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THE WHITE HOUSE
WASHINGTON

December 19, 1979

MEMORANDUM FOR THE PRESIDENT

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FROM: JODY POWELL *JSP*

SUBJECT: Luncheon Interview with
The Des Moines Register and Tribune

This is an important editorial session. I hope you will try to put some time and thought into your preparation. Apparently, this group was favorably impressed by their last session with EMK.

I have attached several items to help your preparation:

- ✓ 1. A good memo from Ed Jesser, your Iowa campaign press secretary, on the individuals involved. The First Lady called Jesser to go to Iowa for us. He is very good, from Boston, and a former press secretary to Joe Timilty.
- ✓ 2. A briefing packet on agriculture from Lynn Daft. The most important and likely questions are at the top.
- ✓ 3. A selection of the most likely questions in other areas from your most recent domestic and foreign policy Q&A book.
4. A selection of several of the most recent editorials on the Administration from the Register and Tribune.
- ✓ 5. Carter, Brown and Kennedy positive and negative themes memos which are still being refined for inclusion in your debate preparation booklet. *(NOT ESSENTIAL TO READ)*

THE WHITE HOUSE

WASHINGTON

LUNCHEON INTERVIEW WITH THE DES MOINES REGISTER AND TRIBUNE

Thursday, December 20, 1979
12:00 noon (45-60 minutes)
The Cabinet Room
FROM: Jody Powell

I. PURPOSE

To comply with request from The Des Moines Register and Tribune for Presidential interview on agricultural policy, politics and other policy issues of interest in the Midwest.

II. BACKGROUND, PARTICIPANTS, PRESS PLAN

A. Background

The following information was submitted to this office by Ed Jesser, Carter/Mondale press secretary in Iowa:

The Des Moines Register and Tribune are unique in that they have a statewide circulation. They call themselves "The Newspaper Iowa Depends Upon." The Register, which is the morning paper, attempts to cover the entire state Monday through Saturday, and the Des Moines Sunday Register has by far the largest circulation of any Iowa newspaper. The Tribune is an afternoon paper, and its coverage is concentrated within a 50-mile radius of Des Moines.

The newspapers have been owned by many years by Gardner Cowles and his descendants. The publisher, David Kruidenier, is a grandson of the late Mr. Cowles. Despite accusations from his business friends that the newspapers are "anti-business," Kruidenier allows the editorial department free reign in news and editorial content.

The President and Editor of the Register and Tribune Co. is Michael Gartner, who came to Iowa from his post as "front page editor" of the Wall Street Journal. Gartner is a Des Moines native and a brother of David Gartner, former Hubert Humphrey aide who was confirmed to a government post in the Carter Administration despite some controversy. There is speculation in the state that the Register's seeming "anti-Carter" bias may stem, in part, from this incident.

Gartner, in turn, was largely responsible for enticing James P. Gannon to the Register and Tribune. Gannon had been a political writer for the Wall Street Journal, where he had known Gartner, and came to the Register and Tribune as Vice President and Executive Editor. There has been little change in the newspapers' editorial stance on issues since the arrival of these two editors, but several reporters have indicated privately that staff morale has deteriorated since they assumed control of the editorial operation. Most Iowans believe that the newspapers tend to voice a liberal viewpoint in their editorials and news coverage.

Because the newspapers are without local print competition, many Iowans believe that they hold a monopoly on the market and that the newspapers are somewhat arrogant. This attitude is perceived among several reporters, particularly in James Flansburg, the Register's chief political reporter. Flansburg, who met Jimmy Carter in February of 1975 during his first visit to the state, was among the first in the country to sense that then-Governor Carter was building a strong organization in Iowa. When Tim Kraft subsequently came to Iowa, he "patronized" Flansburg effectively, and Carter received generally favorable coverage during the 1976 pre-caucus period.

After Carter's nomination in 1976, however, Flansburg's tone seemed to change. During an interview in Des Moines in August, he accused Carter of contradicting himself on the issue of grain embargoes. The resulting story spread throughout the country.

During the Carter Administration's first term, the Register and Tribune have appeared to be negative toward the President, with a few exceptions. The newspapers have applauded his foreign policy successes (Middle East, China, Panama Canal) and recently, have supported his position with regards to the Iranian hostage crisis. However, Gannon has characterized him as "inept" and has compared his handling of the economy with Herbert Hoover. In recent days, Gannon has criticized the President's plans to increase the military budget.

Flansburg's tone has softened somewhat since last summer when he charged Carter with "out-Nixoning Nixon." In 1978 and early in 1979, he seemed to assume that Ted Kennedy could have the 1980 Democratic nomination for the asking. Since September, he has repeatedly noted that Carter/Mondale has a significant organizational lead, calling it "the President's slick machine."

However, there have been indications in the past month that he is anxious to report Kennedy "picking up significant Iowa support" resulting from disaffection of a few 1976 Carter people

in Iowa. Flansburg views himself as a political strategist and, after lauding our organizations, is likely to take some "pot shots" at us and consequently help Kennedy build momentum so Flansburg will be covered, regardless of the caucus results.

Flansburg enjoys the role of the local political expert, as out-of-state reporters traditionally give him a call when they arrive in Iowa to get his assessment of Iowa politics. Consequently, Flansburg's influence in the 1980 campaign -- particularly with his papers' sponsorship of the debates -- has been expanded beyond the Iowa borders.

On the Republican side, the newspapers have played up the organizational strength displayed to date by George Bush and have suggested that Ronald Reagan's fortunes in Iowa have been on the decline. They have also been critical of Reagan for declining their invitation to participate in the GOP debate here on January 5.

Their Iowa Poll released on December 16 indicates that Bush has risen from 1% among Iowa Republicans in August to 14%. However, Reagan went from 48% in August to 50% in the recent poll conducted November 28 through December 1.

The "Iowa Poll" published last Sunday shows Carter and Kennedy each with 40%, Jerry Brown 9%, Undecided 10% and Others 1%. This compares with 49% for Kennedy in August to 26% for Carter and 3% for Brown. The most recent poll also reflects an approval rate of the President's performance of 56% to 31% who disapprove. That reflects an increase in the approval rate of 21% in August. Among Democrats only, the current poll shows an approval rate of 66%.

B. Participants

The President
David Kruidenier (pronounced "Kride-uh-near"), Publisher
Michael Gartner, Editor
James P. Gannon, Executive Editor
Gilbert Cranberg, Editorial Page Editor (tentative)
James Flansburg, Political Writer
James Risser, Washington Bureau Chief

C. Press Plan

White House photographer
Official steno will make internal transcript to be given
to participants and for our use.

III. TALKING POINTS

See Q's and A's.

MAJOR FOOD AND AGRICULTURE ACCOMPLISHMENTS

OF THE CARTER ADMINISTRATION

The Farmer-Owned Reserve Program: This program, designed and implemented by the Carter Administration, and affirmed by the Congress in the Food and Agriculture Act of 1977, has provided a mechanism for producers to store grain when prices are low, protect consumers against excessive price increases in short supply years, and ensure continued growth of U.S. exports. The reserve program has received widespread support from grain producers and domestic and foreign purchasers of U.S. grains. Estimates are that direct and indirect benefits to farmers from the reserve total nearly \$5 billion.

Increased Farm Income: Net farm income for 1979 is projected at \$30 billion, ~~up nearly 60 percent~~ from the 1976 net farm income level of \$18.8 billion. The 1979 level is the second highest in history.

Food Assistance and Human Nutrition: Our domestic food assistance programs have substantially reduced the widespread hunger and malnutrition, rampant only a decade ago. Medical teams from the Field Foundation recently reported that while poverty continues to be a serious problem, hunger and malnutrition are not. They attribute this dramatic fact to food stamps, the school lunch and breakfast programs, the summer feeding program, and the WIC Program. Elimination of the purchase requirement for food stamps alone resulted in assistance being made available to an additional 3 million elderly and rural residents.

Expanded Agricultural Exports: Administration policies and programs have led to a 25 percent increase in volume and a 33 percent increase in value of agricultural exports since 1976. Record exports in FY 1979 are expected to total \$32 billion, compared to 1976 exports of \$22.8 billion. Exports should total \$35-40 billion in FY 1980.

The Multilateral Trade Negotiations: Negotiations completed by the Carter Administration will provide improved access to foreign markets for over \$4 billion of U.S. farm products, implement better trading rules and restrict unfair trade practices. This should result in a \$500 million increase in annual farm product exports, and encourage long-term trade development.

Monitoring Mandatory Margins and Retail Food Prices: Using data collected and analyzed as part of the Anti-Inflation Program, we have identified sources of upward pressure on prices in the food and fiber section. With this information, we have been able to maintain prices and margins throughout the food marketing system and, when appropriate, raise questions.

Major Accomplishments - cont.

Improved Relations with China: Normalization of diplomatic relations with China will result in an estimated \$700 million in U.S. sales of agricultural products this year. In January, 1979, the United States signed an agreement with Chinese officials on scientific and technological cooperation. Since that time, three reciprocal exchanges on agricultural matters have taken place, and more are planned.

Inspector General's Office: The USDA Inspector General was established by the Carter Administration to reduce fraud and abuse in government programs. Our Inspector General has obtained over 1,137 indictments since 1977, and convictions in 70 percent of those cases.

Equal Opportunity: The Department of Agriculture has made significant strides in promoting equal opportunity in service delivery. For example, since 1977 USDA purchases from minority firms is up by 172 percent and deposits in minority banks has increased by 27 percent. In addition, minority participation in human resource programs such as Youth Conservation Corps (YCC) and Young Adult Conservation Corps (YACC) has increased by 44 percent.

Management Improvement: Millions of taxpayer dollars have been saved through improving management systems. The introduction of cash management program saved \$16.9 million in 1978. The substitution of microfilm and microfiche for conventional records has saved \$1.2 million dollars annually at the National Finance Center at New Orleans. The improved procurement system for computers will result in \$7,000,000 savings over a six-year period.

Overall Assessment of this Administration's Farm Policy

Q. What is your overall assessment of the Carter Administration farm policy?

A. I really believe my farm policy speaks for itself, and I am content to have it judged on its results. When I came into office, grain producers had gone from boom to bust, the livestock sector was in a state of serious depression, grain exports had been embargoed, there had even been a brief attempt to impose price controls. We have turned that situation around and are making steady progress to improve farm prices and farm income, to build export markets, and to protect and conserve the resource base. We have not arrived but we are moving in the right direction.

The cornerstone of our farm policy is the farmer-held grain reserve, the first such reserve in our nation's history. This reserve has been immensely successful. Unlike past programs that accumulated huge stocks in government hands at taxpayer expense, this reserve is owned and controlled by individual farmers. By forming this reserve when grain prices were low, we were able to add strength to the market when it was most needed. And, as grain prices rose higher, the gradual release of this reserve provided important reassurance to the domestic livestock industry and to our export customers, reassurance that we would not return to a boom or bust, feast or famine situation...and all that implies.

The outstanding success of this reserve becomes more evident when you consider that we have been able to achieve steady improvement in grain prices in the face of back-to-back record corn crops and a near record wheat crop. Also, we have avoided the wild swings in price we saw earlier in the decade, despite a drop in world grain production this year that is larger than any year-to-year decline in recent history.

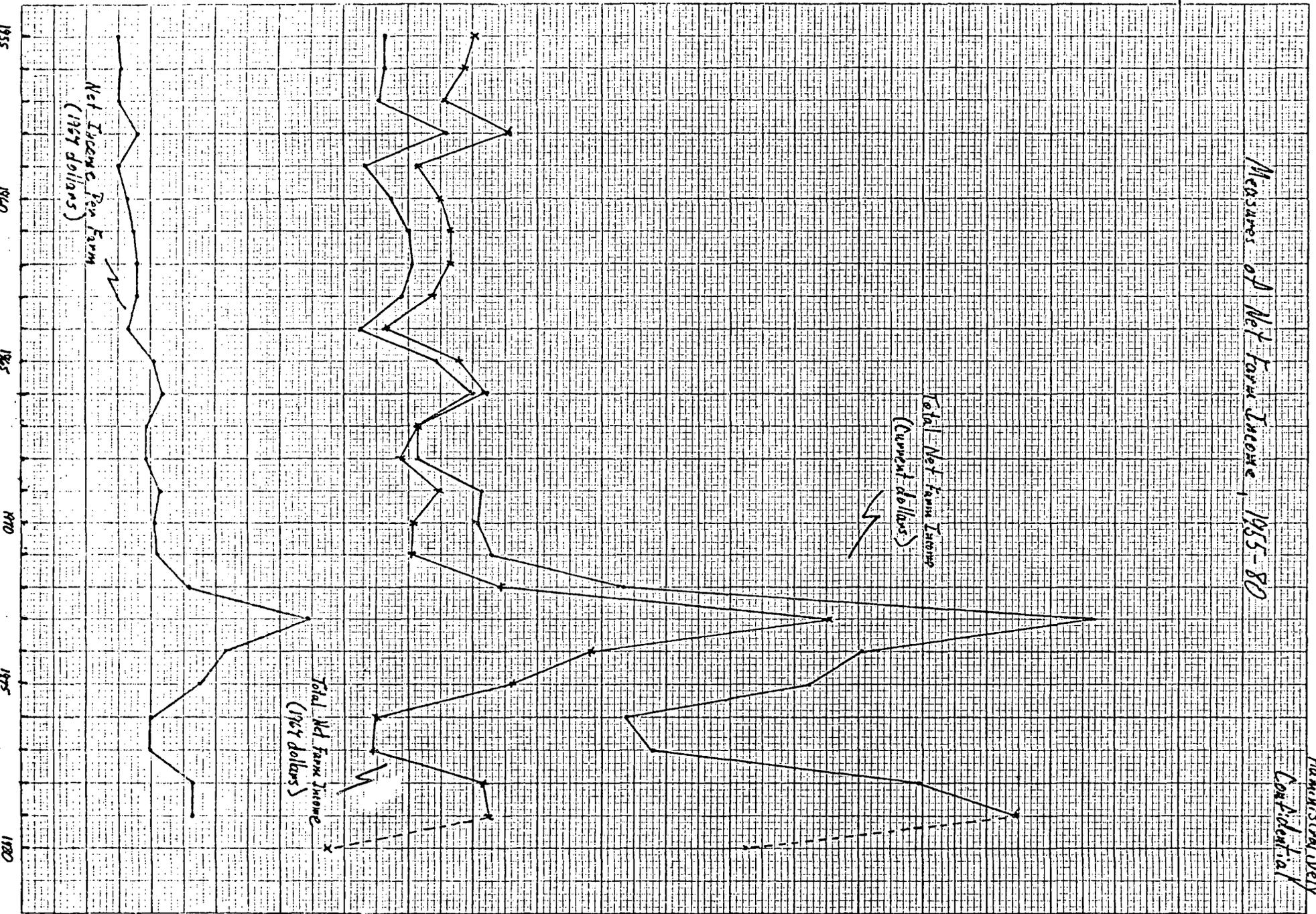
(Note: Recommend that you not emphasize percentage increase in net farm income. Although the improvement is significant, it has not been evenly shared... and in real terms does not compare favorably with 1973 and 1974. See attached chart, which also shows the mid-point of USDA's unpublished (and probably not very reliable) 1980 net farm income projection.)

billion
dollars

Measures of Net Farm Income 1955-80

Administratively
Confidential

0 5 10 15 20 25 30 35



dollar
per
farm
3,000 4,000 6,000 8,000

Target Prices of Wheat and Feed Grains Legislation

Q. There is legislation (the English Bill) pending before the Congress to raise the target prices of wheat and feed grains. Do you support this legislation?

A. We have been working closely with the Congress on this measure and are close to agreement. When this legislation was first introduced, it was for the 1979 crop only. We opposed that measure for a variety of reasons -- partly because it involved changing rules in mid-year, partly because rising market prices obviated the need for higher target prices this year, and partly because it compromised the basic concept of linking support prices to cost of production levels and to average yields, as provided in the 1977 Farm Act.

However, it has become apparent to us that there is a real problem with the adjustment of target prices in 1980 and 1981. The problem with the current formula is that it fails to reflect increases in production costs as rapidly as we would like and the adjustment for changes in yield is too unstable (because it is based on only two years). Thus, we have proposed an increase in target prices for 1980 and a new means of adjustment in 1981. The Senate Agriculture Committee has reported a bill that is very close to the position we recommended and we feel confident we will be able to come to agreement with them.

Gasohol

Q. There continues to be confusion in the minds of farmers about this Administration's commitment to producing gasohol. Could you clarify this?

A. There is no confusion in my own mind on this issue. This Administration is committed to the development of a range of new fuels, including alcohol fuel. I believe alcohol fuel can play an important role, particularly over the next decade or so as new technologies are developed. In support of this, I have taken a number of actions including:

- a streamlining of license application procedures;
- an extensive testing program by the federal automobile fleet;
- a proposed extension of the 4¢ excise tax exemption in combination with a tax credit for tax exempt producers;
- a proposed loan program for small-scale producers;
- an accelerated program of technical assistance; and
- creation of a Commission on Alcohol Fuels (chaired by Senator Bayh).

There are, of course, a number of unanswered questions that we are exploring through research. This includes research to determine if there is a better way to extract usable fuel rather than through distillation, because of the enormous amounts of energy required for this process. We are working on processes that would convert cellulose from waste materials--garbage, manure, crop residues--into liquid fuels for commercial sale.

But, I want to make a final point. Simply producing more energy is not the answer to our problems. We must take this necessary step of strict conservation so that we will have enough fuels for essential services, service such as food and fiber production, transportation, etc.

Export of U.S Food to Iran

Q. What is your position regarding the export of U.S. food to Iran? Would you consider an embargo?

A. While we have not taken steps to formally halt shipments of U.S. food to Iran, we have not ruled out the option. We have not taken action for several reasons. First, as you probably know, little, if any, U.S. food is acutally being shipped to Iran. Also, Iran has greatly reduced its attempts to buy U.S. food. Second, I am reluctant to see innocent people suffer for an act they did not commit and might not even condone. As you know, there is a great deal of internal strife and dissension within Iran. Third, it is not clear that a food embargo would be effective. There are a number of other sources to which the Iranians would probably turn.

Crop Insurance

Q. The Congress failed again this year to pass the Administration's comprehensive crop insurance proposal. Will you try again next year?

A. Yes, this legislation remains a legislative priority. It has already passed the Senate; we expect House passage early in the next session and are prepared to work closely with them to achieve that. If the legislation is passed, we would begin a rapid five-year phase-in of the program beginning with the 1981 crop year. If signed into law early next year as expected, it will be effective for crop year 1981. This legislation is badly needed to bring greater order to our agricultural disaster assistance programs, to provide a more equitable distribution of benefits, and to improve the overall cost-effectiveness of our programs.

Federal Grain Inspection

Q. The grain industry is engaged in an effort to water down present grain inspection programs by reducing export weighing requirements. What is the Administration's position regarding this effort?

A. The agricultural exports from this country play a large part in our balance of payments. The Administration does not support any action that might be viewed as jeopardizing the integrity of our inspection/weighing program which facilitates the marketing of U.S. grain overseas.

Full Crop Production

- Q. Your Administration has been very critical of the last Administration for encouraging farmers to plant fence row to fence row after the big Soviet purchases in the early 1970's. It is said that this encouragement led to the depression which faced farmers when you took office. The wheat, feed grain, and cotton programs for 1980 announced by Secretary Bergland have no set-aside provisions, thus again opening cropland to full production. Isn't this a return to the former policy?
- A. No, there are several major differences. First, we are not encouraging farmers to bring additional acreage into production. To the contrary, Secretary Bergland has repeatedly reminded farmers about the importance of good farming practices and has strongly recommended against bringing fragile lands into production. He has also put on notice any producers who plant these lands in 1980 that we will not add this acreage to their farms' "normal crop acreage" in subsequent years. Beyond this, we have asked the Congress for authority to restrict program benefits to producers who stay within their normal crop acreage. Under present law, we can not do that when a set-aside is in effect.

Wheat Cartel

- Q. It is often suggested that the United States, acting alone or in concert with other exporters of agricultural products, could establish a cartel and force importing countries, particularly OPEC, to pay higher prices. What do you think of this idea?
- A. There are many problems with the idea, particularly as it relates to OPEC. The four OPEC countries (Saudi Arabia, Nigeria, Libya and Algeria) that supply 64 percent of our oil imports, purchase only about 2 million tons of grain in world markets. There are many countries producing wheat and with world production last year in excess of 522 million tons, they would have no trouble finding alternate suppliers. Importing nations with the ability to pay (such as OPEC members) have many alternatives. The most certain result would be a loss of markets for U.S. farmers. At a time of increasing world hunger, I believe it is in the interest of both this country and the world at large to improve the world food supply system, rather than further restrict it.

Locks and Dam 26

Q. It has been said that by the time the new Locks and Dam 26 is completed, it will be outdated. Do you agree with this assessment? Do you see any way that the 10-year period for construction can be shortened?

A. The reconstruction of these locks and dam is critical. As you know, this issue existed for many years before I became President. We have moved it off dead center and have eliminated the roadblocks toward making our inland waterway system more dependable. I'm hopeful that it won't take 10 years to complete a new facility at Alton, Illinois. Alternatives to speed construction are under consideration by a joint USDA-DOT advisory task force but I have not yet received the report. It is due next month.

Nitrites/Nitrosamines in Pork Products

Q. While there has been a great deal of concern about the health effects of nitrosamines in bacon and other products, there has also been concern about how efforts to reduce nitrosamines will affect producers. How do you view this issue?

A. The Agricultural Department has completed the first year of a program which not only monitors the nitrosamine levels in bacon pumped with a nitrite cure, but also provides the technical assistance needed to help manufacturers meet federal regulations which prohibit confirmable levels of nitrosamines in such bacon. This assistance was provided by consultants who were hired by the department and whose services were made available to the manufacturers free of charge.

Thanks at least in part to this program, all major bacon-producing plants are now producing bacon in compliance with federal regulations. We believe this program has stemmed industry fears that enforcement of these regulations would cause large numbers of bacon manufacturers to go out of business. We believe that this program's success shows that when government helps industry to meet regulatory requirements, public safety can be assured without a substantial negative impact on industry.

Nitrites/Nitrosamines in Pork Products

Page 2

Q. Is the federal government considering a ban on nitrites?

A. If nitrite were proven to cause cancer, it would have to be banned under current law. This is why the Administration has proposed legislation to phase nitrite out of food as substitutes become available, should this relationship be proven. As you probably know, the study that first raised questions about the safety of nitrite is now being reviewed, and it is possible that the review would disclose that nitrite does not cause cancer. If that is the case, the government would not ban this substance, which can protect against botulism.

Rural Clean Water Program

- Q. What is the Administration doing to carry out the Rural Clean Water Program authorized by Congress in 1977?
- A. We asked Congress for \$75 million to launch the Rural Clean Water Program in 1980. Congress appropriated \$50 million for a program to be conducted on a one-year, experimental basis. The program will be administered through the ASCS with the cooperation of SCS conservation specialists. It will offer financial and technical assistance to farmers and ranchers using best possible management practices to control nonpoint sources of pollution.

Meat Imports

Q. Do you support the new meat import legislation?

A. Yes I do. With the help of the Congress and livestock producer representatives, we were able to resolve our earlier differences. The counter-cyclical formula contained in this bill makes sense for both producer and consumer interests. I will gladly sign the bill.

Foreign Ownership of Farm Land

Q. What is the situation of foreign ownership of farm land? Are we losing our farm land to other countries?

A. The Department of Agriculture is now completing a study of foreign ownership of farm lands. Early indications are that less than 1 percent of our prime farm lands are owned by foreigners. However, in some areas the share of foreign ownership is significantly higher than this. Once the USDA study is completed, I will consider whether any further actions appear to be warranted. As you probably know, a couple dozen states have already enacted laws of various types -- some to collect information; others to restrict ownership. It could be that this is a matter that is best left to the States, but I will consider it carefully.

Related to this, I have recently directed Secretary Bergland and the Chairman of the Council on Environmental Quality to prepare an indepth assessment of the availability of agricultural land. I am concerned that prime agricultural land not be needlessly lost to other uses, especially as a result of federal actions. Although the assessment will not be completed for several months (late 1980), I expect it will lead to several policy changes.

Emergency Disaster Loans for Farmers

- Q. The Farmers Home Administration of the Department of Agriculture has acknowledged that it has made multi-million dollar loans to several rich California farmers. Is this proper, since many smaller farmers have indeed not been able to get loans, and if you do not agree with these loans, what are you going to do to halt the practice?
- A. As you may know, Congress did not set any dollar limits on loan losses when it passed the legislation creating the emergency disaster loan program. We have proposed a change in the legislation that would limit the amount of loan that one person could obtain for a single disaster as well as a limit on the total amount one could borrow if there was more than one disaster involved. I do not believe the FmHA should be making loans in the millions of dollars to people who seemingly have other resources. I have directed the Department of Agriculture to tighten up their administrative procedures and in approving new loan applications to make certain that there are no other credit of personal resources available.

Meat Price Manipulation

Q. What is the status of the Department investigation of the complaint received from Congressman Rosenthal concerning price manipulation by meat packers?

A. I understand the Department promptly initiated an investigation of this complaint and served a subpoena on the National Provisioner for information contained in their records. I am told the National Provisioner failed to furnish the subpoenaed information and the Department is currently involved in an enforcement proceeding. The Justice Department is attempting to negotiate a settlement with the National Provisioner that would include a protective order for the information. As soon as the information is made available, the investigation will be concluded.

Secretary Bergland's Public Meetings on Structure

- Q. Are the public meetings on structure that Secretary Bergland has been holding just another form of election year politics? If not, why did Secretary Bergland make political appearances in many of the cities where the public meetings were held? Who paid for these political activities.
- A. The political functions Secretary Bergland attended were arranged by local political organizations long after the scheduling of the public meetings on farm structure.

His political activities were conducted after official business hours and at no expense to the government. All of the functions were evening events and transportation was provided by the host organizations. Whatever extra costs were incurred were covered by the Carter-Mondale campaign committee.

The structure meetings were unrelated to Secretary Bergland's political appearances. He has made every effort to keep the farm structure project out of the political arena, because he believes the issue is non-political.

Agricultural Exports

Q. What is the future for agricultural exports?

A. As you know, agricultural exports have grown tremendously during this decade. Today, over one-third of our farm production including over one-half of our wheat, soybeans, and rice is exported. Those exports totalled \$32 billion in 1979 and might reach \$40 billion in 1980. While the rate of growth in exports might slow somewhat in the 1980's due to world economic conditions, I expect exports to continue to grow. I will continue to follow an aggressive promotion policy.

Soybean Reserve

Q. One of the successes of your farm policy has been the farmer-owned grain reserve. Are you considering a soybean reserve?

A. I am told the Department of Agriculture will soon be inviting public comment on refinements in the operation of the grain reserve and that this could include consideration of including other commodities such as soybeans. However, this is only an option. The reaction of the producers will play a major role in that decision. (NOTE: Both soybean and cotton producers have reacted negatively to this idea when it was recently floated.)

Agricultural Information for Iowa

Number of Farms: 121,000 in 1979, compared to 123,000 in 1978.

<u>Cash Receipts:</u> (Bil. Dollars)	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>Nat'l Rank</u>
Crops	\$3.09	\$2.64	\$2.81	4
Livestock	4.00	4.25	5.42	1
TOTAL	\$7.09	\$6.89	\$8.23	2

<u>Top 5 Commodities</u> <u>Monthly Prices Received</u>	<u>Current</u> <u>(Nov. 79)</u>	<u>Mo. Ago</u> <u>(Oct. 79)</u>	<u>Yr. Ago</u> <u>(Nov. 78)</u>	<u>Nat'l Rank</u>
1. Cattle and Calves (Beef Cattle, \$/cwt.)	66.20	67.30	55.90	2
2. Hogs (\$/cwt.)	34.40	33.60	47.80	1
3. Soybeans (\$/bu.)	6.11	6.38	6.35	2
4. Corn (\$/bu.)	2.15	2.28	1.96	2
5. Dairy Products (All Milk, \$/cwt.)	12.00	11.90	11.30	9

Notes on State Commodities:

Iowa leads the nation in hog production.
Iowa is second in production of cattle and calves, soybeans, and corn.
Iowa exported \$2,115.1 million in agricultural products in 1978.

State Crop Conditions:

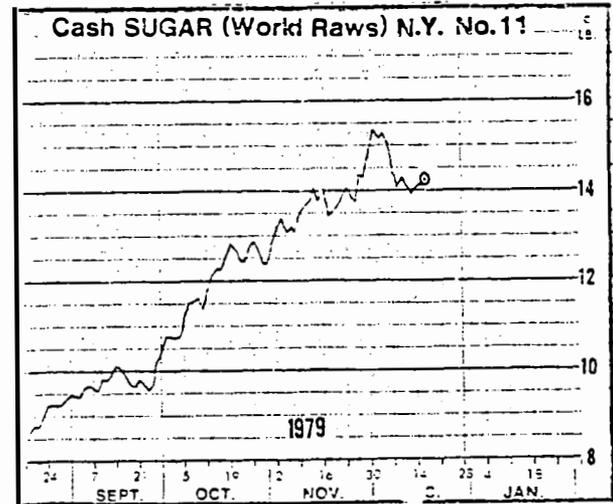
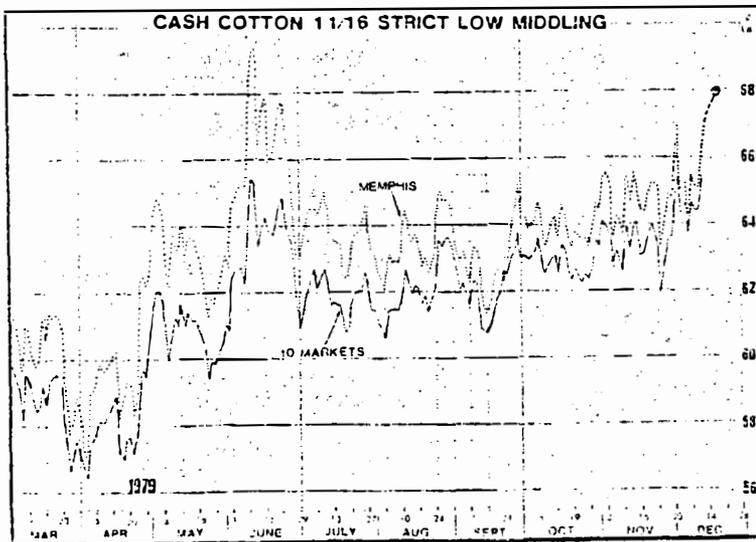
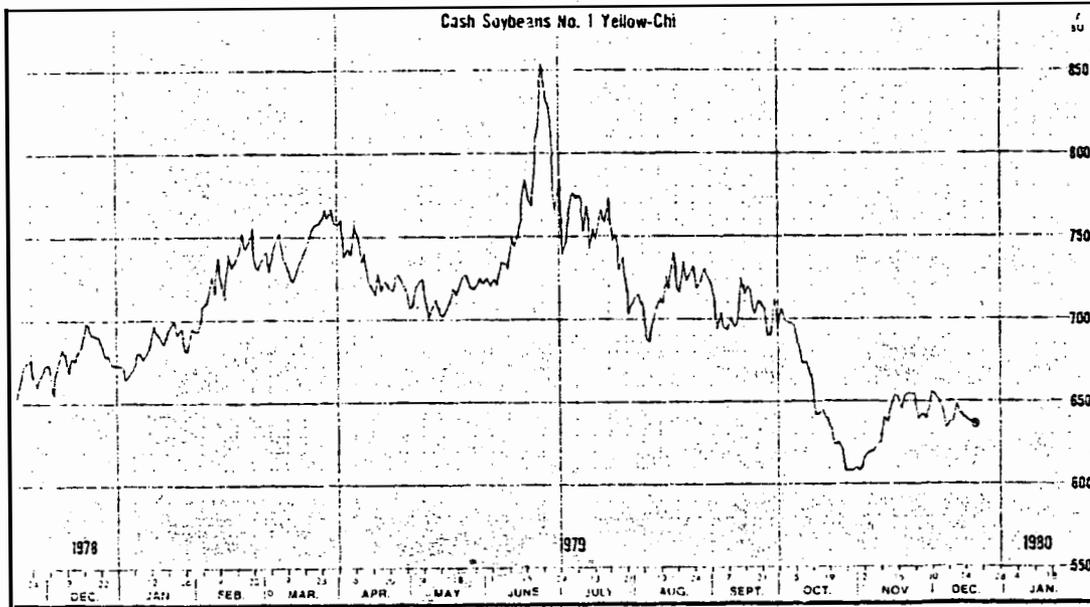
The corn harvest is nearing completion, field loss has been subnormal. Fall fieldwork conditions have been good, with soil moisture adequate. Livestock are in good condition, and market movement is normal.

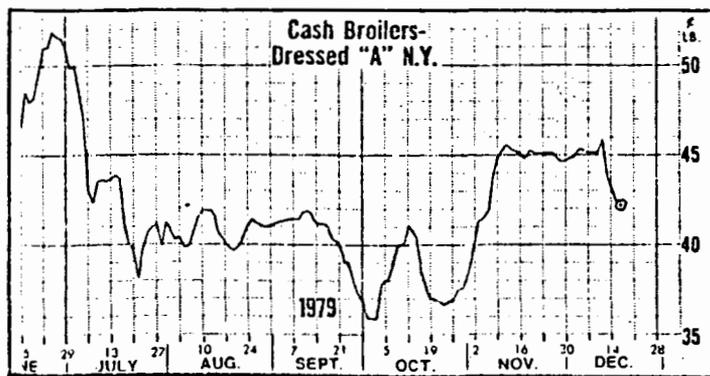
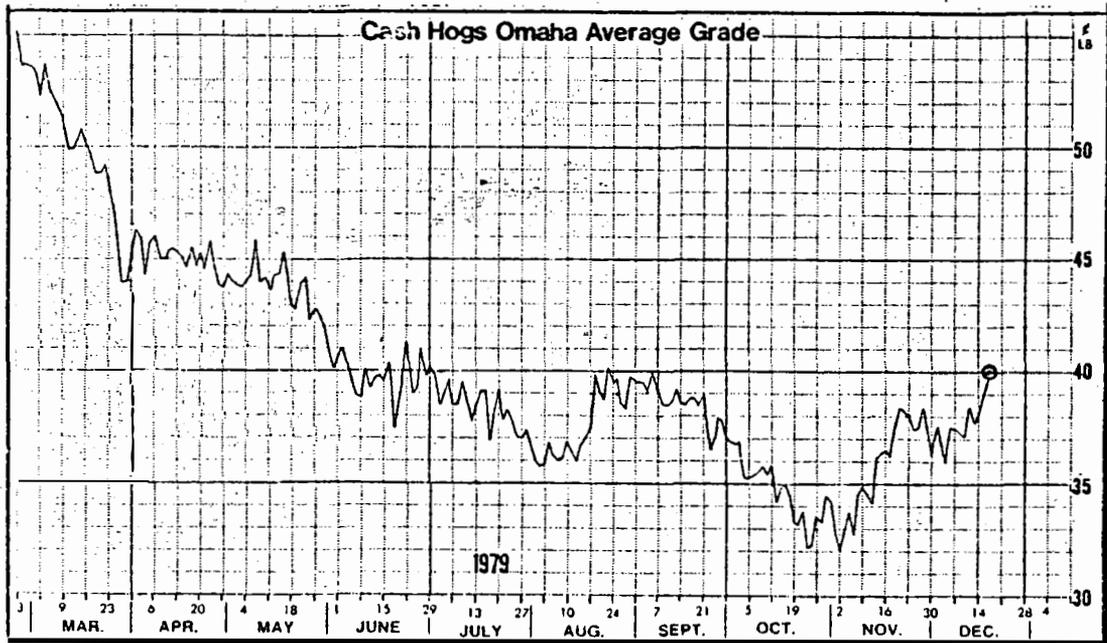
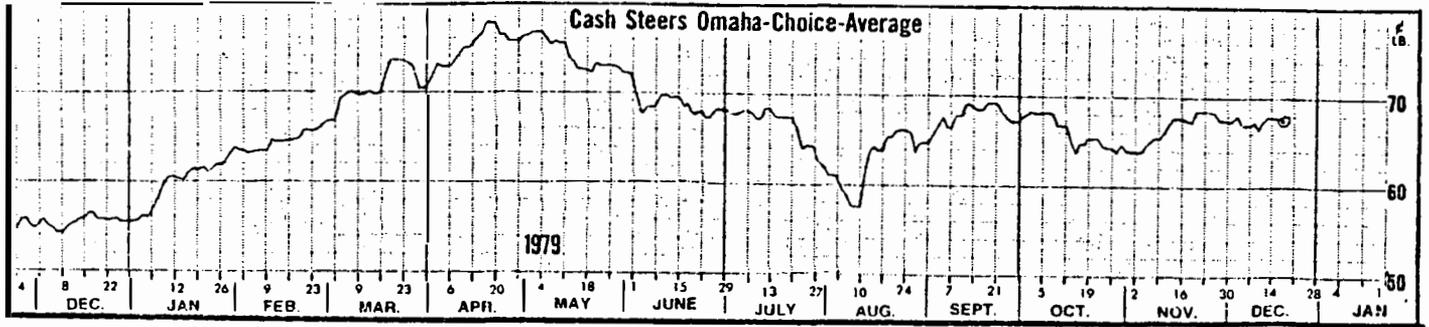
Net Farm Income:

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979 (forecast)</u>
Iowa (million dollars)	833.1	990.9	1,907.6	—
U.S. (billion dollars)	18.7	19.8	27.9	32.0
1967 dollars	11.0	10.9	14.3	14.8

Realized Net Farm Income:
(Before Inventory Adj.)

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979 (forecast)</u>
Iowa (million dollars)	1,069.5	566.0	1,429.3	—
U.S. (billion dollars)	21.1	18.7	26.8	29.0





Q. What are the prospects for passage of energy legislation in acceptable form this year? —

A. Nothing has demonstrated more clearly than the events in *and recent price increases by oil producing states* Iran ~~over the last three weeks~~ the urgent need for a strong U.S. program to reduce our dependence on imported oil.

At my breakfast with Congressional leaders on Tuesday morning, ~~to which key energy leaders were also invited~~, I asked the Congress to move quickly to send me:

- strong windfall profits tax legislation
- an Energy Mobilization Board to cut red tape
- a Synthetic Fuels Corporation to get our nation moving on alternatives to foreign oil, and
- strong conservation and solar energy legislation.

~~Though this is a tall order, our national interest and security demands that we complete action on all of these bills before Christmas.~~

The American people are ready -- and are asking for -- this kind of commitment to our energy future. The Congress should follow that lead. We do not have the luxury of time to study the issues for another several years, as Senator Kennedy has suggested, or to waste time bickering over details. The legislation I sent to the Congress last July spells out clearly what must be done; now is the time for action.

Q. How do you respond to Senator Kennedy's charges that your decontrol decision has been among the major causes of higher inflation?

A. Senator Kennedy's statement that decontrol has been the major contributor to inflation is flat wrong on two counts.

-- First, decontrol of crude oil has added only about 1/4 of one percent to the inflation rate this year. By contrast, OPEC decisions to raise the price to more than 65% of where it was last year are the real culprit -- adding almost 4% or 16 times as much to our inflation rate than decontrol.

-- Second, the largest single contributor to the rapid rise in the price of energy is not having enough. If supplies were adequate, normal competition between suppliers would help keep the price down. A policy which fails to emphasize new production and development of alternatives -- new investments in America -- is one which will surely guarantee astronomical levels of inflation not only this year, but for every year thereafter.

We cannot send a message to OPEC if we are willing only to take timid steps and half measures. Senator Kennedy thinks we should "study" synthetic fuels for a few more years before we make a commitment. It is precisely because we spent most of the 1970's studying synthetics, and studying oil and gas pricing, that our dependence on foreign oil has grown since 1973. Studies and wishful thinking about an era of cheaper prices will not produce the vital supplies that we need to fuel a healthy and growing economy.

DECONTROL - WINDFALL TAX

Q: Why did you not follow Senator Kennedy's recommendation and link decontrol with the windfall tax?

A: That course would have ensured the worst of both worlds -- no decontrol and no tax. Decontrol would have been stopped because a minority of decontrol-opponents in the Senate would have prevented a tax from being enacted. The supply and conservation results that will occur from decontrol would have been thwarted.

Under my action, the best of both worlds will occur -- decontrol and a tax. For under my proposal, those who could have prevented a tax from being enacted will work for a tax.

And is now apparent, the approach I have taken is working. When I proposed the tax, there was widespread talk in Congress that a tax could not be passed. Yet a tough tax has passed the House. The Senate is now moving forward on a tax, and I am hopeful a sound tax will be enacted this year. Too, the decontrol effects are already occurring; domestic exploration and production of oil is up since decontrol began in June. The use of oil rigs is now at a 21 year high.

Q. Will you sign an Energy Mobilization Board Bill that overrides substantive laws?

A. My position on authority to override substantive laws at the federal, state or local level is well known. Except in the very limited case where construction of a plant has already begun, I do not favor substantive overrides.

My staff and I will continue to press hard for a bill which conforms to my position, and which provides our country with a much needed means of expediting decisions on major energy projects. I have repeatedly urged the Congress to act on this and the other pending energy bills and I believe that this should be done before Congress adjourns. I believe that we can and will have a bill which follows my basic position on what authorities the Board should and should not have.

(Note: If pressed, you should simply state that you don't think this kind of speculation about vetoes is appropriate at this time.)

11/27/79

- Q. Will you veto a windfall profits tax which is weaker than the one which you proposed? *As Sen. Kennedy has suggested.*
- A. I have confidence that the Congress will listen to the voice of the vast majority of the American people and will pass a strong windfall profits tax. The Congress fully understands the need for a tax which will let us invest in a broad range of alternatives to cut our dependence on imported oil. I do not think that veto threats are needed in order to let the Congress know how important it is to have a tax that is strong, and fair to the American people as a whole. What is needed is action and the undivided attention of those in Congress to getting the job done before they adjourn in December.

*It would be very unwise
 legis to live strategy, as anyone
 who has been working hard for
 a strong tax will feel you, for me
 to set a specific dollar amount.
 This would insure that I would
 get a bill not one dollar better
 and probably slightly lower. Then
 I would be forced to veto a bill
 over a small difference and leave us
 with no tax. Anyone who has ever
 been a lawyer, much less President Brown
 better than this.*

Q. Why have you not proposed a single government body be the sole purchaser of foreign oil, as Governor Brown has advocated?

A. We have looked very carefully at this idea -- long before Governor Brown suggested it. I have not proposed such a system of government purchase because I do not believe it would help, either in lowering prices or providing additional supplies. In fact, such a system could well have negative impacts by directly linking the U.S. government to oil purchases. It might tempt foreign countries to put economic or political conditions on our purchases of oil. And while we would never accept that sort of oil blackmail, as my decision to stop importing Iranian oil has demonstrated, it makes no sense to set up a system which might increase temptations to do so.

- Q. Why have you not proposed more stringent or new conservation measures in response to the situation in Iran? Many of the governors you met with said that nothing new came out of their meeting here. Why did you not seize this opportunity to make bold new steps in conservation?
- A. My Administration has taken enormous strides in energy conservation on all fronts. In November 1978, I signed into law our nation's first conservation tax credits for homeowners and businesses, a stiff tax on gas guzzlers, a major program to weatherize schools and hospitals, and energy audits for public buildings.

Under my leadership, we have enacted the first workable scheme for developing a standby gasoline rationing plan that our nation has ever had. And while that law could still be improved upon, it provides that basic and vital protection which we would need in the event of a very serious energy supply interruption.

I have also supported a vigorous and generous new conservation program for moderate income homeowners to supplement the tax credit program. I have asked the Congress to act on that bill before Christmas.

But beyond these things which the federal government can and is doing, there are a large number of actions which the governors and the American people, acting individually and together can take. Everyone knows how to conserve -- in fact the list is becoming tedious -- obey the speed limit, turn down the thermostat, keep your car tuned and the tires inflated, join a carpool or take mass transit and avoid unnecessary trips.

When people say that there is nothing new it is because they keep hoping for some magic or easy solution. In fact, that list of steps I just mentioned are the very actions which can be implemented quickly and without enormous government intervention or real loss of personal choice. But it takes a people determined to conserve to put these steps into effect.

We will, though, be working with the governors to implement the state conservation program which is contained in the standby rationing bill. This will help install a wide range of systematic conservation programs tailored to fit the needs of individual states. Though sometimes these steps don't seem new or glamorous, these are the very steps we must each take in order to cut our dangerous dependence on foreign oil.

Q. What evidence is there that oil decontrol is helping our energy supply situation?

A. After a short lull at the beginning of this year, we are now seeing record-high rates of drilling and exploration activities. During the month of October, our use of drilling rigs -- the number of rigs actually in use -- hit a twenty-one year high. Other indicators of exploration activity such as the number of active seismic crews, were also well above that of previous years. We are seeing these increases because we have begun to phase out controls on crude oil, and we are providing adequate incentives for maximum domestic exploration and production.

Decontrol, coupled with a strong windfall profits tax, is the only sensible policy for America in the years ahead. Those who think that through continuing price controls we can turn back the clock to the era of cheap energy, are simply fooling themselves and those who listen to them. We need an energy policy which provides new incentives for domestic production of oil and natural gas, and for alternatives such as conservation, solar power, coal, and synthetics. Unless we are willing to take these steps -- to invest in our own future -- the years ahead will bring more gas lines, more inflation, and less energy. We must conserve more, but we must also produce more if we are to cut our dependence on foreign countries for our oil supplies.

Q. Will you be proposing gasoline rationing? A new gasoline tax? Gasoline decontrol?

A. As you know, we have underway at the Department of Energy an intensive study of all the tools, including those mentioned in your question, which the government might use to help reduce our dependence on foreign oil during an emergency or a severe supply interruption. While it is important for our country to be prepared for a variety of contingencies, I have no plans at present to invoke gasoline rationing, or to seek an increase in the price of gasoline, either through a tax or through decontrol.

GASOLINE TAX

Q: Would you consider supporting a heavy tax on gasoline as an incentive to conservation, as several Republican candidates have suggested? If not, why not?

A: Conservation is important. All of us must learn to reduce our use of energy. I have no doubt that a heavy tax on gasoline would in fact spur conservation. But it would also have economic side effects which could be serious, unless the proceeds of the tax were put back into our economy promptly and in a non-inflationary way. A tax on gasoline has been reviewed at the staff level as part of planning that is being done for a variety of economic and energy contingencies. No recommendation has yet been forwarded to me.

But, more importantly, talk about a gasoline tax is clearly premature. I have before the Congress an energy program that will reduce our dependence on foreign oil without providing windfall gains to producers. The first task is to complete action on those proposals before them. Then we can see whether more is needed.

SOCIAL SECURITY TAX CUT

Q: Will you propose a cut in social security taxes?

A: Inflation is still our number one economic problem. No decision that a tax cut of any kind is warranted has been made.

The payroll tax on which we rely to finance social security benefit payments adds to business costs and thus to inflation. Therefore, at such time as there is room for a tax cut, a payroll tax cut would certainly be one option to consider. Such a cut would require some changes in the financing of the social security system. This entire issue is under review within the Administration now.

No decisions have yet been made. No recommendations have yet been developed by my advisors. Decisions will be made over the course of the next month, as the budget and other proposals for next year are developed.

ANTI-INFLATION PROGRAM

Q: How would you assess the success of your anti-inflation program at this point? Are you considering any changes in either your program or your economic advisers in light of the continued high rate of inflation?

Q: What steps will you be taking to reduce inflation and keep the economy growing?

A: My Administration's anti-inflation program was designed to cope with the very special inflation factors confronting our nation. So far, double-digit price increases have been heavily concentrated in the areas of energy and housing. The first goal of our anti-inflation policy is to "quarantine" these dramatic increases in inflation to those sectors and not to let them spill over into other prices and wages. This requires restraint in the budget, in monetary policy and in private wage and price decisions. That is the program I have pursued.

This threefold program of restraint has been successful given very difficult circumstances -- it has, so far, largely kept the housing and energy inflation from infecting the rest of the economy. During the first three quarters of this year, consumer prices (excluding the two problem areas of energy and housing) increased at about the same rate as in 1978 -- despite the fact that a decline in productivity led to a faster rise of costs. Moreover, average wage rate increases have been moderate.

Over the longer term, we must move on a number of fronts. We must take steps to help improve productivity and to reduce the burden of excess regulation. We must also reduce the vulnerability of our economy to outside inflationary shocks, most importantly by reducing our dependence on imported oil. As long as we continue our imported oil addiction, our economy is hostage to the actions of others. Action on the energy program is critical.

11/17/75

INFLATION-KENNEDY CHARGE

Q: How do you respond to Senator Kennedy's charge that you have not been deeply involved in your anti-inflation program, in the way Presidents Kennedy and Johnson were?

Q: How do you respond to Senator Kennedy's charges that you have not been deeply involved in your own anti-inflation program?

A: It is time to put a stop to the myth that our inflation problem would go away if only the President would call in two or three corporation chief executive officers and two or three union chiefs and dramatically knock heads. Despite fond memories of by-gone days, that type of approach has never worked on a sustained basis. A close look at the record of earlier experiences makes that clear.

More directly, I have been involved in our anti-inflation program at every step of the way. I have discussed various aspects of it singly, and in groups, with business and labor leaders on a number of occasions. I meet frequently with my economic advisers in sessions devoted heavily, and in some cases exclusively, to the anti-inflation program. And as a result, some progress has been made. But nostalgia for a public head-knocking incident is not an anti-inflation policy.

KENNEDY - HEALTH INSURANCE

Q: How do you respond to Senator Kennedy's attack on your health plan as too expensive, yet inadequate in its coverage?

A: That charge has absolutely no merits, and I am sure Senator Kennedy knows it.

First, let me say that my proposal can be passed by the Congress while Senator Kennedy's cannot. My proposal is not just posturing but is realistic in terms of what can be enacted by the Congress. The Senate Finance committee has already begun to work on a national health bill, and the provisions they are discussing are similar in many respects to what I have proposed. They may not move quite as far as I would like to see, but they are making a real start, and I would hope that where their bill differs from what I have proposed it could be amended on the Senate floor or in the House. Now in contrast, Senator Kennedy -- though he himself claims health as his major area of interest -- has been utterly incapable over a 10-year period of providing the leadership within the Senate to develop a proposal which would be seriously considered by the Senate.

Second, my proposal builds on current public and private insurance programs, while Senator Kennedy's calls for a new, intrusive and dominating role for the Federal government.

My proposal is carefully structured to build on the strength of both the public and private sectors in financing health care while at the same time dealing with the deficiencies of existent public and private programs. In contrast, Senator Kennedy's proposal calls for some very radical changes in the way health care is provided and financed in this country -- changes which are utterly untested within the American system.

For example, his proposal calls for a National Board of five people who would set a national budget -- in effect, establishing a ceiling in Washington on how many dollars Americans could spend for health care in each of the States for each type of health service. This kind of authority over both public and private health expenditures of \$206 billion is not only unprecedented but also subject to serious question as to whether it would in fact control costs or merely serve to ration the health care Americans may obtain.

Third, my proposal is carefully phased-in, so as to minimize Federal spending and avoid placing a major new economic burden on employers. Senator Kennedy's proposal places major and immediate new burdens on both the Federal budget and employers, which in turn would lead to increased inflation. Senator Kennedy's proposal would call for nearly twice the Federal budget outlays and would call for a burden over five times as heavy on employers. Specifically, my proposal would call for

\$17 billion of Federal expenditures as opposed to his \$31 billion. My proposal would call for new employer payments of \$6 billion as opposed to his \$33 billion. Finally, his proposal, financed by a 7% payroll tax, could add one and a half points to the inflation rate and could increase unemployment by 1 million people, because of these levels of employer expenditures.

So, for all of these reasons, I believe my health insurance proposal is not only superior to Senator Kennedy's, but also much more realistic in terms of our ability to actually pass legislation so that our people can finally begin to receive benefits as opposed to politicians' promises in this area.

KENNEDY - CHAPPAQUIDICK

Q: Do you think Chappaquidick is a legitimate campaign issue? Will you discuss or raise Chappaquidick at any point during your campaign?

A: I cannot control the media's efforts or the efforts of others to raise this issue. But I have no intention of raising Chappaquidick or letting my staff raise it. Whether Chappaquidick is a legitimate issue will be determined by the public. I have not done -- and will not do -- anything to make it an issue.

KENNEDY - MARITAL STATUS

Q: Do you think Senator Kennedy's marital status is a legitimate campaign issue?

A: The Senator's marital situation is a completely personal matter. I have absolutely no intention of raising the matter, or permitting my supporters to do so.

LABOR UNIONS/IRAN

Q: Do you oppose the efforts of labor unions to prevent shipments of materials and food to Iran?

A: I cannot condone any private individual or group taking foreign policy matters into their own hands and acting unilaterally. This is a highly delicate situation that we need to deal with as a nation. Nevertheless, I fully recognize that these union members are acting out of a deep sense of resentment and outrage over the holding of American hostages in Iran, a sense that is shared by all of us.

11/21/75

DEPORTATION OF IRANIAN STUDENTS

Q: A lawsuit has been filed charging that your policy of requiring the identification and speeded-up deportation of Iranian students here illegally is unconstitutional. In particular, the suit charges that it is discriminatory to single out illegal Iranian aliens for deportation and that your action is reminiscent of the internment of the Japanese-Americans in World War II. How do you justify your action?

A: My Administration is acting in a completely constitutional manner. We are taking action only against those Iranian students who are here illegally. Iranian aliens who are here legally have nothing to fear. There can be no analogy to World War II when Japanese-American citizens were interned. We are taking action against people who are not American citizens and who are not in this country legally.

No one will be deported without receiving all their constitutional rights of due process. Each Iranian alien will have the opportunity to demonstrate that he or she is in fact in this country legally.

Given the present crisis in our relations with Iran, it is certainly reasonable for us to focus on the deportation of illegal aliens from that country. By reducing the number of illegal Iranian aliens we reduce the potential for violence in this country -- violence which could lead to tragedy at home and damage our relations with nations in many parts of the world.

Q: Some of the Iranian illegal aliens who might be subject to deportation under your new policy are Jews or other minorities who cannot safely return to Iran. Is the Administration going to insist that such people be deported?

A: No. The Justice Department has made it clear that it will not deport Iranians who cannot safely return to that country.

DEMONSTRATIONS BY IRANIAN STUDENTS

Q: Lawsuits have been filed charging that the Administration is unconstitutionally violating the First Amendment by preventing demonstrations on the Iranian issue. How do you defend your actions?

A: We are deeply concerned that demonstrations in this country might result in a violent incident which, when televised in Tehran, would lead the captors to harm the American hostages. We are particularly concerned about demonstrations near the White House because any incidents that occur there might be interpreted in Tehran as having official government support and might therefore particularly inflame the hostages' captors. For this reason, we have tried to prohibit demonstrations near the White House, while permitting them elsewhere. Our position has been upheld by the United States Court of Appeals.

USE OF GRANT ANNOUNCEMENTS

Q: How do you respond to charges that you are using Federal Grants to aid your campaign?

A. Federal grants are not being awarded on any basis other than that mandated by law and regulations. That is the way it always has been in my Administration and always will be. The decisions about Federal grants are not made in the White House, but in the Departments and Agencies. Once the decisions are made, my staff may recommend a Presidential, Vice Presidential, or Secretarial announcement. But that occurs only after the decision on the merits has been made. There has been some attention to this subject lately - as there is with every President - because the political press is focused on a few early caucuses and primary states. Every grant to those states tends to get magnified, and viewed as simply a political decision. If press attention were focused on States not involved in early elections, it would be clear that they are also receiving grants in the normal course. But national attention is not now focused on those States, so the grants awarded to the early-voting States receive a disproportionate focus by the political press.

Finally, it should be remembered that the Federal government awards nearly \$100 billion a year to State and local governments, and does so on a continuous basis. When grants are announced in Florida and Iowa, there is nothing unusual or particularly political about that.

INTEREST RATES

Q: Do you think interest rates have now peaked?

Q: When do you expect to see a decline in interest rates?
How much of a decline?

A: I hope that the decline this week in interest rates means that interest rates have peaked, and that a slower growth of credit signals less inflationary pressures on the economy. But interest rates are very volatile. While the recent slowdown has been encouraging, what really counts is whether or not inflation slows down. In the long run, we cannot have low interest rates with high inflation.

FED-INTEREST RATES

Q: Will you approve or support any further increase by the Fed of interest rates?

A: I am not aware of any proposal by the Fed to increase interest rates further. I do not believe any increase of the magnitude of that recently undertaken by the Fed is contemplated or planned.

Interest rates reflect the inflation rate. As inflation subsides, so should interest rates. I believe the inflation rate will be coming down in the near future and, accordingly, so will interest rates. That has already started.

RECESSION

Q: What are your views on the timing and duration of a possible recession next year?

A: While our economy has slowed down, it has so far surprised most experts by its strength, especially in the face of huge oil price increases. My economic advisers share the view of most private forecasters that a recession may be coming, induced principally by the oil price increases. But we believe it is likely to be a mild one with recovery following fairly quickly.

UNEMPLOYMENT

Q: What actions will you take to create jobs if the unemployment rate gets above 7 percent?

A: The first point to note is that unemployment has not been on the rise. Most private economic forecasts, and indeed the Administration's own published forecasts, anticipate some increase. (Our forecast has been 6.6% by year's end). But it has not happened yet.

There are a number of countercyclical programs already enacted that will become effective when unemployment increases. If unemployment rises a great deal more than we expect, we may need to take additional action. We will be monitoring the situation very closely. But it would be highly unwise to decide now that there is some magic number that will trigger all sorts of actions.

ALASKA D-2 LANDS

Q: Will you be supporting the Alaskan Lands legislation recently passed by the Senate Energy and Natural Resources Committee?

A: I was pleased that the Senate Energy and Natural Resources Committee voted to report the Alaska Lands bill. While the protections afforded by the Committee's bill are not as substantial as those which I originally proposed, and which I continue to support, the Committee's action was an important step.

The passage of legislation protecting Alaska's priceless natural heritage is the highest environmental priority of my Administration. The legislation I proposed to the Congress not only protects Alaska's cultural and natural heritage, but also accommodates the need for balanced development of Alaska's natural resources (An area about the size of the States of California and Washington would be taken out of Federal ownership and turned over to natives and the State of Alaska by this bill. These lands provide ample opportunities for resource development and a sound economic base for Alaska. Alaska would receive, under this legislation, the most generous land settlement any State has ever received upon admittance to the Union.) Earlier this year, the House passed a bill that closely matched my proposal. I am hopeful that the Senate will do as well.

AGENT ORANGE

- Q: A recent GAO report suggests that thousands more Vietnam veterans were exposed to Agent Orange during the course of their tours of service than either the Defense Department or the Veterans Administration has previously admitted. In light of this, what are you going to do to force these agencies to tell the truth and, what are you going to propose to help veterans who were exposed to Agent Orange?
- A: The information provided to the Congress in the GAO report will be pursued immediately by the Veterans Administration and the Department of Defense. All new information about Agent Orange -- and those who may have been exposed to the herbicide -- is vital information and must become a part of any long-term health research and VA outreach efforts.
- Currently, there is an inadequate scientific basis for determining the long-term health effects of exposure to this herbicide, however the short-term effects are known. What is troubling many Vietnam veterans today is the fear of what is not known about their exposures that occurred up to fifteen years ago. Unfortunately, this lack of accurate knowledge has caused alarm and confusion about what may or may not be illnesses due to exposures.
- Three agencies -- HEW, VA, and the Defense Department -- are actively working to accumulate sound medical and scientific data so that the veterans's concerns will be met, their questions answered, and the VA will be able to equitably

determine their compensation claims. In the meantime, the VA has provided -- and will continue to provide -- all necessary medical attention to any veteran who suffers disabilities due to military service, and will pay particular attention to the follow-up on those Vietnam veterans who claim disability due to exposure to Agent Orange.

FTC AMENDMENTS

Q: What is your reaction to Congressional efforts to amend the Federal Trade Commission Act in a way that will greatly reduce the FTC's investigating authority?

A: I have made elimination of wasteful and unnecessary regulation a major priority, and have sent to Congress a bill which would require the reform of all Federal regulatory agencies, not just the FTC. But I strongly oppose measures which would add even more red tape to the regulatory process, or which would completely undercut the needed efforts of the Federal government to protect public health and safety.

I am therefore opposed to proposals to have one or two houses of Congress veto rules issued by the FTC, or other agencies. Such a legislative veto would weaken the ability of the President and the courts to enforce tough, systematic cost-effective standards, such as those in my regulatory reform bill. Further it would mean that important decisions about public health may be determined by political lobbying pressures, not the facts in the record or the merits of the issue.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

December 20, 1979

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MEMORANDUM TO THE PRESIDENT

From: Charlie Schultze ^{CLS}
Subject: Good Grades from Harsh Critics

The following plaudits from Paul McCracken, Nixon's first CEA Chairman, appeared in The Wall Street Journal today (Thursday, December 20):

On the spending side, the President deserves good marks. His efforts to constrain the enormous pressures from special interest groups pushing for increases in spending have been more successful than is usually realized. The average annual rate of increase in non-defense federal spending during the "Carter years" has been 10.4%, well below the 14.8% per year rise during the prior "Republican years." This is a good performance, and it has actually reversed the tendency during earlier years for federal non-defense spending to absorb an enlarging share of the national income.

THE WHITE HOUSE
WASHINGTON

December 20, 1979

Mr. President:

The reference in our VA memo was to the creation of a precedent of determining "priority" VA treatment as a result of a veteran's time (or era) of service. This bill gives priority to WW I and Mexican border-period veterans -- regardless of their particular needs. They will now be added to the priority categories VA now has (like "service-connected" injuries for all veterans).

At some point, perhaps many years from now, WW II veterans may also seek to be placed on the "priority" list by virtue solely of their having served during that time. Then Korean War veterans might also seek priority, and so on.

At present, though, we do not expect any further efforts at creating special categories based on the time of a veteran's service.

Stu Eizenstat

By D. H. Senter

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3:00 PM

THE WHITE HOUSE
WASHINGTON

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December 19, 1979

MEETING WITH OPINION LEADERS FROM THE STATE OF ILLINOIS

Thursday, December 20, 1979
3:00 P.M. (20 minutes)
The East Room

From: Sarah Weddington *SW*

I. PURPOSE

To promote among these Illinois leaders a sense of identity with you and your Administration, a sense of a team working together, and a sense of urgency about actively supporting the Administration across the board.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

- A. Background: This is the nineteenth in a series of meetings for civic and political leaders from the states. Your first was in August of 1978.
- B. Participants: A cross section of civic, community, and political leaders (guest list attached).
- C. Press Plan: Press from the state will be in attendance. They have been told that the briefing is on the record.

III. TALKING POINTS

Your standard presentation to these state groups will be appropriate. We request that you do a receiving line with photos after your remarks.

Attachments:

Agenda
Guest List

AGENDA

THURSDAY, DECEMBER 20, 1979

10:00 A.M. SARAH WEDDINGTON, Host
Assistant to the President

10:15 A.M. STU EIZENSTAT
Assistant to the President
for Domestic Affairs and Policy

11:00 A.M. VICE PRESIDENT MONDALE

11:20 A.M. Coffee Break

11:45 A.M. DR. ZBIGNIEW BRZEZINSKI
Assistant to the President
for National Security Affairs

12:30 P.M. CHARLES DUNCAN
Secretary of Energy

1:00 P.M. Walk to State Floor, The White House
for buffet lunch

2:15 P.M. HAMILTON JORDAN
White House Chief of Staff

3:00 P.M. PRESIDENT CARTER

Attendees at the Illinois State Constituents Briefing - December 20, 1979

Erwin France - Executive Vice President, Palmer, France, Green and King
Frank Bryant - Secretary Treasurer, Painters District Council 14
Gene Davis - Secretary Treasurer and General Agent, Central Illinois District Council of Carpenters
Bud Loftus - attorney
Sol Brandzel - former International Vice President, Amalgamated Clothing and Textile Workers Union
Sal Pullia - Proviso Township Democratic Committeeman
Stanton Brody - investment counselor
Charles Bernardini - attorney
Allen Douglas - Business Manager, Architectural Ironworkers Union, Local 63
Richard Martwick - Superintendent, Educational Service Region of Cook County
Phyllis Hanes - President, Communications Workers of America, Local 5014
Charles Chew - State Senator
Tom Todd - attorney
Sol Gutstein - former Alderman
Alan Dixon - Secretary of State
Joan Murphy - Clerk of Worth Township
Winfield Green - financial writer
Robert Wallace - Candidate for United States Senate
Cary Daniels - Lake County Board Member
Leonard Williams - Chairman of the Board of Bachelor Quarters
Tom McCormack - Lyons Township Coordinator
Rolland Tipsword - former State Representative; attorney
Richard Mugalian - State Representative
Tom Hynes - Assessor of Cook County
Wilbur Freitag - Third Vice President, Laborers International Union of North America
Karin Zima - River Forest
Robert Zima - Executive Vice President, Sterling Manufacturing
John Dvorak - Democratic State Central Committeeman
Ted Mackey - District Director for the Secretary of State; Will County Democratic Chairman
Al Johnson - President, Al Johnson Cadillac, Pyramid, Inc.
Chuck Hartke - Chairman, Effingham County Democratic Central Committee
Anthony Laudani - Chicago
Virginia Kerr - Deerfield
Henry van Tuyle - Roodhouse

Bill Koeppe - Peoria County Clerk
Terry Bruce - State Senator
Dee Gibson - 22nd District Democratic Committeewoman
Stanley Tate - Senior Vice President, Highland Community Bank of Chicago
Jack Williams - Mayor of Franklin Park
Eugenia Chapman - State Representative
Marcia Gevers - Chair, Illinois Women's Political Caucus
Edna Summers - Alderman
Joseph Cesario - Sub-District Director, United Steelworkers of America
Ralph Wood - President, Rich Township Democratic Organization
Richard Plum - Warrenville
Robert Zeleny - Senior Vice President, Worldbook Childcraft International
Rita Zeleny - Chicago
Lynn Williams - Newtrier Township Democratic Committeeman
Dora Williams - Executive Committee, Newtrier Township Democratic Organization
Ken Sharp - Assistant to the Vice President, District 5, Communications Workers of America
Teresa Wedoff - former Chair, Illinois Women's Political Caucus
Ray Willas - Mayor of the Village of Harwood Heights
Ken Bruce - Illinois Education Association
Kristina Johnson - Women's Advocate, Illinois House of Representatives
Mike De Stefano - former Chairman, Dundee Township Democratic Organization
Steve Vocelka - Naperville Township Democratic Chairman
John Dunn - State Representative
Robert Pechous - Berwyn
Lillian Perry - Aurora
Marilyn Weisbaum - Democratic National Committeewoman
Suzanne Gerasch - teacher
Renault Robinson - Commissioner, Chicago Housing Authority
Eugene Heytow - Chairman of the Board, Amalgamated Trust and Savings Bank
Richard Parrillo - Chairman of the Board and President, National Republic Bank
George Sangmeister - State Senator
Harry "Bus" Yourell - State Representative
Milton Gardner - attorney
Wyvetter Younge - State Representative
Fred Lebed - Special Assistant to the Comptroller
Jane Mills Reed - Women's Network of Will County
Thomas Walker - Whiteside County Democratic Chairman

John Morrissey - attorney
Pearl Mack - Director, National Education Association; NEAPAC Steering Committee
Jim Keane - State Representative
Al Ronan - State Representative
Harold Washington - State Senator
Mike Rotello - Administrative Assistant to the President, Rockford Nehi Royal Crown Cola
Clarence Darrow - State Representative
Barbara Gross - County Clerk and Recorder, Morgan County
Thomas Fuller - Commissioner, Metropolitan Sanitary District of Greater Chicago
Marcia Stewart - high school teacher
Bob Ingram - engineer, Caterpillar Tractor Company
Lynn Pearson - Caterpillar Tractor Company (UAW)
Patricia Wright - Canton
Edward Waite - President, Quad-City Federation of Labor
Jeremiah Joyce - State Senator
Tom Linnen - General Manager, Equifax Services, Inc.
Tim Hall - Administrative Assistant to the Secretary of State
Jim Wall - Editor, Christian Century Magazine
Mike Scarpelli - Member, Board of Directors, Illinois Education Association
Joe Cari - attorney
Jim Gitz - State Senator
Sandor Korein - attorney
Marian Humes - Alderman
Carol Gutstein - nursing home consultant
Jerry O'Connor - Lombard
Bessie Chronopoulos - DeKalb
Nancy Jefferson - Executive Director, Midwest Community Council
Joseph Banks - Assistant Director, Midwest Community Council
Maria Bechily - Chicago
Bob Macari - Administrative Assistant to Congressman Russo

Attendees at the State Constituents Briefing for Illinois

December 20, 1979

Leo Kukla - Mayor of North Chicago
Steven Klein - Attorney, Chicago
Peter Kelly - Attorney, Chicago
Thelma Ablan - Chicago
James R. Davis - Mayor of Rock Island
Terry Desmond - DeKalb County Clerk and Recorder
Leon Finney - Chicago
Lucile Ish - Chicago
Alan J. Dixon - Secretary of State, Chicago
Milton Fisher - Attorney, Chicago
Marilyn Rich - East Alton
Minnie Lincoln - Collinsville
Alex R. Seith - Attorney, Chicago
Dan Casey - President of Sterling Engineering, Lombard
Robert W. McGaw - Mayor of Rockford
Aloyshus Majerczyk - Chicago, Alderman of 12th Ward
Bennie L. Johnson - Waukegan
James P. Conway - Oakbrook, Vice President of International
Brotherhood of Electrical Workers
Libby Saries - Chicago, Amalgamated Clothing and Textile
Workers Union
Robert MacGregor - President, Chicago United
Mary Maloney - Joliet
Alvin Boutte - Independence Bank of Chicago
Anthony Cameron - Attorney, Quincy
William S. Singer - Attorney, Chicago
C. F. Bertinetti - Taylorville
Andrew Thomas - Attorney
Lawrence Petta - Democratic Committeeman of Cook County
Robert L. Barrow (Bob) - teacher, Board of Directors, NEA,
Carbondale
Neil Hartigan - First National Bank of Chicago, Chicago
Donald Weakley - Waukegan
Jim Withers - Loami, farmer
Bull Stoltz - Illinois Education Association, Springfield
Arthur Brien - Rockford
Scott Hodes - Chicago
Hubert Seymour - Vice President of Illinois Farmers Union
Gerald O. DeWitt - President, Galesburg Trade and Labor Assembly
Liese Lotte Ricketts - Crete
Betty Perrino - Lockport
Delmar Russell - Bladstone
Dennis Bergman - Lena
Carolyn Schifler - London Mills
Harris Franklin - Pleasant Hill
David Wise - Danville
Ron Stroupe - Huntley

Attendees at the State Constituents Briefing for Illinois
Continued:

December 20, 1979

Mike Holewinski - Chicago
F. Daniel Cantrell - Chicago
Dempsey J. Travis - Chicago
David Black - Champagne
Norma Yagow - St. Elmo
Lee Betterman - Mt. Prospect
Robert Shaw - Chicago
David Pierce - Geneva
James W. Thomas - Teacher - Peoria
Ruben Cruz - Pastor, Chicago
Russell R. Strauman - Pekin
Richard Brummer - Effingham
Gary Tumulty - Springfield
Melvin Smith - President of Illinois Education Association,
Springfield
Lloyd Dolbeare - Barry
Jim Rea - Christopher
Molly Phalen - Rockford
Diane Parham - Robinson
Carol Messersmith - Rockford
Frederick J. Steffen - Elgin, Attorney
Doris Judith Steffen - Elgin
Anna Mae Mulcahey - Durand
Nickee Bender - Freeport
Hermoline Saxton - Chicago
Saul Beck - Mayor of East Chicago Heights
Reg Weaver - Chicago
Monroe Flinn - Cahokia
Myrl Franke - Kewanee
Raymond M. Martino - Supervisor of Calumet Township
John D. Rita - Mayor of Blue Island
Rebecca Burlingham - Chicago
Morris Squire - Chicago
Dan Alexander - teacher, Alton
Edna Alexander - teacher, Alton
Patrick Welch - Peru
Francis Richard Ciccone - Chicago Tribune

THE WHITE HOUSE

WASHINGTON

December 20, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Frank Moore *FM.*

RE: Joe Biden

Joe Biden was calling to ask for an appointment with you so he could tell you he supported Milton Wolff for some important post in the Government (Federal Reserve Board). He felt that meeting would send an important signal to a large segment of the American political community.

I told Joe that it was not necessary for him to meet with you on this, that I would give you the message. Joe is happy.

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THE WHITE HOUSE

WASHINGTON

December 20, 1979

C

MEMORANDUM FOR THE PRESIDENT

FROM:

ANNE WEXLER *AW*

SUBJECT:

CONSULTATIONS ON ENERGY AND ECONOMIC ISSUES

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As you know, we consulted big business, small business, consumers, low income groups and representatives of state and local governments on some of the energy and economic issues being considered by the Administration. The results of these consultations are as follows:

1. Reducing demand for gasoline. All business groups strenuously object to rationing, basically on bureaucratic and administrative grounds. Big business was generally supportive of the gas tax, while small business would support a phased-in gas tax with commercial exemptions.

Low-income groups and consumers oppose rationing by price and feel that a rationing system by coupon with a white market would be more equitable. Their main concern is that lower income people cannot be made whole from the adverse impacts of price rationing, whether by a gas tax or an import fee. They do not trust our ability to get Congress to go along. They emphasized that any reimbursement program must contain an immediate payment system because of the cash flow problems of lower income people.

State and local governments are concerned about the impact of higher fuel costs on local budgets which are already strapped. They also do not favor rationing, but would follow a mandatory conservation target plan. However, they were unanimous that there is not an adequate Federal - state - local government structure for planning, managing and monitoring energy conservation efforts. They feel that the \$25 million provided for local governments in EMPA is insufficient.

All of the groups agreed that if price rationing is used, the import fees approach might make the tax more salable even if its impact on consumers is the same. There was a generally positive reaction to doing price rationing in steps to achieve conservation goals. Some consumer groups, however, felt that consumer behavior is not dramatically effected by the threat of later negative action.

2. Economic Stimulus. All of the groups felt that it would be inappropriate to seek an economic stimulus package at this time whether by a tax cut or through targeted jobs programs or the like. The representatives of state and local government urge that rather than a tax cut, the emphasis be on moving toward a balanced budget.

On the other hand, consumers, low-income groups and state and local government representatives said that it would show leadership and sensitivity to outline the kinds of actions which would be taken if the recession proved to be more severe than anticipated. Rather than tax cuts, these groups all suggested using existing programs to target funds where necessary --- e.g. EDA, UDAG, Energy Conservation Programs.

3. Productivity. As expected, big business and small business support encouraging productivity and investment through accelerated depreciation. Small business of course would like to limit the program to small businesses which they claim provide most of the job increases. Consumer groups tend to support targeting any productivity or stimulus program toward small business and the unemployed. However, low-income groups and consumers do not believe that accelerated depreciation will create that many more jobs.

4. Social Security. All groups would support some relief on payroll taxes. Low-income groups in particular were concerned with the negative employment impacts of increasing social security and payroll taxes. However, they cautioned that social security tax relief would not make up for the injury to lower income people because of increased energy prices due to a gas tax or import fee. Representatives of state and local governments also emphasized the adverse impact of increased social security and payroll taxes on local budgets.

THE WHITE HOUSE
WASHINGTON

12/20/79

Jack Watson
Arnie Miller

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

Rick Hutcheson

THE WHITE HOUSE

WASHINGTON

December 20 , 1979

①

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON *Jack*
ARNIE MILLER *AM*

SUBJECT:

Presidential Appointment

We join Secretary Harris in recommending Cesar Perales to be the Assistant Secretary of Health, Education, and Welfare for Human Development Services.

Mr. Perales is currently the Principal Regional Office in HEW's New York Regional Office and has been in this position since 1977. Prior to joining the Department, Mr. Perales was Director of the Criminal Justice Coordinating Council in New York City. From 1972 to 1974, he was Executive Director of the Puerto Rican Legal Defense and Education Fund.

RECOMMENDATION:

We recommend that you nominate Cesar Perales to be the Assistant Secretary of Health, Education, and Welfare for Human Development Services.

 ✓ approve disapprove

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THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

DEC 7 1979

MEMORANDUM FOR THE PRESIDENT

To succeed Arabella Martinez as Assistant Secretary for Human Development Services, I recommend that you nominate Cesar Perales. He has been the Principal Regional Official in HEW's New York Regional Office since 1977.

Prior to joining the Department as Principal Regional Official, Mr. Perales was Director of the Criminal Justice Coordinating Council in New York City. From 1972 to 1974, he was Executive Director of the Puerto Rican Legal Defense and Education Fund. From 1970 to 1972, he served as General Counsel for the Model Cities Administration in the Office of the Mayor of New York.

Mr. Perales is a graduate of the City College of New York and of Fordham University Law School.

Since becoming Secretary of HEW, I have come to appreciate the fine job Mr. Perales has done heading up our New York Region. For example, he has played a significant supporting role in our response to the recent controversy regarding the Brooklyn Jewish Hospital. I think he will bring real leadership skills and a strong commitment to the needy to this Assistant Secretary position.

I recommend Mr. Perales for this position in the highest terms. His knowledge of the Department, coupled with his dedication to service, will enable him to move quickly and confidently into the position of Assistant Secretary for Human Development Services.

Mr. Perales' resume is attached.

/s/ Patricia Roberts Harris

Patricia Roberts Harris

CESAR PERALES

Education: L.L.B. Fordham University of Law - 1965

B.A. City College of New York - 1962

Experience:

1977-Present: Department of Health, Education, and Welfare.
Principal Regional Official. New York City Region.

Mar. 1, 1976-
1977 : Criminal Justice Coordinating Council.
Director.

Dec. 1975-
Mar. 1976: Private Practice of Law.
Brooklyn, New York.

Oct. 1974-
Nov. 1975: P. R. C. Metronamics, Inc. Project Director, Decentralized
Bilingual Criminal Court Feasibility Study.

June 1972-
June 1974: Puerto Rican Legal Defense and Education Fund, Inc.
Executive Director.

May 1970-
June 1972: Model Cities Administration - Office of the Mayor.
General Counsel. New York City.

Oct. 1969-
May 1970: Community Action for Legal Services, Inc.
Associate General Counsel.

May 1968-
Sept. 1969: Williamsburg Neighborhood Legal Services.
Attorney in Charge.

July 1966-
May 1968: Mobilization For Youth, Inc.
Staff Attorney - Legal Services Unit.

Nov. 1965-
July 1966: Firm of Antonio C. Martinez, Esq.
General Practice.

Other
Experience:

1975-1976: Long Island University. Adjunct Professor of Political Science.

June 1974-
Sept. 1974: Candidate in the Democratic Primary Election for Representative in
Congress for the 14th Congressional District in Brooklyn.

1972: Brooklyn College of the City, University of New York.
Adjunct Lecturer.



THE VICE PRESIDENT
WASHINGTON

Q

December 20, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: THE VICE PRESIDENT *afm*
SUBJECT: STATE OF THE UNION ADDRESS

**Electrostatic Copy Made
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Following up my earlier conversation, I have again talked to the Majority Leader to express your desire that the State of the Union Address be given on January 16.

Senator Byrd stated that he will not bring the Senate back into full-time sessions, except for an emergency because of developments in Iran, until the week of January 21. He feels that his colleagues want and deserve a full month in view of the fact that the Senate successfully concluded action on windfall profits tax and the Chrysler bill.

I do not think Senator Byrd is likely to change his mind, but I did indicate that you might want to talk to him.

3:45pm

THE WHITE HOUSE

7291

WASHINGTON

MEETING WITH LUCY WILSON BENSON **Electrostatic Copy Made
Thursday, December 20, 1979 for Preservation Purposes**
3:45 p.m. (5 minutes)
The Oval Office

From: Zbigniew Brzezinski

I. PURPOSE: This will be a farewell call by Mrs. Benson.

II. BACKGROUND, PARTICIPANTS & PRESS ARRANGEMENTS

- A. Background: Mrs. Benson has been the Under Secretary of State for Security Assistance, Science and Technology since January, 1977, and has resigned effective January 5, 1980. You agreed to see her briefly prior to her departure.
- B. Participants: You and Mrs. Benson.
- C. Press Arrangements: None -- a picture will be taken by the White House photographer.

III. ISSUES FOR DISCUSSION:

Mrs. Benson's primary responsibility has been to supervise implementation of your policies on conventional arms transfers and nuclear non-proliferation. She may wish to discuss briefly issues of current concern in those areas, including the F-X export fighter (on which you have requested additional information, which we will provide shortly), and pending nuclear export decisions.

I recommend that you compliment Mrs. Benson for her service, particularly in the arms transfer area:

- She has served as chairperson of the Arms Export Control Board, which has been primarily responsible for effective management of your arms transfer policy, including the meeting of your arms transfer ceiling goals.
- She has been the Administration's principal witness in Congress on the security assistance budget.
- She has played a key role in all major U.S. arms transfer decisions, including the sale of F-15s to Saudi Arabia.

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C

REV. JAMES HAROLD FLYE
487 HUDSON STREET
NEW YORK, N. Y. 10014

November 16, 1979

SC (HJ) /

Dear President Carter:

I cannot tell you how
deeply touched I was by your personal greeting
and message and by your mention of me
following the showing of Ross Spears' film.

From early in his plans for a
documentary film on James Agee, Ross Spears
had from time to time come to talk with me,
sometimes taking pictures. I was very
much interested in his project, and in making
better known a writer so deserving of wider
appreciation.

Keeping up in a general way with the
political scene, I had by 1976 known of
you as a candidate for the Presidency, but
with very little knowledge of your personality

or interests until I read the account of
an interview with you by Ross Spears.
I was greatly impressed by your
appreciation of James Ayce, - learning for
the first time of your feeling for one who
both as a writer and as a person had meant
so much to me.

I am very glad indeed, for your friendship
with Ross Spears, for whom I have deep regard,
I had expected the film to be good, and seeing
it I was delighted. And your seeing it
and approval touched me deeply - not to speak of
your personal mention of me.

And ^{the} personal note from you meant more
than I can express. You will continue to be
in my thoughts. God bless you always.

With my deep regard and appreciation,

James H. Flye

November 3, 1979



Reconsideration.

Camera on James Agee

by Robert Coles

We are months short of a quarter of a century since James Agee slumped dead of a coronary seizure in a New York City taxi on his way to a doctor. He was 45 had been suffering anginal pain for several years. The intensity of his gifted life had already become a legend; and no doubt his obituary prompted some who knew him to shake their heads and lament the waste, or nod knowingly as they asked rhetorically: how could anyone expect to live into old age at his pace? And there were, always, the comments about his work—the failure to follow through as an artist in any of the various directions he took, each with such promise: poet, story writer, essayist, novelist, film scriptwriter.

In his memoir of Agee, at once personally giving and sharply analytical of a particular writer's considerable assets and wounding handicaps, Robert Fitzgerald took pains to question the notion of journalism as a spoiler—and of course, a cover for ruinous mental propensities. "Was it weakness," he asks, "that kept James Agee at *Fortune*, or was it strategy and will, for the sake of the great use he would make of it?" Certainly Agee might have written poems or a novel in the years that he gave to Alabama's tenant farmers—the exalted gropings toward human actuality, and not least, the self-probings and presentations that collectively became *Let Us Now Praise Famous Men*. But who is to judge what is required of a writer such as Agee?

Especially prominent these days, as Fitzgerald knew, hence the reference to "weakness," is the marriage of psychological reductionism to literary criticism. It is convenient for some of us to be rid of Agee's powerful assault on many social and scholarly conventions by demonstrating his failure to achieve what, in fact, we presume to say he ought to have had in mind for himself. That way, we don't have to look at what he not only did accomplish, but well may have wanted to do with all his mind and soul. As for his "neurotic conflicts," they were unquestionably substantial, persistent, and harmful. But Agee was enormously talented, and crafty at finding expressions for the various ideas and visions that pressed upon him. Anna Freud has reminded us that "creative energy" is a "universally envied gift." Envy can work its way into our lives through a certain kind of moralistic psychological scrutiny that confuses a writer's sensibility with his worries or fears—as if the hundreds of people who have worked for Henry Luce, or the millions who have drunk and smoked to excess, have ever been in serious danger of possessing the lyrical and narrative skills that James Agee lived with, drew upon, embodied in the writing left us. And that writing (the magic of his words) is the only reason we read about him and argue over the kind of life he lived.

Now we have a chance to think about Agee while watching a film devoted to

his life, his work, his relatively brief but still unforgettable presence among us. Ross Spears is a young filmmaker from Johnson City, Tennessee; his *Agee*, released last spring, makes the documentary camera a powerful instrument of literary biography—a hitherto neglected use of a medium that has not hesitated to connect itself to sociology, contemporary history, politics, and anthropology.

Spears brings us to Agee, initially through Father Flye, the Episcopal minister who was the writer's lifelong older friend and sometime correspondent. Now in his middle 90s, and in ways fragile, Father Flye still has a lively, touching voice. He knew Agee most of his life, loved him; he tells the viewer, right off, that this is a special, difficult man, yet someone with a significant artistic and intellectual struggle to his credit—nowhere more evident than in the vexing, demanding, eye-opening, tortured, immensely rewarding *Let Us Now Praise Famous Men*.

We next receive the image and the words of our present-day leader, and we all have a right to be on guard—against not only him, but the filmmaker's purposes. But President Carter knows his Agee, speaks out of his own south Georgia memories of the 1930s, insists that *Let Us Now Praise Famous Men* is something more than another exposé of rural poverty, connects the book, quietly and intelligently, to Thoreau's 19th-century scrutiny of Concord's terrain—

the sights and sounds of north-central Alabama as a means of moral reflection.

Agee takes many side-swipes (some, arguably, gratuitous and demeaning to his own aspirations) in the course of his execution of *Let Us Now Praise Famous Men*—including the ironic one he directs at himself when he confronts the reader, in possession of a rather large volume of complicated, arresting prose, with this announcement of failed self-denial: "If I could do it, I'd do no writing at all here." The president of the United States, who may be conned by other individuals and their intentions, gets through exactly to Agee: he is taking huge personal risks in this book, and has every right to whatever emotions happen to confront him, such as the nervous self-criticism of his strong Christian conscience, ever wary of that sin of sins, pride.

Young Agee learned of that sin, became a child of Christian awareness, in east Tennessee, first in Knoxville, where he was born in 1909, and later (from the age of 10) at an Episcopal boarding school, St. Andrews, situated near the Cumberland mountains, a two-hour drive west of Chattanooga. Agee's father was of mountain stock; the name is familiar to Appalachian people, but prompts consternation, as far as pronunciation goes, for many in other parts of the country. Agee described his childhood, its special textures and strains, in the novel *A Death in the Family*, published posthumously. When he was six, his father was killed in an automobile accident; we are shown the newspaper clipping: "Found Dead on Clinton Pike." We are shown a lot more, too: pictures of the gentle, hilly region of the upper South which Agee grew up knowing; an enactment of the middle-class family life he experienced as a child; a further, less charming and nostalgic enactment—the visitation of death upon a mother and child; a glimpse of the St. Andrews School, and a suggestion, through Father Flye's narration, of the lean, unpretentious, humbly reverent religious and educational ministry that to this day obtains there.

Ross Spears is a young filmmaker, and he might have been forgiven for succumbing to the sentimental seductions of Agee's first years, an intensely dramatic third of a life never destined to be without worthy excitements. But these enactments are brief, pointed, instructive, and entirely without melodrama. We meet the child who will appear in *A Death in the Family*, the youth whose moody turmoil, at once religious and personal, figures in the novella *Morning Watch*. We meet, really, what Agee sought to evoke when he wrote

"Knoxville: Summer 1915"—an earlier America that one American writer never shook off, not after a couple of years at Phillips Exeter, and not after four years at Harvard, or even two decades in and out of midtown Manhattan, Greenwich Village, Hollywood. An America with a climate of moral earnestness and social innocence, qualities hard to come by these days, anywhere in the nation, though in certain Appalachian villages, as Mr. Spear knows, one can skip back a good distance in time and feel culturally, spiritually close to the young Agee's kin. A marvelously rich, mellow, ever so delicately accented voice, that of Earl McCarroll, reads to us from Agee during this visual acquaintance with Agee's background. No didactic burdens are put upon us, but we grow thoroughly alert to the world a particular writer mined so stubbornly and ingeniously, if at great personal cost.

Agee's life and work, so difficult to separate, anyway, lend themselves very well to spoken commentary, and we get plenty of it in this 90-minute film. Jimmy Carter and the acted vignettes, done in color, give way to skillfully edited and assembled black-and-white statements from the television producer, Robert Saudek, Agee's college roommate; from the poet and translator, Robert Fitzgerald, also a friend acquired in Agee's college years; from the critic, Dwight MacDonald. And Agee's three wives tell us of their respective times with him—each with obvious affection, each with her own subdued suggestion of the difficulties this feverish, sometimes ungovernable man posed for those close to him. The film orders a disorderly life—one, at times, seemingly made to defy any number of psychological and cultural categorizations.

Olivia, Alma, and Mia are the wives, and one worries at first that these women will get lost in the winding, twisting pathways of a man's emotions, a man's writing, a man's rainbow of interests, involvements. But a strange chemistry affects these human beings. Each holds on to herself; and more, each claims sure yet tactful possession of a certain element of Agee's almost boundless psychological complexity. Olivia's outgoing innocence, her perplexity in the face of the shadowy, the demonic; Alma's poise, her sharpness of intellect, her compassionate integrity; Mia's worldliness, her intensity of observation, her mixture of openness, emotional immediacy, and skeptical distance—these are not the residual traits of extortionate sexual and personal associations. Three women speak

lovingly, but differently, about a man who, as with so many of us, was a different man at different times in his life; and even, no doubt, at any given moment had different sides of himself to share with one or another individual. These women show what *they* were.



photo of James Agee by Helen Levitt.

They lent of themselves to Agee, but alas, we are not going to hear about them in one of the best ways possible—that is, from him.

With Agee's friends, the men he worked with, drank with, talked and talked and talked with, a similar, compelling, edifying diversity comes across: Saudek's dramatic eye, quick to notice someone's force of personality—a presence alternately enchanting and saddening; Fitzgerald's wonderfully knowing and precise eloquence about a dear comrade in the never-ending struggle with words; MacDonald's urbane, shrewd, broadly educated critical intelligence, missing few tricks but tolerant of this life's unyielding mysteries; John Huston's warm yet tough estimate of a brilliant, irregular companion in the jungle trek of movie-making; Walker Evans's brief but pointed distinction between his chosen task as a somewhat austere observer and Agee's deep dive into the currents of subjectivity; and yet again in the film, the kind and alert Father Flye, *there*—as Agee, even in his most doubtful and fearful moments, must have hoped and prayed an almighty God would prove to be. These women and men seem drawn together, seem to be addressing each other—the outcome of a skillful use of

documentary film footage. We hear a solemn yet lively conversation about a writer's achievements and failures: a friend's, a husband's, a colleague's continuing contact with us of this world through retained and now (the point of the film) declared, shared memories.

An important contribution, worthy of Agee's own best journalistic instincts, is quietly worked into this running exegesis: Alabama country people, survivors of the fearful, desperate 1930s—two women who were, in fact, hosts in July 1936 to a young photographer and a writer on their *Fortune* magazine assignment. They are presented to us (under "Persons and Places") in *Let Us Now Praise Famous Men* as Margaret Ricketts, "aged twenty," and Annie Mae (Woods) Gudger, "aged twenty-seven"; and now, 43 years later, they are introduced as Elizabeth Tingle and Mae Burroughs, who remember the two guests from far away—their "northern talk," their earnest friendliness, their humor, their persistent desire to experience, to understand. The rural women remember "mixing" with Agee; remember his eyes: "He watched, he watched." Mae Burroughs says that she "hated to see them go," that she and others "got attached to them." The camera moves from color shots of two elderly Alabama citizens, and color footage of a landscape that has not changed all that much these past years, to Robert Fitzgerald's brief reminder: "Jim Agee was a Christian"; he had gone South to try to be with "the least of the Lord's people."

The side of Agee connected to the Bible, to the Old Testament prophets, and to Jesus and His disciples, knew the special fate reserved for the poor, "the least," by God. The secular side of Agee, the New York intellectual he was, despite the contempt he felt for the collective breed, could only be hurt, discouraged, enraged by the evidence all around Bibb and Perry and Hale Counties, Alabama (and elsewhere in America) of hunger, malnutrition, flagrant inequality. Hence one of the persisting tensions in *Let Us Now Praise Famous Men*: the tenant farmers as ironically awesome figures, noble by virtue of a divine choice; and the same men, women, and children as the humiliated ones of this earth—objects, for all too many, of easy, privileged pity. Agee knew the ethical torment of sensitive social observers: they come, leave, cover themselves with the glory of written or photographic compassion; those visited stay, and soon enough fade into obscurity. True, muckraking can facilitate social or political change. Nevertheless.

The last part of the film *Agee* is devoted to his short, luminous, still influential career as a reviewer, script-writer, even (once) bit actor. He is starting a new life for himself, yet (we know) there is little time left. John Huston gives a chilling account of Agee writing all night, writing more by day, playing tennis, drinking, and smoking—and then boom: the coronary vessels at last say no. We see Agee as the town drunk in *The Bride Comes to Yellow Sky*, one

of the films for which he wrote the script, and originally a Stephen Crane short story. We listen to readings of his penetrating remarks about various movies. We watch an excerpt from another of his creations, *The African Queen*—the wonderful moment when Hepburn empties bottle after bottle of Bogart's gin. We are given Agee sitting beside a friend and hero of sorts to him, Chaplin. And we learn of his last months—frequent chest pain and a losing battle with abstinence (cigarettes, liquor). A paper clipping tells of his death, on May 16, 1955, the same day (39 years later) his father died, both in cars.

A man who saw, early on, the special province of the camera, and did his fair share to connect the world of ideas to that of celluloid, has inspired a thoughtful, imaginative response from a young filmmaker, and a Tennessean at that. The voices, the soundtrack full of Beethoven, so loved by Agee, the quiet visual procession supplying witness and analysis of him, affection for him—it all amounts to a fine tribute to a hectic, pained, buoyant, decent, exceptionally radiant life, which, in its limited tenure, managed to offer us songs of real distinction and power. A moment of sentiment would permit us to imagine that somewhere in the universe the smile of James Agee, so large and winning, covering up bravely some of a given destiny's heartache, must surely be registering its pleased reaction to a particular message from one of us still on this side of things.

An Agee Sampler

A Letter to the Editors of *The Nation*

Dear Sirs:

In the good old days before pseudo-science and feminism ruined her, it was considered rude to congratulate one's hostess on her meals, since praise would imply that they could have been bad, and by the same rule of courtesy it should be unnecessary to write grateful letters to editors.

Astonishing excellence, however, is the exception, and James Agee's film column seems to this reader, and to many others he has spoken with, just that.

I do not care for movies very much and I rarely see them; further, I am suspicious of criticism as the literary genre which, more than any other, recruits epigones, pedants without insight, intellectuals without love. I am all the more surprised, therefore, to find myself not only reading Mr. Agee before I read anyone else in *The Nation* but also consciously looking forward all week to reading him again.

In my opinion, his column is the most remarkable regular event in American journalism today. What he says is of such profound interest, expressed with such extraordinary wit and felicity, and so

transcends its ostensible—to me, rather unimportant—subject, that his articles belong in that very select class—the music critiques of Berlioz and Shaw are the only other members I know—of newspaper work which has permanent literary value.

W. H. Auden
October 16, 1944

It Happened in Brooklyn features Frank Sinatra, whom I like, Jimmy Durante, in comparison with whom I would, I am sure, find the millennium a rather chilly formal dance, and a great many affectionate japes about Brooklyn, which I could be much happier without.

John Ford's *The Fugitive* is a solidly pro-Catholic picture about a priest, a creeping Jesus. My feelings about the Catholic church are, to put it mildly, more mixed than Mr. Ford's; I doubt that Jesus ever crept, and I am sickened when I watch others creep in His name; I dislike allegory and symbolism which are imposed on and denature reality as deeply as I love both when they bloom from and exalt reality; and romantic photography is the kind I care for least. Over all, I think *The*

Fugitive is a bad work of art, tacky, unreal, and pretentious. Yet I think almost as highly of it as of the films mentioned above, because I have seldom seen in a moving picture such grandeur and sobriety of ambition, such continuous intensity of treatment, or such frequent achievement of what was obviously worked for, however distasteful or misguided I think it.

Frankly, I doubt I am qualified to arrive at any sensible assessment of Miss Elizabeth Taylor. Ever since I first saw the child, two or three years ago, in *I forget what* minor role in what movie, I have been choked with the peculiar sort of adoration I might have felt if we were both in the same grade of primary school. I feel I am obligated to this unpleasant unveiling because it is now my duty to review her, in *National Velvet*, in her first major role.

So far as I see on an exceedingly cloudy day, I wouldn't say she is particularly gifted as an actress. She seems, rather, to turn things off and on, much as she is told, with perhaps a fair amount of natural grace and of a natural-born female's sleepwalking sort of guile, but without much, if any, of an artist's intuition, perception, or resource. She strikes me, however, if I may resort to conservative statement, as being rapturously beautiful.

Of the movies I have seen lately the one I like best was *To Have and Have Not*. It has so little to do with Ernest Hemingway's novel that I see no point in discussing its "faithfulness"; it is, rather, a sort of call-house version of *Going My Way*. It is not, I scuttle to explain, an upstairs story about priests. But like the better film it gets along on a mere thin excuse for a story, takes its time without trying to brag about its budget or to reel up footage for footage's sake, is an unusually happy exhibition of teamwork, and concentrates on character and atmosphere rather than plot. The best of the picture has no plot at all, but is a leisurely series of mating duels between Humphrey Bogart at his most proficient and the very entertaining, nervy, adolescent new blonde, Lauren Bacall.

To put it unkindly, the only thing wrong with screen comedy today is that it takes place on a screen which talks. Because it talks, the only comedians who ever mastered the screen cannot work, for they cannot combine their comic style with talk. Because there is a screen, talking comedians are trapped into a continual exhibition of their inadequacy as screen comedians on a surface as big as the side of a barn.

(from Agee on Film © 1958 by The James Agee Trust.)

THE WHITE HOUSE
WASHINGTON

20 Dec 79

FOR THE RECORD:

FRANK MOORE HAS A COPY
OF THE ATTACHED.

NAME Senator Abraham Ribicoff

222

TITLE _____

CITY/STATE D-Connecticut

Phone Number--Home () _____

Work (203) 224-2823

Other () _____

Requested by Frank Moore

Date of Request 12/19/79

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INFORMATION (Continued on back if necessary)

Talking Points:

1. You were great during consideration of the windfall profits tax bill both in committee and on the floor. We could not have gotten as good a bill out of the Senate without your help.
2. We are also interested in the Chrysler legislation. We are opposed to the Tsongas and Lugar amendments. We oppose efforts

NOTES: (Date of Call 12-19)

*Great on Iran
Voted "no" on Eagleton already*

to require a three year freeze on wages and efforts to require excessive contributions from Chrysler workers. We think that the Eagleton amendment, which will be voted on this morning, is a good and fair approach.

3. Thanks again for your help on the windfall profits tax.

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THE WHITE HOUSE
WASHINGTON

20 Dec 79

Zbig Brzezinski

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

Rick Hutcheson

The Vice President
Jack Wastson
Phil Wise

5855

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

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

ACTION
FYI

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

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

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

HIS
J

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December 14, 1979

ACTION

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *ZB*
SUBJECT: People-to-People/Caribbean: A Proposal

In drafting the attached paper, we have received and included comments from Alan Rubin, Dante Fascell, Bill Rogers, Terry Sanford, Maurice Ferre, Robert Clodius, and Peter Johnson, who is Executive Director of the Committee on the Caribbean, a new organization with a mandate quite similar to the group we are proposing. The State Department has also sent over a thorough and useful paper on the subject, and we have borrowed from it in developing this proposal.

The proposal (Tab A) describes a rationale for such a program using your comments at previous meetings. It includes a list of objectives for such a program, an implementation strategy, and a specific timetable for next steps. It represents a rapid, action-oriented program, which has us moving toward a de facto meeting of the Board right after the holidays. An alternative approach would be to assemble a larger group (which could become the Board) to discuss the steps described in the proposal, and then after the meeting we could decide where we want to go.

Robert Clodius from the National Association of Universities and Land Grant Colleges proposed an interesting idea of giving the entire program to the state of Florida to organize. That certainly would be a lot easier for us, but I wonder whether Governor Graham would accept such a responsibility and also whether it would be appropriate to ask. We hope that Graham and Florida will play large roles in this effort, but do not believe that they should be the "umbrella" over the entire program.

RECOMMENDATION:

(1) I recommend that you go with the proposal.

Approve _____ Disapprove _____

(2) Alternatively, that you use the larger meeting in January to decide what direction to go.

Approve _____ Disapprove _____

cc: Jack Watson

It is excellent so far - for now, keep any publicity down. We'll let Jan mtg produce this proposal as refined. Let Pastor see re JC & you

CARIBBEAN PEOPLE:

A PEOPLE-TO-PEOPLE APPROACH TO THE CARIBBEAN BASIN

I. Why Do We Need A Non-Governmental People-to-People Approach?

After three years of effort by the Carter Administration, we have been unable to develop mutually respectful relationships with the governments of the Caribbean basin, and this is a source of considerable concern to us. Few of the area's people know the US for its sincere generosity; few think we really care about them or their problems. Our apparent neglect is felt most acutely because of the extremely difficult socio-economic problems of the region and because of its political aspirations and vulnerabilities.

At the same time, there are clearly many in the area who are eager for a proper and balanced relationship with the people of the US. There is a definite need for a two-way people-to-people relationship that emphasizes dignity and mutual benefits. There is a need to reach beyond government structures, and let the friendship of America be felt.

II. Specific Objectives: What Purposes Should This New Program Serve? Dignity, Development, Democracy

A. Attitude. To improve mutual understanding and appreciation through people-to-people exchanges. This program should be multi-directional: people from the US, Venezuela, Mexico, Costa Rica, etc., should travel, work, visit in the nearly 20 nations in Central America and the Caribbean, and people from those 20 nations should do the same. The program should be seen as a learning as well as a teaching experience. Exchanges should be in sports and culture as well as those related to development -- National Soccer Coaches Association and YMCA as well as Chambers of Commerce.

B. Development. To help meet the developmental needs of the nations of the region through small-scale, personal, or group efforts. Land Grant Colleges could send agricultural advisers; dental associations could send dentists; large timber companies like Weyerhaeuser could help small villages in Haiti plant fast growing trees, etc. These projects are not expected to significantly affect the course of economic development in these countries, but the projects could have a very large impact on small towns and groups of people.

C. Democracy. To encourage political and economic pluralism by working directly with private groups in each country in a way which will assist them in playing important

roles in their societies. The basis of American democracy is the thousands of local groups -- Lions Clubs, Rotary Clubs, 4-H Clubs, church groups -- and many of these have become international, nurturing similar groups in other countries. Yet none of these groups has really identified the nations of Central America and the Caribbean as places worth focusing their energies.

III. How to Do It? How to Energize Our Nation to Pursue Effectively These Objectives?

A. Secure the cooperation of governments. The program should be non-governmental with minimal support, involvement, or interference by governments. We should be careful to facilitate the work of organizations in the area without undermining their private character. Yet, you will need to give the program your firm support to get it underway, and it will also require the permission, and if possible, the interest and support of the governments of the region. Moreover, it would be self-defeating if this mutual exchange program were sprung full blown from Washington, D.C. Therefore, we recommend that you send messages or letters to the Presidents of countries in the Caribbean basin informing them of your idea and asking their views of whether they would consider such a program helpful. And we ought to consider inviting leaders from the Caribbean basin to join the Board.

The geographical focus for the effort will be all the nations or territories in the Caribbean basin with which we have diplomatic relations. We ought to make an effort to try to involve basin countries like Mexico, Colombia, and Venezuela, but we should also try to involve Western Hemisphere countries like Brazil and Canada which have real interest in the area. The "recipient" countries should include the six Central American and fourteen Caribbean countries and territories. We should seek the participation of all these countries, even those like Guatemala or Grenada with human rights problems.

B. Organize the program. In order to mobilize a nation-wide effort to relate to the people of 20 nations on a country-by-country basis, and in order to ensure that this is not a one-shot program but one intended to demonstrate our long-term interest in the region, there is a need for an effective coordinating organization made up of distinguished and interested leaders and a competent, full-time staff. We should build such an organization on the experience and the skills of organizations already working in this field, like the Partners of the Americas (Alan Rubin has offered to give 2-3 months of his time to get the new program started), Sister Cities, and the Committee on the Caribbean. We

should encourage the expansion of activities in the region of global organizations, which have not heretofore focused on the area. We should systematically identify new groups and state and local leaders and encourage them to participate.

The organization could have three components:

1. A Board of, say, 35 people (including the seven at the December 7th meeting). This group would be a mix of leaders from business, labor, politics, church and benevolent organizations, voluntary and people-to-people groups. USG officials could serve as ex-officio members. Co-Chairmen could be Andy Young, Maurice Ferre, and a wealthy retired businessman like Henry Ford. Perhaps Mrs. Carter could be on the Board. You should meet with this expanded group after the holidays; all those interested in playing an active role would become members of the Board. (We will refine and clear a list of names with Jack Watson and members of the group, and submit it for your approval by early next week.) The Board will be the coordinating hub of the organization; it will serve as catalyst, energizer, broker, involving new groups, leaders, and organizations in new projects in each country. 2-3 Board Members would work each country (country sub-groups), and would draw from government and non-government resources -- US and Caribbean.

2. Reserve pool of leaders and organizations. We should consult with the Board to identify about 200 other leaders, who would be key resources for the effort, and many would serve on the country sub-groups. For example, the Board might include about 20 leaders from the 100+ organizations that could be involved in the program. Leaders of the remaining organizations plus various state and local leaders could comprise this reserve pool. Country sub-groups could comprise two members of the Board plus three members from the reserve pool. These five would visit a country for an exploratory trip (after a White House Conference) and could meet with local leaders and develop a plan of projects. The subgroup would return to the US and contact US organizations or groups, state and local leaders and encourage them to undertake the project.

3. Staff. The permanent staff should be small (5-10 people) and rely, to the maximum extent possible, on existing organizations. The operating principle should be to energize and de-centralize. We should hire about three permanent staff, and ask associated organizations and private corporations to volunteer staff for one or two years. In addition, one or two USG officials should be detailed. (We

should be prepared to have AID give a small grant of \$100-\$200,000, but only if the group cannot get needed funds from other sources.)

It is important to view this organization as a framework within which many creative projects can be undertaken.

C. Identify needs and counterpart groups. This is clearly the first task of the new organization and the 5-member country sub-groups. It is important that the needs be defined at the local rather than the national level (though it should be consistent with national goals), and that they be identified by local groups rather than by the US team. Once the needs have been identified, the US team should work with its local counterpart to develop specific projects to help meet the need. When the mission returns to the US, it is charged with locating US groups that will undertake the project. At an early stage, the country assessments should be consolidated into a single book for you and the entire Board to review. After six months or so, we might want to consider a second White House Conference where we would also invite counterpart groups. Perhaps, you could give awards at this session to the most active groups and the most successful projects.

IV. Next Steps -- Timetable -- If You Approve This Approach.

A. By Tuesday, December 18, we will have a list of 60 candidates for the Board from which you may select 45-50. (We anticipate that 10-15 will not be interested or able to do it, leaving about 35.) We will phone (or cable) these candidates and invite them to meet with you in early January. You will want to decide on the Chairmen before the meeting, and we will seek private pledges for money so that we can organize the staff.

B. By Wednesday, December 19, we will have prepared letters for you to send to the Presidents of the Caribbean basin countries.

C. At the January meeting, we can provide a briefing for them on the region, and then you can explain the proposal. The Chairmen will then divide up responsibilities (and countries) and discuss a White House Conference, for early February. The Board should decide on a list of people and organizations to be invited to the White House Conference, and members should be encouraged to get in touch with as many of these people as possible.

D. After the Board meeting, we will organize the White House Conference and schedule it for early February.

The White House Conference would follow an official launching of the Commission, which should be done at the National Press Club or another appropriate private fora. The Conference would give the Board an opportunity to make contacts with the "Reserve Pool" and to begin planning their exploratory trips. We will need to inform the people and leaders in the Caribbean and elsewhere about the Conference before it is held to ensure that our intentions are clearly understood. We may want to invite some leaders from the area to the Conference.

E. Country teams will visit each country in February after the Conference to meet with local leaders and to identify needs. After returning to the US, the sub-group will assign specific projects to different US groups throughout the country.

F. In about six months, a second White House Conference should be held to reassess the development of the program, to award those who are doing a good job and to bring the Caribbean leaders and groups in as full partners.