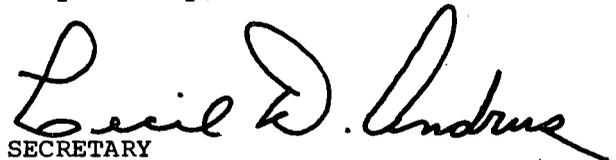
- (6) Adequacy of the system of administrative control prescribed by the head of the agency and approved by OMB:

The system of administrative control of funds as prescribed by the Department of the Interior and approved by the Office of Management and Budget on February 9, 1979, for use by the Bureaus and Offices is adequate. No changes in the Department's regulations governing the administrative control of funds are believed to be necessary.

(7) Other concerned agency:

No other agency is directly concerned and therefore, no steps have been taken to coordinate this report with another agency.

Respectfully,

  
SECRETARY



# United States Department of the Interior

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240

RL  
056517

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

Through: Director  
Office of Management and Budget  
Washington, D.C. 20503

Dear Mr. President:

In accordance with Part VII of the Office of Management and Budget Circular No. A-34, there is submitted a report required by Section 3679 of the Revised Statutes, as amended. An identical report is being submitted to the Congress as required by law. An overobligation of the apportionment occurred in the Bureau of Land Management (BLM) for which the following data is submitted:

- (1) Appropriation Title and Symbol: Payment in Lieu of Taxes (1491114)

Amount involved: \$6,471,186  
Date: Month of February, 1979

- (2) Individual responsible for overobligation of the apportionment:

- a) Name and position of the officer or employee responsible for the disposition and utilization of all BLM funds (sole allottee):

Paul M. Vetterick  
Chief, Division of Budget and  
Program Development  
Bureau of Land Management  
Department of the Interior

- b) Name and position of the officer or employee responsible for authorizing payment thereby creating the overobligation and overexpenditure of the apportionment:

Edward P. Greenberg  
Chief, Division of Finance  
Bureau of Land Management  
Department of the Interior

- (3) Pertinent facts: The total amount disbursed exceeds the amount apportioned by the Office of Management and Budget by \$6,471,186. An overobligation of the appropriation is not involved since funds for such in-lieu tax payments were duly appropriated by Congress for expenditure in Fiscal Year 1979. The computation of the overobligation of the apportionment is indicated below:

Total FY 1979 funds appropriated	\$105,000,000
Amount apportioned for 1st half FY 1979 (October 1978 thru March 1979)	150,000
Obligations incurred through February, 1979	<u>6,621,186</u>
Difference (overobligation of apportionment)	<u>\$ 6,471,186</u>

P.L. 94-565 (31 U.S.C. 1601-1607), as amended, provides for annual payments to units of local government in which certain Federal lands are located.

Section 1 of the Act provides for payments for Federal lands that are defined by the Act as "entitlement lands". This includes most of the lands administered by BLM, Forest Service, National Park Service, and certain lands administered by the Bureau of Reclamation, Corps of Engineers, and the Fish & Wildlife Service. These payments are based on a statutory formula which stipulates how payments are to be computed and establishes maximum payment limitations. The computation formula specifies that payments shall be equal to the greater of: (a) 75 cents per acre reduced by payments made under eleven selected public land payment or revenue sharing programs such as Mineral Lands Leasing Act and the National Forest Revenue Act; or, (b) 10 cents per acre. However, payments under either formula may not exceed a statutory ceiling based on population.

Section 3 of the Act authorizes additional payments for Federal lands or interests therein acquired for the Redwood National Park or for additions to the National Park System or Forest Wilderness Areas after December 31, 1970. These payments are to be made for each of the 5 fiscal years following each land acquisition. The statutory formula directs that the amount of each payment shall be equal to the lesser of 1% of their assessed value when acquired or the real property taxes assessed and levied on such lands in the fiscal year prior to acquisition. Payments for lands acquired under the Redwoods Expansion Act of 1978 (P.L. 95-250, Section 106) waive the property tax and 5 year payment period limitations on lands acquired pursuant to that Act.

A total of \$105,000,000 has been appropriated for FY 1979. About 99 percent of this account is normally expended in the fourth quarter of the fiscal year which represents the disbursement of payments

due to each unit of local government (normally county or county-type governments). The balance of the account or \$200,000 is available for administrative costs.

In response to a request dated August 3, 1978, from the Deputy Solicitor, Department of the Interior, a decision concerning the statutory calculation of payments under Section 1 of the Act was rendered by the Comptroller General (CG) on October 16, 1978 (CG File No. B-167553). This decision said in effect that in-lieu tax payment calculations should be reduced only by the amounts of certain revenue sharing payments specified under Section 4 of the Act that were actually received by the eligible units of local government and available for their independent use. Prior to this decision, those revenue sharing payments allocated to school or other special districts within qualified county or similar governmental jurisdictions were deducted by BLM in determining in-lieu payments. The CG ruling thus established that excessive amounts of revenue sharing funds had been deducted by BLM in calculating appropriate in-lieu tax payments thereby resulting in underpayments to many units of local government.

Under the authority contained in the Department of the Interior and Related Agencies FY 1979 Appropriations Act, funds appropriated for FY 1979 may be used to correct underpayments in the previous fiscal year. Based on data furnished by General Accounting Office (GAO) officials, and acting upon the advice of the Interior's Office of the Solicitor that underpayment adjustments be paid promptly, a Schedule of Payments (SF 1166) authorizing the issuance of checks by the Department of the Treasury to correct underpayments in FY 1978 was prepared in BLM's Division of Finance. These checks, covering the first of many payment adjustments which must be made to meet the requirements of this new interpretation of the law, were issued by the Department of the Treasury on February 15, 1979. Upon discovery of the administrative error in authorizing obligations and expenditures in excess of the amount apportioned, payment adjustments to other local governments were immediately discontinued. Concurrently, BLM's Division of Budget and Program Development prepared a reapportionment request for Office of Management and Budget approval in anticipation that such corrective payment action would have to be initiated earlier than the final quarter of fiscal year 1979. The reapportionment request was submitted to the Office of Management and Budget on March 1, 1979, and provided for the reapportionment of sufficient funds in the first half of the fiscal year to cover underpayments including those already disbursed. The reapportionment request was approved by OMB March 19, 1979, and

terminated the violation as of that approval date. The violation did not create a financial loss to the United States inasmuch as these funds would have been properly dispersed as soon as a reapportionment was administratively approved by OMB.

- (4) Administrative discipline imposed and any further steps taken with respect to the officer or an explanation as to why no disciplinary action is considered necessary:

The violation would have been avoided were the payments processed through the normal Bureau channels established in BLM's Service Center in Denver, Colorado for routine Bureau expenditures.

However, it should be noted that there are a number of reasons why the in lieu-tax program is not handled in a routine manner; the most significant ones follow:

- A. This new program was, and still is, in an evolutionary state with numerous legal and administrative questions yet to be fully resolved. The CG ruling of October 16, 1978 is but one example of the unsettled nature of this program. This situation requires close cooperation and coordination between BLM and the Department's Office of the Solicitor and the Office of the Inspector General for legal interpretations, counsel, and assistance.
- B. Compilation of data and calculation of in-lieu tax payments require centralized national level support, including input and coordination with a number of Federal agencies such as the Bureau of Census, Office of Revenue Sharing, Bureau of Reclamation, National Park Service, U.S. Forest Service, Corps of Engineers, Federal Energy Regulatory Commission, and more recently the Fish and Wildlife Service.

The transmittal of data and coordination with these agencies, therefore, is best handled at the Washington, D.C. level.

- C. Similarly, the determination of payments requires data from each State government as to the distribution, if any, of certain shared Federal revenues to their local governmental units. Requests for these data and their consolidation for in-lieu tax payment calculations is best handled at the national level. Since the inception of this program much of this information has been provided very late in the fiscal year, providing short reaction time to complete payment calculations and effect the issuance of checks prior to the close of the fiscal year.

D. To insure that in-lieu payments could be made in Fiscal Year 1977, the year in which the Act was passed, BLM arranged for use of Interior Department ADP hardware facilities and use of local contractor ADP programming assistance to meet the initial payment deadlines. Some of these arrangements are still in use so as to avoid any disruption of the program regime in determining subsequent fiscal year in-lieu tax payments.

Transferring these functions to BLM Denver Office at this time would require a reallocation of workload, tax existing capabilities and increase administrative costs.

These factors all contribute to the need for a responsive, efficient and nationally centralized payment system which is not a part of normal Bureau expenditure routines.

While this violation could have been prevented had BLM anticipated the impact of the decision of the Comptroller General earlier and requested a reapportionment required for payment to local governments in a more timely manner, the fact is that obligations were technically incurred as each finding of a FY 1978 underpayment to a local unit of government was established and verified. This is true whether or not such obligations were actually entered into the Bureau's accounting system, or whether such checks for prior year underpayments were actually issued.<sup>1/</sup> This technicality should not obscure the fact that corrective payments which resulted in overexpending available apportionments were certified in the BLM's Division of Finance without benefit of a supporting apportionment during the period in question. //

Notwithstanding the above considerations, the error could also have been avoided had the Bureau established and used standard allotment ledger and status of fund verification procedures in its Washington Office for this account. Failure to establish //

---

<sup>1/</sup> Section 25.1F of OMB Circular A-34, states that obligations incurred for grants and taxes payable to States and local governments:

(1) For grants that involve no administrative determination and are automatically fixed by a statutory formula or specified by law, the obligation to be reported will be the amount determined by the application of the formula or the amount appropriated, whichever is smaller at the time the amount so determined becomes available to the grantee.

and use such a system, in common use throughout the government including normal program expenditures in BLM, led to a circumstance in which routine examination for availability of funds in advance of obligation recordation and expenditure was not made.

These payments were authorized under the direction of Mr. Edward Greenberg, Chief of BLM's Division of Finance through Ms. Alice Niner, Senior Systems Accountant, also of the Division of Finance. These payments were certified on the basis that funds were available within the total appropriation without full realization that the bulk of FY 1979 funds were apportioned in the last quarter of the fiscal year. In an effort to respond to suggestions from GAO, State Government Officials, the recipient local governmental units, Congressional concern for early corrections of underpayments and with supporting legal advice from the Office of the Solicitor, payments were made without verifying the status of the apportionment. In short, the absence of established systematic procedures to avoid overobligation and overexpenditure of funds for this particular account resulted in an oversight in the administration of a highly complex, involved, and fluid program. The establishment of such procedures is the responsibility of the Chief, Division of Finance.

The responsible officials have been cautioned to avoid a repetition of this incident and to establish proper procedures so as to insure that all financial and other administrative and legal restrictions are rigidly followed. Further, the BLM's Chief, Division of Finance has been reprimanded since he has administrative jurisdiction over the in-lieu tax payment program.

- (5) Additional action taken, including any new safeguards to prevent reoccurrence:

It has been directed that all BLM finance and accounting personnel responsible for obligation and/or expenditure of funds be apprised of the importance of checking the status of current approved apportionments through a prevalidation determination of amounts available by time period before processing obligations, expenditures and/or authorizing disbursements. It is also apparent that, because of the nature in which obligations may be technically incurred, this program should not be apportioned in the manner in which it has been apportioned in the past. Instead it may be more appropriately handled as a "Category B" apportionment wherein the entire apportionment is made available for a fiscal year without regard to apportionment time periods.

- (6) Adequacy of the system of administrative control prescribed by the head of the agency and approved by OMB:

The system of administrative control of funds as prescribed by the Department of the Interior and approved by the Office of Management and Budget on February 9, 1979, for use by the Bureaus and Offices is adequate. No changes in the Department's regulations governing the administrative control of funds are believed to be necessary.

(7) Other concerned agency:

No other agency is directly concerned and therefore, no steps have been taken to coordinate this report with another agency.

Respectfully,

  
SECRETARY



# United States Department of the Interior

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240

RL  
056517

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

Through: Director  
Office of Management and Budget  
Washington, D.C. 20503

Dear Mr. President:

In accordance with Part VII of the Office of Management and Budget Circular No. A-34, there is submitted a report required by Section 3679 of the Revised Statutes, as amended. An identical report is being submitted to the Congress as required by law. An overobligation of the apportionment occurred in the Bureau of Land Management (BLM) for which the following data is submitted:

- (1) Appropriation Title and Symbol: Payment in Lieu of Taxes (1491114)

Amount involved: \$6,471,186  
Date: Month of February, 1979

- (2) Individual responsible for overobligation of the apportionment:

- a) Name and position of the officer or employee responsible for the disposition and utilization of all BLM funds (sole allottee):

Paul M. Vetterick  
Chief, Division of Budget and  
Program Development  
Bureau of Land Management  
Department of the Interior

- b) Name and position of the officer or employee responsible for authorizing payment thereby creating the overobligation and overexpenditure of the apportionment:

Edward P. Greenberg  
Chief, Division of Finance  
Bureau of Land Management  
Department of the Interior

- (3) Pertinent facts: The total amount disbursed exceeds the amount apportioned by the Office of Management and Budget by \$6,471,186. An overobligation of the appropriation is not involved since funds for such in-lieu tax payments were duly appropriated by Congress for expenditure in Fiscal Year 1979. The computation of the overobligation of the apportionment is indicated below:

Total FY 1979 funds appropriated	\$105,000,000
Amount apportioned for 1st half FY 1979 (October 1978 thru March 1979)	150,000
Obligations incurred through February, 1979	<u>6,621,186</u>
Difference (overobligation of apportionment)	<u>\$ 6,471,186</u>

P.L. 94-565 (31 U.S.C. 1601-1607), as amended, provides for annual payments to units of local government in which certain Federal lands are located.

Section 1 of the Act provides for payments for Federal lands that are defined by the Act as "entitlement lands". This includes most of the lands administered by BLM, Forest Service, National Park Service, and certain lands administered by the Bureau of Reclamation, Corps of Engineers, and the Fish & Wildlife Service. These payments are based on a statutory formula which stipulates how payments are to be computed and establishes maximum payment limitations. The computation formula specifies that payments shall be equal to the greater of: (a) 75 cents per acre reduced by payments made under eleven selected public land payment or revenue sharing programs such as Mineral Lands Leasing Act and the National Forest Revenue Act; or, (b) 10 cents per acre. However, payments under either formula may not exceed a statutory ceiling based on population.

Section 3 of the Act authorizes additional payments for Federal lands or interests therein acquired for the Redwood National Park or for additions to the National Park System or Forest Wilderness Areas after December 31, 1970. These payments are to be made for each of the 5 fiscal years following each land acquisition. The statutory formula directs that the amount of each payment shall be equal to the lesser of 1% of their assessed value when acquired or the real property taxes assessed and levied on such lands in the fiscal year prior to acquisition. Payments for lands acquired under the Redwoods Expansion Act of 1978 (P.L. 95-250, Section 106) waive the property tax and 5 year payment period limitations on lands acquired pursuant to that Act.

A total of \$105,000,000 has been appropriated for FY 1979. About 99 percent of this account is normally expended in the fourth quarter of the fiscal year which represents the disbursement of payments

due to each unit of local government (normally county or county-type governments). The balance of the account or \$200,000 is available for administrative costs.

In response to a request dated August 3, 1978, from the Deputy Solicitor, Department of the Interior, a decision concerning the statutory calculation of payments under Section 1 of the Act was rendered by the Comptroller General (CG) on October 16, 1978 (CG File No. B-167553). This decision said in effect that in-lieu tax payment calculations should be reduced only by the amounts of certain revenue sharing payments specified under Section 4 of the Act that were actually received by the eligible units of local government and available for their independent use. Prior to this decision, those revenue sharing payments allocated to school or other special districts within qualified county or similar governmental jurisdictions were deducted by BLM in determining in-lieu payments. The CG ruling thus established that excessive amounts of revenue sharing funds had been deducted by BLM in calculating appropriate in-lieu tax payments thereby resulting in underpayments to many units of local government.

Under the authority contained in the Department of the Interior and Related Agencies FY 1979 Appropriations Act, funds appropriated for FY 1979 may be used to correct underpayments in the previous fiscal year. Based on data furnished by General Accounting Office (GAO) officials, and acting upon the advice of the Interior's Office of the Solicitor that underpayment adjustments be paid promptly, a Schedule of Payments (SF 1166) authorizing the issuance of checks by the Department of the Treasury to correct underpayments in FY 1978 was prepared in BLM's Division of Finance. These checks, covering the first of many payment adjustments which must be made to meet the requirements of this new interpretation of the law, were issued by the Department of the Treasury on February 15, 1979. Upon discovery of the administrative error in authorizing obligations and expenditures in excess of the amount apportioned, payment adjustments to other local governments were immediately discontinued. Concurrently, BLM's Division of Budget and Program Development prepared a reapportionment request for Office of Management and Budget approval in anticipation that such corrective payment action would have to be initiated earlier than the final quarter of fiscal year 1979. The reapportionment request was submitted to the Office of Management and Budget on March 1, 1979, and provided for the reapportionment of sufficient funds in the first half of the fiscal year to cover underpayments including those already disbursed. The reapportionment request was approved by OMB March 19, 1979, and

terminated the violation as of that approval date. The violation did not create a financial loss to the United States inasmuch as these funds would have been properly dispersed as soon as a reapportionment was administratively approved by OMB.

- (4) Administrative discipline imposed and any further steps taken with respect to the officer or an explanation as to why no disciplinary action is considered necessary:

The violation would have been avoided were the payments processed through the normal Bureau channels established in BLM's Service Center in Denver, Colorado for routine Bureau expenditures.

However, it should be noted that there are a number of reasons why the in lieu-tax program is not handled in a routine manner; the most significant ones follow:

- A. This new program was, and still is, in an evolutionary state with numerous legal and administrative questions yet to be fully resolved. The CG ruling of October 16, 1978 is but one example of the unsettled nature of this program. This situation requires close cooperation and coordination between BLM and the Department's Office of the Solicitor and the Office of the Inspector General for legal interpretations, counsel, and assistance.
- B. Compilation of data and calculation of in-lieu tax payments require centralized national level support, including input and coordination with a number of Federal agencies such as the Bureau of Census, Office of Revenue Sharing, Bureau of Reclamation, National Park Service, U.S. Forest Service, Corps of Engineers, Federal Energy Regulatory Commission, and more recently the Fish and Wildlife Service.

The transmittal of data and coordination with these agencies, therefore, is best handled at the Washington, D.C. level.

- C. Similarly, the determination of payments requires data from each State government as to the distribution, if any, of certain shared Federal revenues to their local governmental units. Requests for these data and their consolidation for in-lieu tax payment calculations is best handled at the national level. Since the inception of this program much of this information has been provided very late in the fiscal year, providing short reaction time to complete payment calculations and effect the issuance of checks prior to the close of the fiscal year.

D. To insure that in-lieu payments could be made in Fiscal Year 1977, the year in which the Act was passed, BLM arranged for use of Interior Department ADP hardware facilities and use of local contractor ADP programming assistance to meet the initial payment deadlines. Some of these arrangements are still in use so as to avoid any disruption of the program regime in determining subsequent fiscal year in-lieu tax payments.

Transferring these functions to BLM Denver Office at this time would require a reallocation of workload, tax existing capabilities and increase administrative costs.

These factors all contribute to the need for a responsive, efficient and nationally centralized payment system which is not a part of normal Bureau expenditure routines.

While this violation could have been prevented had BLM anticipated the impact of the decision of the Comptroller General earlier and requested a reapportionment required for payment to local governments in a more timely manner, the fact is that obligations were technically incurred as each finding of a FY 1978 underpayment to a local unit of government was established and verified. This is true whether or not such obligations were actually entered into the Bureau's accounting system, or whether such checks for prior year underpayments were actually issued.<sup>1/</sup> This technicality should not obscure the fact that corrective payments which resulted in overexpending available apportionments were certified in the BLM's Division of Finance without benefit of a supporting apportionment during the period in question. //

Notwithstanding the above considerations, the error could also have been avoided had the Bureau established and used standard allotment ledger and status of fund verification procedures in its Washington Office for this account. Failure to establish //

---

<sup>1/</sup> Section 25.1F of OMB Circular A-34, states that obligations incurred for grants and taxes payable to States and local governments:

(1) For grants that involve no administrative determination and are automatically fixed by a statutory formula or specified by law, the obligation to be reported will be the amount determined by the application of the formula or the amount appropriated, whichever is smaller at the time the amount so determined becomes available to the grantee.

and use such a system, in common use throughout the government including normal program expenditures in BLM, led to a circumstance in which routine examination for availability of funds in advance of obligation recordation and expenditure was not made.

These payments were authorized under the direction of Mr. Edward Greenberg, Chief of BLM's Division of Finance through Ms. Alice Niner, Senior Systems Accountant, also of the Division of Finance. These payments were certified on the basis that funds were available within the total appropriation without full realization that the bulk of FY 1979 funds were apportioned in the last quarter of the fiscal year. In an effort to respond to suggestions from GAO, State Government Officials, the recipient local governmental units, Congressional concern for early corrections of underpayments and with supporting legal advice from the Office of the Solicitor, payments were made without verifying the status of the apportionment. In short, the absence of established systematic procedures to avoid overobligation and overexpenditure of funds for this particular account resulted in an oversight in the administration of a highly complex, involved, and fluid program. The establishment of such procedures is the responsibility of the Chief, Division of Finance.

The responsible officials have been cautioned to avoid a repetition of this incident and to establish proper procedures so as to insure that all financial and other administrative and legal restrictions are rigidly followed. Further, the BLM's Chief, Division of Finance has been reprimanded since he has administrative jurisdiction over the in-lieu tax payment program.

- (5) Additional action taken, including any new safeguards to prevent reoccurrence:

It has been directed that all BLM finance and accounting personnel responsible for obligation and/or expenditure of funds be apprised of the importance of checking the status of current approved apportionments through a prevalidation determination of amounts available by time period before processing obligations, expenditures and/or authorizing disbursements. It is also apparent that, because of the nature in which obligations may be technically incurred, this program should not be apportioned in the manner in which it has been apportioned in the past. Instead it may be more appropriately handled as a "Category B" apportionment wherein the entire apportionment is made available for a fiscal year without regard to apportionment time periods.

- (6) Adequacy of the system of administrative control prescribed by the head of the agency and approved by OMB:

The system of administrative control of funds as prescribed by the Department of the Interior and approved by the Office of Management and Budget on February 9, 1979, for use by the Bureaus and Offices is adequate. No changes in the Department's regulations governing the administrative control of funds are believed to be necessary.

(7) Other concerned agency:

No other agency is directly concerned and therefore, no steps have been taken to coordinate this report with another agency.

Respectfully,

  
SECRETARY



# United States Department of the Interior

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240

RL  
056517

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

Through: Director  
Office of Management and Budget  
Washington, D.C. 20503

Dear Mr. President:

In accordance with Part VII of the Office of Management and Budget Circular No. A-34, there is submitted a report required by Section 3679 of the Revised Statutes, as amended. An identical report is being submitted to the Congress as required by law. An overobligation of the apportionment occurred in the Bureau of Land Management (BLM) for which the following data is submitted:

- (1) Appropriation Title and Symbol: Payment in Lieu of Taxes (1491114)

Amount involved: \$6,471,186  
Date: Month of February, 1979

- (2) Individual responsible for overobligation of the apportionment:

- a) Name and position of the officer or employee responsible for the disposition and utilization of all BLM funds (sole allottee):

Paul M. Vetterick  
Chief, Division of Budget and  
Program Development  
Bureau of Land Management  
Department of the Interior

- b) Name and position of the officer or employee responsible for authorizing payment thereby creating the overobligation and overexpenditure of the apportionment:

Edward P. Greenberg  
Chief, Division of Finance  
Bureau of Land Management  
Department of the Interior

- (3) Pertinent facts: The total amount disbursed exceeds the amount apportioned by the Office of Management and Budget by \$6,471,186. An overobligation of the appropriation is not involved since funds for such in-lieu tax payments were duly appropriated by Congress for expenditure in Fiscal Year 1979. The computation of the overobligation of the apportionment is indicated below:

Total FY 1979 funds appropriated	\$105,000,000
Amount apportioned for 1st half FY 1979 (October 1978 thru March 1979)	150,000
Obligations incurred through February, 1979	<u>6,621,186</u>
Difference (overobligation of apportionment)	<u>\$ 6,471,186</u>

P.L. 94-565 (31 U.S.C. 1601-1607), as amended, provides for annual payments to units of local government in which certain Federal lands are located.

Section 1 of the Act provides for payments for Federal lands that are defined by the Act as "entitlement lands". This includes most of the lands administered by BLM, Forest Service, National Park Service, and certain lands administered by the Bureau of Reclamation, Corps of Engineers, and the Fish & Wildlife Service. These payments are based on a statutory formula which stipulates how payments are to be computed and establishes maximum payment limitations. The computation formula specifies that payments shall be equal to the greater of: (a) 75 cents per acre reduced by payments made under eleven selected public land payment or revenue sharing programs such as Mineral Lands Leasing Act and the National Forest Revenue Act; or, (b) 10 cents per acre. However, payments under either formula may not exceed a statutory ceiling based on population.

Section 3 of the Act authorizes additional payments for Federal lands or interests therein acquired for the Redwood National Park or for additions to the National Park System or Forest Wilderness Areas after December 31, 1970. These payments are to be made for each of the 5 fiscal years following each land acquisition. The statutory formula directs that the amount of each payment shall be equal to the lesser of 1% of their assessed value when acquired or the real property taxes assessed and levied on such lands in the fiscal year prior to acquisition. Payments for lands acquired under the Redwoods Expansion Act of 1978 (P.L. 95-250, Section 106) waive the property tax and 5 year payment period limitations on lands acquired pursuant to that Act.

A total of \$105,000,000 has been appropriated for FY 1979. About 99 percent of this account is normally expended in the fourth quarter of the fiscal year which represents the disbursement of payments

due to each unit of local government (normally county or county-type governments). The balance of the account or \$200,000 is available for administrative costs.

In response to a request dated August 3, 1978, from the Deputy Solicitor, Department of the Interior, a decision concerning the statutory calculation of payments under Section 1 of the Act was rendered by the Comptroller General (CG) on October 16, 1978 (CG File No. B-167553). This decision said in effect that in-lieu tax payment calculations should be reduced only by the amounts of certain revenue sharing payments specified under Section 4 of the Act that were actually received by the eligible units of local government and available for their independent use. Prior to this decision, those revenue sharing payments allocated to school or other special districts within qualified county or similar governmental jurisdictions were deducted by BLM in determining in-lieu payments. The CG ruling thus established that excessive amounts of revenue sharing funds had been deducted by BLM in calculating appropriate in-lieu tax payments thereby resulting in underpayments to many units of local government.

Under the authority contained in the Department of the Interior and Related Agencies FY 1979 Appropriations Act, funds appropriated for FY 1979 may be used to correct underpayments in the previous fiscal year. Based on data furnished by General Accounting Office (GAO) officials, and acting upon the advice of the Interior's Office of the Solicitor that underpayment adjustments be paid promptly, a Schedule of Payments (SF 1166) authorizing the issuance of checks by the Department of the Treasury to correct underpayments in FY 1978 was prepared in BLM's Division of Finance. These checks, covering the first of many payment adjustments which must be made to meet the requirements of this new interpretation of the law, were issued by the Department of the Treasury on February 15, 1979. Upon discovery of the administrative error in authorizing obligations and expenditures in excess of the amount apportioned, payment adjustments to other local governments were immediately discontinued. Concurrently, BLM's Division of Budget and Program Development prepared a reapportionment request for Office of Management and Budget approval in anticipation that such corrective payment action would have to be initiated earlier than the final quarter of fiscal year 1979. The reapportionment request was submitted to the Office of Management and Budget on March 1, 1979, and provided for the reapportionment of sufficient funds in the first half of the fiscal year to cover underpayments including those already disbursed. The reapportionment request was approved by OMB March 19, 1979, and

terminated the violation as of that approval date. The violation did not create a financial loss to the United States inasmuch as these funds would have been properly dispersed as soon as a reapportionment was administratively approved by OMB.

- (4) Administrative discipline imposed and any further steps taken with respect to the officer or an explanation as to why no disciplinary action is considered necessary:

The violation would have been avoided were the payments processed through the normal Bureau channels established in BLM's Service Center in Denver, Colorado for routine Bureau expenditures.

However, it should be noted that there are a number of reasons why the in lieu-tax program is not handled in a routine manner; the most significant ones follow:

- A. This new program was, and still is, in an evolutionary state with numerous legal and administrative questions yet to be fully resolved. The CG ruling of October 16, 1978 is but one example of the unsettled nature of this program. This situation requires close cooperation and coordination between BLM and the Department's Office of the Solicitor and the Office of the Inspector General for legal interpretations, counsel, and assistance.
- B. Compilation of data and calculation of in-lieu tax payments require centralized national level support, including input and coordination with a number of Federal agencies such as the Bureau of Census, Office of Revenue Sharing, Bureau of Reclamation, National Park Service, U.S. Forest Service, Corps of Engineers, Federal Energy Regulatory Commission, and more recently the Fish and Wildlife Service.

The transmittal of data and coordination with these agencies, therefore, is best handled at the Washington, D.C. level.

- C. Similarly, the determination of payments requires data from each State government as to the distribution, if any, of certain shared Federal revenues to their local governmental units. Requests for these data and their consolidation for in-lieu tax payment calculations is best handled at the national level. Since the inception of this program much of this information has been provided very late in the fiscal year, providing short reaction time to complete payment calculations and effect the issuance of checks prior to the close of the fiscal year.

- D. To insure that in-lieu payments could be made in Fiscal Year 1977, the year in which the Act was passed, BLM arranged for use of Interior Department ADP hardware facilities and use of local contractor ADP programming assistance to meet the initial payment deadlines. Some of these arrangements are still in use so as to avoid any disruption of the program regime in determining subsequent fiscal year in-lieu tax payments.

Transferring these functions to BLM Denver Office at this time would require a reallocation of workload, tax existing capabilities and increase administrative costs.

These factors all contribute to the need for a responsive, efficient and nationally centralized payment system which is not a part of normal Bureau expenditure routines.

While this violation could have been prevented had BLM anticipated the impact of the decision of the Comptroller General earlier and requested a reapportionment required for payment to local governments in a more timely manner, the fact is that obligations were technically incurred as each finding of a FY 1978 underpayment to a local unit of government was established and verified. This is true whether or not such obligations were actually entered into the Bureau's accounting system, or whether such checks for prior year underpayments were actually issued.<sup>1/</sup> This technicality should not obscure the fact that corrective payments which resulted in overexpending available apportionments were certified in the BLM's Division of Finance without benefit of a supporting apportionment during the period in question. //

Notwithstanding the above considerations, the error could also have been avoided had the Bureau established and used standard allotment ledger and status of fund verification procedures in its Washington Office for this account. Failure to establish //

---

<sup>1/</sup> Section 25.1F of OMB Circular A-34, states that obligations incurred for grants and taxes payable to States and local governments:

(1) For grants that involve no administrative determination and are automatically fixed by a statutory formula or specified by law, the obligation to be reported will be the amount determined by the application of the formula or the amount appropriated, whichever is smaller at the time the amount so determined becomes available to the grantee.

and use such a system, in common use throughout the government including normal program expenditures in BLM, led to a circumstance in which routine examination for availability of funds in advance of obligation recordation and expenditure was not made.

These payments were authorized under the direction of Mr. Edward Greenberg, Chief of BLM's Division of Finance through Ms. Alice Niner, Senior Systems Accountant, also of the Division of Finance. These payments were certified on the basis that funds were available within the total appropriation without full realization that the bulk of FY 1979 funds were apportioned in the last quarter of the fiscal year. In an effort to respond to suggestions from GAO, State Government Officials, the recipient local governmental units, Congressional concern for early corrections of underpayments and with supporting legal advice from the Office of the Solicitor, payments were made without verifying the status of the apportionment. In short, the absence of established systematic procedures to avoid overobligation and overexpenditure of funds for this particular account resulted in an oversight in the administration of a highly complex, involved, and fluid program. The establishment of such procedures is the responsibility of the Chief, Division of Finance.

The responsible officials have been cautioned to avoid a repetition of this incident and to establish proper procedures so as to insure that all financial and other administrative and legal restrictions are rigidly followed. Further, the BLM's Chief, Division of Finance has been reprimanded since he has administrative jurisdiction over the in-lieu tax payment program.

- (5) Additional action taken, including any new safeguards to prevent reoccurrence:

It has been directed that all BLM finance and accounting personnel responsible for obligation and/or expenditure of funds be apprised of the importance of checking the status of current approved apportionments through a prevalidation determination of amounts available by time period before processing obligations, expenditures and/or authorizing disbursements. It is also apparent that, because of the nature in which obligations may be technically incurred, this program should not be apportioned in the manner in which it has been apportioned in the past. Instead it may be more appropriately handled as a "Category B" apportionment wherein the entire apportionment is made available for a fiscal year without regard to apportionment time periods.

- (6) Adequacy of the system of administrative control prescribed by the head of the agency and approved by OMB:

The system of administrative control of funds as prescribed by the Department of the Interior and approved by the Office of Management and Budget on February 9, 1979, for use by the Bureaus and Offices is adequate. No changes in the Department's regulations governing the administrative control of funds are believed to be necessary.

(7) Other concerned agency:

No other agency is directly concerned and therefore, no steps have been taken to coordinate this report with another agency.

Respectfully,

  
SECRETARY

THE WHITE HOUSE

WASHINGTON

December 19, 1979

*C*  
**Electrostatic Copy Made  
for Preservation Purposes**

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *FM*

SUBJECT: CONGRESSWOMAN HOLTZMAN'S LETTERS REGARDING  
STATEMENTS BY NSC STAFF MEMBER PAUL HENZE

Attached for your review is the response which has been prepared by staff members of the NSC for Congresswoman Holtzman. Both Zbigniew and Madeleine Albright approved this letter. We agree with Congresswoman Holtzman that the first reply she received was not responsive. The fact that this second letter separates Mr. Henze's personal opinions from the White House positions and that Ms. Dodson is offering to meet with Holtzman makes this response more palatable to us.

I have also attached the December 5 and 13 letters to you from Congresswoman Holtzman and the December 12 reply she received initially from Christine Dodson.

→ EV Small  
h

SUMMARY OF CONGRESSIONAL MAIL TO THE PRESIDENT

DATE: DEC 13, 1979

PAGE: - 1-

FROM

SUBJECT

DISPOSITION

COMMENTS

Susan -  
P  
Q  
1

REP. ELIZABETH HOLTZMAN  
(D) - NEW YORK

PROTESTS THE "INAPPROPRIATE, INADEQUATE, AND INACCURATE" RESPONSE BY A MEMBER OF THE NSC STAFF TO HER EARLIER LETTER TO YOU REGARDING STATEMENTS BY PAUL HENZE, ALSO OF NSC; QUESTIONS HENZE'S CLAIM THAT HIS REMARKS REGARDING THE RADIO FREE EUROPE INTERVIEW OF ARCHBISHOP VALERIAN TRIFA, AN ALLEGED NAZI WAR CRIMINAL, WERE SANCTIONED BY THE WHITE HOUSE; REPEATS HER REQUEST THAT HENZE BE DISMISSED.

ACKNOWLEDGED BY FM  
REFERRED TO:  
NSC

reply  
to me

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

December 18, 1979

Dear Congresswoman Holtzman:

In response to your letter of December 13 and, in the hope that this matter can be cleared up, let me reiterate the following points:

First, Mr. Henze's comments expressed a personal opinion and not a White House position.

Second, my reading of the informal transcript is that, while Mr. Henze thought the importance given to the Trifa matter "silly" as compared to other key issues affecting the future of the radios, such as relocation, he agreed with Ambassador Hayes that it was an "error of judgment" to have Trifa's interview broadcast. I quote:

Ambassador Hayes: "My real wonder is not that the Trifa matter happened. Even the editor who erred wouldn't have erred had it not been for the rush of a peculiar set of circumstances such as the other Bishop had refused to be interviewed. I think what we all should reassure ourselves about is, are we set up properly to cope with these things. How do we guard against it happening again?"

Mr. Henze: "Let me just state that I couldn't agree more with what you just said, John. The wonder is that they haven't made more mistakes. . . ."

Third, I signed the letter not as a colleague of Mr. Henze's but in my role as head of the NSC staff and thus directly concerned with anything affecting an NSC staff member. (The National Security Act of 1947 appoints a civilian Executive Secretary to head the NSC staff. By letter, President Nixon directed that when that position is vacant, as it has been for the last 10 years, the duties and responsibilities of that position are carried out by the Staff Secretary.)

I consider this a most unfortunate misunderstanding and hope that we can resolve it. I would be happy to meet with you at your convenience if you wish to discuss it further.

Sincerely,

Christine Dodson  
Staff Secretary

The Honorable Elizabeth Holtzman  
Chairwoman  
Committee on the Judiciary  
U. S. House of Representatives  
Washington, D. C. 20515

*incorrect —  
to be retyped*

ELIZABETH HOLTZMAN, N.Y., CHAIRWOMAN  
 GEORGE E. DANIELSON, CALIF. HAMILTON FISH, JR., N.Y.  
 SAM B. HALL, JR., TEX. M. CALDWELL BUTLER, VA.  
 HERBERT E. HARRIS II, VA. DAN LUNGREN, CALIF.  
 MICHAEL D. BARNES, MD.  
 RICHARD C. SHELBY, ALA.

Committee on the Judiciary  
 U.S. House of Representatives  
 Washington, D.C. 20515

GARNER J. CLINE, COUNSEL  
 ARTHUR P. ENDRES, JR., COUNSEL  
 JAMES J. SCHWEITZER, COUNSEL  
 ALEXANDER B. COOK, ASSOCIATE COUNSEL  
 FRANCES F. CHRISTY, LEGISLATIVE ANALYST

December 13, 1979

Ask FM/NSC  
 CONGRESSIONAL  
 LIAISON

DEC 18 1979

000931 CL

cc: Beckel, Capland

Honorable Jimmy Carter  
 The President  
 The White House  
 Washington, D.C.

Dear Mr. President:

On December 5, I wrote to you concerning certain statements made by Mr. Paul Henze of the National Security Council staff regarding a Radio Free Europe broadcast of an interview with alleged Nazi war criminal Valerian Trifa. These statements were made at an August 15 Board for International Broadcasting meeting.

Yesterday I received a response from another staff member of the National Security Council which I find to be inappropriate, inadequate and inaccurate.

I consider it to be inappropriate because my letter, written to you in my capacity as Subcommittee Chairwoman, was answered by a staff member of the Security Council, a co-worker of Mr. Henze's. This suggests that the White House attaches little importance to the issue I have raised.

I consider the response to be inadequate because it does not address the concerns I enumerated in my December 5 letter. First, it does not indicate whether Mr. Henze's remarks represent the position of, or were sanctioned by, the White House, as he so stated at the August 15 meeting. Second, the response does not discuss the fact that Mr. Henze, both at the Board for International Broadcasting meeting and in discussions with Radio Free Europe employees in Munich, minimized the importance of my Congressional investigation into the Trifa Broadcast. As I noted on December 5, I find even the appearance of counseling non-cooperation by a member of the White House staff to be extremely disturbing, given the past history of inaction by our government in cases of Nazi war criminals living in this country.

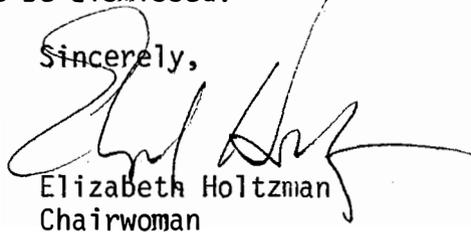
I consider the response to be inaccurate because it does not in any way reflect the verbatim transcript of the August 15 Board meeting. The transcript does not "make it very clear that Mr. Henze explicitly shared the view expressed by Ambassador Hayes that the broadcast was an "error of judgment". What the transcript does make explicit clear is that Mr. Henze stated flatly and unequivocally that concern over the Trifa matter was "silly" and that the White House position was that Trifa "represents an important ethnic group". In fact, Mr. Henze steadfastly refused to retract his comments despite pleas from several participants in the meeting to do so.

5408

Finally, I would note the issue is not, as the response states, that Mr. Henze never indicated any sympathy for Trifa's "alleged past activities", but whether he, or the White House, currently is willing to overlook those activities because Trifa "represents an important ethnic group" and might be able to deliver their votes.

I renew my request that Mr. Henze be dismissed.

Sincerely,

A handwritten signature in black ink, appearing to read "Elizabeth Holtzman", written over a light gray rectangular background.

Elizabeth Holtzman  
Chairwoman

EH:jsj

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

December 12, 1979

Dear Congresswoman Holtzman:

Your letter to the President of December 5 has been forwarded to me for response since it concerns a member of the National Security Council staff. I should note that prior to its receipt, we had already received a number of calls here about the letter.

As to the matter you raise in the letter, please note the following: While the BIB transcript was not verified by Mr. Henze, and while his personal estimate of the importance of the Trifa broadcast can be justifiably contested by others, the transcript does make it very clear that Mr. Henze explicitly shared the view expressed by Ambassador Hayes that the broadcast was an "error of judgment." Nowhere in the discussion did he either support this broadcast or indicate, even in the slightest, any sympathy for Archbishop Trifa's alleged past activities. Obviously, the crimes that were committed during World War II are recognized as heinous and have no sympathy among anyone in the civilized world.

Sincerely,



Christine Dodson  
Staff Secretary

The Honorable Elizabeth Holtzman  
Chairwoman  
Committee on the Judiciary  
House of Representatives  
Washington, D. C. 20515

ELIZABETH HOLTZMAN, N.Y., CHAIRWOMAN  
 GEORGE E. DANIELSON, CALIF. HAMILTON FISH, JR., N.Y.  
 SAM B. HALL, JR., TEX. M. CALDWELL BUTLER, VA.  
 HERBERT E. HARRIS II, VA. DAN LUNGREN, CALIF.  
 MICHAEL D. BARNES, MD.  
 RICHARD C. SHELBY, ALA.

Committee on the Judiciary  
 U.S. House of Representatives  
 Washington, D.C. 20515

GARNER J. CLINE, COUNSEL  
 ARTHUR P. ENDRES, JR., COUNSEL  
 JAMES J. SCHWEITZER, COUNSEL  
 ALEXANDER B. COOK, ASSOCIATE COUNSEL  
 FRANCES F. CHRISTY, LEGISLATIVE ANALYST

December 5, 1979

Honorable Jimmy Carter  
 The President  
 The White House  
 Washington, D.C.

Dear Mr. President:

I am writing to you regarding statements made by a member of the White House staff which I consider to be unconscionable and grounds for his immediate dismissal.

As you may be aware, on May 1, 1979, Radio Free Europe broadcast a forty-five minute interview with Valerian Trifa, a naturalized American citizen who is alleged to have incited atrocities against the Jews in Bucharest, Romania during World War II. No mention was made during the broadcast that the Department of Justice had initiated proceedings against Trifa in May 1975 to strip him of his citizenship because of his alleged participation in war crimes and that the case was expected to go to trial in federal court in Detroit in the near future.

Because of the potential effect the Radio Free Europe broadcast could have on the pending litigation, and on the willingness of foreign governments to provide judicial assistance to the United States in other cases involving suspected Nazi war criminals, I directed my Subcommittee staff to investigate the circumstances surrounding the airing of the Trifa interview.

Although I am deeply concerned that Radio Free Europe -- an entity funded almost entirely by our government -- chose to interview an individual accused by the Justice Department with concealing his complicity in war crimes, I am equally disturbed by statements that I have discovered were subsequently made by Mr. Paul Henze of Dr. Brzezinski's Security Council staff about the broadcast. Mr. Henze apparently serves as the Security Council liaison with the Board for International Broadcasting, the agency which oversees Radio Free Europe's operations.

According to evidence I have received in the course of my investigation, Mr. Henze, during the Board for International Broadcasting meeting of August 15, 1979, characterized concern about the Trifa interview as "silly" and stated flatly that it "certainly isn't serious from the point of view of the White House." Despite strenuous protests from several Board members, Mr. Henze continued in the following vein: "Let me state the White House position on this issue: Bishop Trifa, as an American citizen represents an important ethnic group." Similar statements were made by Mr. Henze at a Radio Free Europe/Radio Liberty Board of Directors meeting. Not only does Mr. Henze evidently find nothing seriously wrong

DLK FM/NSC  
 CONGRESSIONAL  
 LIAISON

DEC 6 1979

000008 cl

cc: Beck

in Radio Free Europe's providing a platform for an alleged Nazi war criminal under charges by the Department of Justice, but he implies that the propriety of the interview should be judged solely on whether Trifa's "ethnic group" would approve of, or be placated by, the broadcast. The obvious conclusion is that Mr. Henze believes that the number of possible votes to be gained or lost is the overriding factor in making a judgment of this kind.

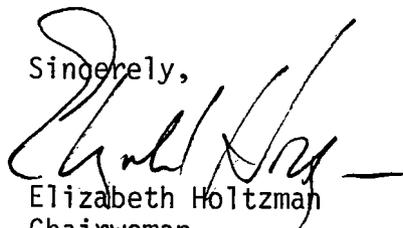
These statements are outrageous enough if they represent only Mr. Henze's personal feelings on this matter, and are sufficiently reprehensible in my view to warrant his immediate removal from your staff. If his comments accurately reflect the position of, or were sanctioned by, Dr. Brzezinski or other White House officials, they too should be called to account.

I would also note that Mr. Henze, during the same Board for International Broadcasting meeting, sought to downplay the importance of a Congressional inquiry into this matter. Other evidence I have received regarding statements made by Mr. Henze to Radio Free Europe employees in Munich would seem to confirm that this was his intent.

I find even the appearance of counseling non-cooperation in the case of a Congressional investigation to be extremely distressing. Since Mr. Henze wears the mantle of the White House, it is particularly damaging when he takes such a position. It is precisely because the government refused to investigate vigorously allegations that war criminals had been provided sanctuary in this country for 30 years that we are today forced to confront this issue.

Your Administration, at my urging and with the full support of my Subcommittee, has taken vitally important steps in the last year to upgrade the investigation and prosecution of alleged Nazi war criminals living in this country. In view of this, I cannot believe that Mr. Henze's statements represent your feelings on this matter. If they do not, I urge you promptly to take the action I have suggested.

Sincerely,



Elizabeth Holtzman  
Chairwoman

EH:jsj