

**1/9/80 [2]**

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1/8/80

MEMORANDUM FOR THE PRESIDENT

FROM: TIM KRAFT

RE: ALABAMA TK

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Attached is a letter to be presented to the State Party in Alabama when we file our petitions on January 14, 1980. I recommend you sign.

JIMMY CARTER

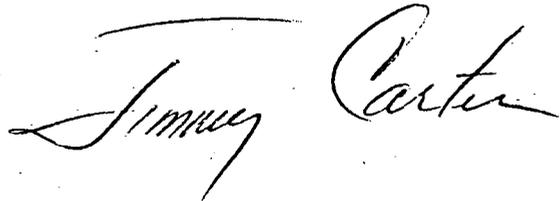
January 10, 1980

To George Lewis Bailes, Jr.

I am pleased to present petitions placing my name on the Democratic Party Presidential Primary Ballot on March 11, 1980. With the help of hard working Democrats like those who have gathered these petitions on my behalf, I am confident of a victorious 1980 for the Democrats.

With best regards,

Sincerely,

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

The Honorable George Lewis Bailes, Jr.  
Chairman  
Democratic Party of Alabama  
4 Office Park Circle  
#103  
Birmingham, Alabama 35213

JIMMY CARTER

1/8/80

Patti --

SUCCESS!!!!

please send me 2 copies of  
attached approved version...  
and you may even want to keep  
the original as a personal  
memento!!!

--SSC

de  
J

I am writing to thank you personally for your support and to encourage you to participate in your local caucus on Monday, January 21st. I wish I could carry this message to you directly, but I must remain close to the White House because of my responsibilities as President to keep our country unified in a time of crisis as we deal with the recent developments in Afghanistan and Iran.

During the past three years I have proposed reasonable and practical solutions to the problems facing our nation. My administration has led the fight against inflation and unemployment. Americans have gone back to work; over 8 million jobs have been created since 1979, and real income, above taxes and inflation, has increased significantly. Unemployment has been reduced by 25 percent. Taxes have been decreased by \$28 billion. Our country has grown stronger -- militarily, economically and politically.

In order to enhance our nation's security and to reduce inflation, I am working to free Americans from our excessive dependence on imported oil. We have taken steps to ensure that adequate supplies of fuel are available to homeowners, to industry, and to our nation's farmers to guarantee their ability to plant and harvest our vital crops.

I have always been candid and honest with the people of Iowa and the rest of our country, and have never ducked important

decisions, no matter how difficult they might be.

I am proud of this record of accomplishment, and I ask for your active support on January 21 and as we work together in the future for an even greater America.

Sincerely,

all  
J

I am writing to thank you personally for your support and to encourage you to participate in your local caucus on Monday, January 21st. I with I could carry this message to you directly, but I must remain close to the White House because of my responsibilities as President, to deal with the recent developments in Afghanistan and Iran.

time  
in progress  
as we

*to keep our country unified, and*

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My administration has led the fight against inflation and unemployment.. Americans have gone back to work; over 8 million jobs have been created since 1979, Unemployment has been

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reduced by 25 percent. Taxes have been decreased by \$28 billion.

~~We have to~~ *Our country has grown stronger - militarily,*  
~~The defense budget has been increased every year of my~~  
*economically and politically.*

Administration.

*In order to enhance our nation's security and to reduce the inflation, excessive*

I am working to free America from our dependence on

*We* imported oil, and have taken steps to ensure that adequate

*home-grown, to industry, and to*

supplies of fuel are available to our nation's farmers to

guarantee their ability to plant and harvest and to prosper.  
*our vital crops.*

I have always been candid and honest with the people of Iowa and the rest of our country, <sup>and have never</sup> I am proud

*never ducked important decisions no matter how difficult they might be.*

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on January 21, *and in the future as we work together in the future for an even greater America.*

Sincerely,

I am writing to thank you personally for your support and to encourage you to participate in your local caucus on January 21. I wish that I could carry this message to you directly, ~~because of recent developments in Afghanistan and Iran~~ because of recent developments in Afghanistan and Iran I must remain close to the White House.

During the past three years, I have proposed reasonable and practical solutions to the problems facing our nation. My administration has led the fight against inflation and unemployment. Americans have gone back to work, over eight million jobs have been created since 1979. Unemployment has been reduced by 25%. Taxes have been decreased by \$28 billion. The defense budget has been increased every year of my Administration.

I am working to free Americans from our dependence on imported oil and have taken steps to insure that adequate supplies of fuel are available to America's farmers to guarantee their ability to plant and harvest.

I have <sup>always been candid and honest with</sup> ~~told the truth~~ to the people of Iowa and the rest of <sup>our</sup> the country. I am proud of this record of accomplishments and ask for your support on January 21.

Carl Struble

1/8/80

Requested that Campaign try again....  
this is the 2nd draft. Not certain  
it's markedly better.

To,

In anticipation of the caucuses in Iowa on January 21, I wanted to follow up on your recent telephone conversation with a member of my Iowa campaign staff.

I am writing to thank you personally for your support and to encourage you to participate in your local caucus, *on Jan 21*

~~I would like nothing better than to be~~ in Iowa taking a record of accomplishment I am proud of directly to the people. However, as you know, I have had to cancel my political travels to stay on top of the crises in Iran and Afghanistan.

I am convinced that is what the people in Iowa and the rest of the country want me to do.

Therefore, I have had to ask ~~my wife, other members of my family and administration, and frankly, you,~~ to carry my message to the caucuses on the 21<sup>st</sup>.

I believe we have begun to take the difficult but necessary steps to restore and assure our energy, economic, and military security. It will not be easy, but we can and will achieve those goals.

Some people in our country are promising easier solutions to these problems. Frankly, I believe they underestimate both the intelligence and tenacity of the American people.

I have told the difficult truth to the people of Iowa and the rest of the country, and I am ~~gratified but not surprised~~ *proud* by ~~the wisdom and determination of the public response.~~

*I am proud of my all record of accomp*

It is an effort I want to continue. We are on the right track. To retreat from the difficult effort we have all put in so far would be tragic for the country. I need your help to continue.

Iowa got my 1976 campaign off on the right foot, and I hope I can count on you and your neighbors to do it again.

Thank you.

Sincerely,

Jimmy Carter

CARTER/MONDALE PRESIDENTIAL COMMITTEE, INC.  
1413 K STREET, N.W., WASHINGTON, D.C. 20005

M E M O R A N D U M

TO: ~~Rick Hutcheson~~  
FROM: Tim Kraft *TK*  
DATE: January 3, 1980  
RE: Direct Mail Follow-Up

The purpose of this memorandum is to request the use of the President's signature on mail to Carter supporters identified in Iowa. \*15,000 mailings

In Florida and previous Iowa letters, we have used Chip's signature. At this crucial juncture of the campaign, the President's signature would add more importance and impact to the letter.

We are shooting for a January 10 mailing date. In order to meet this deadline, we will need approval of this request no later than C.O.B. on January 4

~~(to 15,000 people)~~

TIM-- HAS THIS BEEN APPROVED OR DO YOU NEED TO LOOK AT IT AGAIN?

DRAFT

To

Recently, one of our Iowa staff contacted you by telephone. I would like to thank you personally for your support and encourage you to participate in your precinct caucus.

During the past three years, I have proposed reasonable and practical solutions to the problems facing our nation. I have offered capable and sound leadership to the American people, ~~not hollow promises.~~ I ask that you compare my performance with ~~their rhetoric.~~

My administration has led the fight against inflation and unemployment. Taxes have been reduced by \$28 billion. The budget deficit has been cut in half. Americans have gone back to work, over eight million jobs have been created since 1976. Unemployment has decreased by 25 percent.

The defense of America has received a top priority in my administration. The military budget has increased every year of my administration.

I have ~~worked hard to develop policies~~ to free America from our dependence on imported oil. I have taken steps to insure that adequate supplies of fuel are available to America's farmers to guarantee their ability to plant and harvest.

In this time of national crisis, I have been unable to actively campaign as I had planned in Iowa. It is in the best interest of the nation that we not allow partisan politics to enter into the delicate negotiations and volatile situation in the Middle East.

As your President, I can only ask you to allow me the time to bring this situation to a satisfactory conclusion.

In the meantime, our political process must continue. I need your support at the January 21 precinct caucus. The whole nation will be watching Iowa in this first step toward the Democratic nomination. I hope I can count on your vote.

Sincerely,

Jimmy Carter

9:00

0156

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

C

January 8, 1980

ACTION

MEMORANDUM FOR: THE PRESIDENT  
FROM: ZBIGNIEW BRZEZINSKI *ZB*  
SUBJECT: Christmas Card <sup>-from (cc)</sup> for Mrs. Gandhi

The attached card (with a notably self-serving quotation!) just arrived from Mrs. Gandhi. You might want to thank her for it when you talk to her tomorrow.



7

**Electrostatic Copy Made  
for Preservation Purposes**

*"Those who want to follow the true path will naturally be exposed to the attacks of all the forces of ill-will which not only do not understand, but generally hate that which they do not understand."*

*THE MOTHER, Sri Aurobindo Ashram, Pondicherry*

fruitings of 15 years  
+  
food with you 1980  
India family



UNIVERSITY OF MINNESOTA  
TWIN CITIES

Department of Economics  
1035 Business Administration  
271 19th Avenue South  
Minneapolis, Minnesota 55455

January 3, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: Walter W. Heller

SUBJECT: Recession, Inflation, and Policy

1. The economy keeps defying economists these days:

- The best-advertised recession in history has cancelled its debut time and again (but it's here now, honest).
- Single-digit inflation keeps postponing its appearance too, mainly because (a) OPEC has boosted prices 100% in a year (as against forecasts of 5% to 10% a year ago), and (b) Volcker's anti-inflation actions initially worsen inflation by boosting interest costs, especially the mortgage costs that loom so large in the CPI.
- The dollar -- in spite of a strong export performance, tight money, and a shrinking budget deficit -- has been hurt by the Iranian crisis, continued inflation, and the world's desire to diversify into other currencies.

2. Recession: why have economists -- in business, academia, and government -- been so sure a recession was in the cards? Not because of falling auto sales, housing starts, and economic indicators but, more basically, because the economy can't keep moving up against the combined force of the fiscal drag, the oil drag, and the Volcker drag:

- The fiscal drag: Inflation is boosting income taxes about \$12 billion a year; payroll taxes rose \$9 billion last year, and are to rise \$4-1/2 billion this year, and \$18 billion next year; federal budget spending is running about \$15 billion below trend. All in all, the federal budget is moving \$80 billion towards restraint in 1979-81.
- The oil drag: OPEC was draining about \$50 billion a year, net, out of the U.S. consumer pockets even before the price boosts last month. Those boosts, coupled with oil price decontrol, will be costing consumers another \$20 billion this year, for a total drain of \$70 billion a year. This could easily rise to \$80 billion or more by 1981.

January 3, 1980

Page Two

- . The Volcker drag: It's hard to put a number on this, but there is no doubt that a 15% prime rate, 18% to 20% borrowing rates for small business, and 12%-plus mortgage rates are putting a further crimp in private spending.
3. Then, why has there been no recession so far?
- . The White House can take a good deal of credit here: it came clean and by mid-1979 said frankly that a recession was in the making (rather than choosing to see, hear, and speak no evil as the Nixon-Ford White House did in 1974: "energy blip," "phantom recession," and "side-ways waffling" were some of the terms they used to describe the deepest recession since the Great Depression).
  - . As a result, business has not indulged in the speculative excesses, inventory binge, and self-delusion of 1974.
  - . Another factor, not so good, that has been postponing recession: consumers have been living over their heads -- borrowing too much, saving too little, and consuming more than their shrinking real incomes can support. It can't last.
4. Where do we go from here?
- . Into recession: probably a slide lasting into next summer.
  - . Recovery will not be zippy: with your restrained budget policy, the OPEC drain, and Volcker's understandable fear of easing too much, recovery will be slow.
  - . Sad to report, unemployment will therefore rise throughout 1980. It may well be as high as 8% on November 4.
5. As to inflation:
- . The CPI, to be sure, shows a 13% inflation rate in 1979<sup>79</sup>.
  - . And in the early months of 1980, we'll have more bad news (1) mainly because of the upsurge in mortgage interest rates and (2) partly because of further OPEC price increases and domestic oil price decontrol.
  - . But there is relief in sight. By next spring, four things will be working to moderate price increases:
    1. Mortgage interest rates will taper off and start heading down.
    2. Petroleum product prices, after rising 50% at retail in 1979, will rise "only" 20% to 25% in 1980.
    3. With good crops in 1979 and good prospects for 1980, food prices won't rise as much next year as this year.

4. Recession will ease some of the wage-price pressures that are so strong at present.
  
6. Will a tax cut in 1980 make sense? The attached memo says "yes." A tax cut would be "sound economics for the 1980's," not "election-year politics." It would (a) return to taxpayers part of the "tax" that OPEC and inflation have levied on them; (b) thereby cushion somewhat the blow of recession; and (c) do it in a way that helps curb inflation. Let me add a couple of points to what the memo says:
  - . First, a recession is the ideal time to introduce longer-run structural changes that will help support the economy in the short run: shifting hospital insurance, Medicare, from payroll tax to general revenue financing (as the advisory committee on social security has recommended) would both achieve an overdue reform and provide \$20 billion of payroll tax relief just when it's needed most.
  - . Second, the move for a 10-5-3 depreciation schedule is reaching stampede proportions in the House. It's far too rich and too rough. Before it gathers even more momentum, the Administration should counter with a more moderate and more logical plan of its own (although I realize that you can't telegraph your punches too clearly without creating an "air-pocket").
  
7. Wage-price guidelines: I hope the Dunlop committee won't blur the wage guideline too much. If there are no firm numbers to hew to, the process of catch-up -- of wages with inflation and non-union with union wages -- will go on almost unchecked. (I see this process already under way in the companies on whose boards I sit.) Every effort must be made, both by the President and by your wage-price advisers and staff, to put more starch in the guidelines. Otherwise, the longer-pull battle against the real bedrock, the hard-core of inflation -- the price-wage spiral or merry-do-round -- will be lost.
  
8. Energy policy: Only one comment on this front: while I believe in oil price decontrol, I also believe in gas rationing. It's a "can of worms," but it's better than a can of snakes:
  - . It won't boost prices.
  - . It involves no income recycling problem.
  - . It will provide a flexible instrument by which gas consumption could be quickly moved up and down with the shifting tides of OPEC oil supplies (with a coupon being worth ten gallons one month, perhaps eight the next, and maybe eleven the month after).
  - . It would tell the world, in no uncertain terms, that we are no longer gasaholics.

*Nash*



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January 3, 1980

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SUBJECT: The Current Case for a Federal Tax Cut

1. The positive case for tax reduction in 1980-81 is easy to make:
  - Fiscal drag: (a) inflation is pumping income into higher brackets and thereby "legislating" income tax increases of about \$12 billion a year; (b) scheduled boosts in social security payroll taxes total \$30 billion in 1979-81; (c) your budget slowdown is holding spending about \$15 billion below trend. These three forces together are moving the budget roughly \$80 billion towards restraint over the three years 1979-81.
  - Oil drag: OPEC price hikes since December 1978 are already costing U.S. consumers, net, \$50 billion a year. (By "net," I mean after taking account of (1) payments for higher OPEC imports and (2) ploughbacks of oil revenues into the U.S. economy.) Next year, as OPEC boosts prices further and your decontrol program really gets rolling, the "tax" will rise to about \$70 billion. By 1981, a moderate estimate puts the oil drag at \$80 billion.
  - The Volcker (Federal Reserve) drag: On top of the fiscal and oil drags, Volcker and company have slammed on the monetary brakes.
2. So there's ample justification for a tax cut, not to stimulate or pump up the economy, but to offset some of the crushing impact of the mounting fiscal squeeze, the tightening oil noose, and super-tight money. In other words, a \$30 billion tax cut could be thought of, quite properly, as a return of some of the tax dollars that have been taken away by inflation and a restoration of some of the purchasing power siphoned away by OPEC.
3. A tax cut consisting of (1) perhaps \$20 billion of payroll tax rollbacks (enough to shift hospital insurance to general revenue financing where it belongs); (2) about \$5 billion of accelerated depreciation; and (3) another \$5 billion or so for real wage insurance would strike three important blows in the battle against inflation:
  - Every dollar of payroll tax cut for employers would be a dollar cut in business costs.
  - Speedier write-offs of business investment would boost incentives and increase productivity.
  - The tax cuts could put some starch into the wage-price guidelines in three important ways: (1) workers would get a boost in take-home pay without wage increases and employers would get a cost cut that would make it easier to comply with the guidelines; (2) real wage insurance would be an important incentive for worker compliance with the guidelines; and (3) accelerated depreciation could be made contingent (for large companies) on compliance with the wage-price guidelines.

*W. Heller*



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MEMORANDUM FOR THE PRESIDENT

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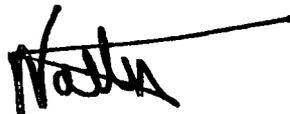
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SUBJECT: The Current Case for a Federal Tax Cut

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*Walter*

THE WHITE HOUSE  
WASHINGTON  
09 Jan 80

Jack Watson  
✓ Arnie Miller

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

Rick Hutcheson/mb

THE WHITE HOUSE

WASHINGTON

January 8, 1980

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON *Jack*

ARNIE MILLER *AM*

SUBJECT:

Assistant Secretary of the Army (Manpower  
& Reserve Affairs)

We join Secretary of Defense Harold Brown in recommending the appointment of William Eldred Peacock to be Assistant Secretary of the Army (Manpower & Reserve Affairs), replacing Robert L. Nelson, who has resigned.

Since 1977, Mr. Peacock has been Director, Office of Intergovernmental Affairs, Department of Energy, where he is responsible for DOE policy development relating to national energy programs and their impact on state and local government and Cabinet-level Federal agencies. Prior to joining the Carter Administration in 1977, he was Vice President and Corporate Counsel of Crocker National Bank in San Francisco. He has had extensive legal and executive experience in commercial banking, corporate finance, and international corporations. He is a Viet Nam veteran, having served in the Marine Corps for three years. While serving at the Department of Energy, Mr. Peacock has been an energetic and articulate spokesman for the Administration and its policies.

RECOMMENDATION

Nominate William Eldred Peacock, of Washington, D. C., to be Assistant Secretary of the Army (Manpower & Reserve Affairs), vice Robert L. Nelson, resigned.

approve

disapprove

Electrostatic Copy Made  
for Preservation Purposes

WILLIAM ELDRED PEACOCK  
District of Columbia

EXPERIENCE

1977 to Date Director, Office of Intergovernmental  
Affairs,  
U.S. Department of Energy

1975 - 1977 Vice President and Corporate Counsel,  
Crocker National Bank,  
San Francisco

1972 - 1975 Assistant to the Chairman of the Board,  
Transamerica Corporation,  
San Francisco

1971 - 1972 Associate Attorney,  
Chickering and Gregory,  
San Francisco

1970 - 1971 Assistant General Counsel,  
U.S. Financial Corporation,  
San Diego

1967 - 1970 Captain, U.S. Marine Corps

1966 - 1967 Management Consultant,  
McKinsey and Company,  
San Francisco

EDUCATION

1966 Harvard Law School, J.D.

1963 Princeton University, A.B.

PERSONAL

White Male  
Age 38  
Democrat

THE WHITE HOUSE  
WASHINGTON

JAN. 8, 1980

MR. PRESIDENT:

MIKE McCORMACK (# 488)

RETURNED YOUR CALL.

PHIL

*I didn't  
want to  
call him  
J*

6:00pm

THE WHITE HOUSE

WASHINGTON

January 7, 1980

MEETING WITH MEMBERS OF CONGRESS ON THE INTERNATIONAL SITUATION

Tuesday, January 8, 1980

The East Room

6:00 p.m.

From: Frank Moore *FM/80*

I. PURPOSE

To brief members of the House and Senate on the situation in Iran, Pakistan, Afghanistan, especially with regard to the trade embargo with the USSR.

II. SCENARIO, PARTICIPANTS & PRESS PLAN

Scenario: The members will arrive at 6:00 p.m. for a buffet dinner in the State Dining Room. At approximately 6:45, the members will proceed to the East Room for the briefing, and should have their photo taken with the President as they enter the briefing room.

Participants: Senators Dan Inouye, Wendell Ford, Bob Morgan, Roger Jepsen, John Culver, David Pryor, Pat Moynihan, William Cohen, John Warner, Reps. Mike Barnes, Don Bonker, David Bowen, William Broomfield, John Buchanan, Tom Coleman, Glenn English, Floyd Fithian, Ben Gilman, Dan Glickman, Bill Goodling, Tom Hagedorn, Tony Hall, Charlie Rose, Ben Rosenthal, Keith Sebelius, Gerald Solomon, Steve Symms, Clem Zablocki, Doug Barnard, Jim Blanchard, John Brademas, John Dingell, Bill Frenzel, Dick Gephardt, Ken Holland, Jim Leach, Bob McClory, Lucien Nedzi, Tip O'Neill, Mel Price, Martin Sabo, Frank Thompson, Guy Vander Jagt, Charlie Vanik, Doug Walgren, Charles Wilson (Texas).

Press Plan: White House photographer only.

III. TALKING POINTS

Introductory remarks should concern the current situation in Iran, Pakistan and Afghanistan. The floor should then be opened for questions.

THE WHITE HOUSE  
WASHINGTON

09 Jan 80

FOR THE RECORD:

Stu Eizenstat received a copy  
of attached.

*ID 0235*

**Electrostatic Copy Made  
for Preservation Purposes**

THE WHITE HOUSE  
WASHINGTON

1/8/80 3:00 pm

Jim McIntyre has personally approved the figures in my memorandum on changes in our reserve policy.

The program will be announced at the Department of Agriculture today.

The calls you requested will be made.

-- Stu

*gk*  
*J*

**Electrostatic Copy Made  
for Preservation Purposes**

THE WHITE HOUSE  
WASHINGTON

1/8

Susan:

Jody and I feel it is  
imperative the President  
read and approve this  
memo before his 2:00  
meeting.

Stu Eizenstat

*Stu -  
I received this  
at 1:58 PM!*



THE WHITE HOUSE

WASHINGTON

January 8, 1979

Mr. President:

Here is the information you requested:

current release price of corn: \$2.50 → 2 <sup>63</sup> -

current release price of wheat: \$3.50 → 3 <sup>71</sup> -

(previously planned levels)

current call level of corn: \$2.80 → 3 <sup>01</sup> -

current call level of wheat: \$4.38 → 4 <sup>63</sup> -

(previously planned levels)

Stu Eizenstat

Electrostatic Copy Made  
for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

January 8, 1980

*Stu*  
*J*

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
LYNN DAFT *lyn*  
SUBJECT: Soviet Grain Sale Suspension

This is in follow-up to our conversation this morning regarding actions to be taken to protect farmers against a drop in grain prices due to the suspension of Soviet grain sales.

You will recall that the initial set of actions included several changes in the farmer-owned grain reserve designed to attract greater participation. These changes included an increase in the price at which grain would become eligible for release from the reserve. Other probable changes in the reserve included higher call levels, a higher storage payment, and waiving the first year interest charge. This was part of the package you approved last Friday and that was announced by Secretary Bergland the following day. Although it was not part of the announcement last week, we are also planning to raise the loan rate for corn from \$2.00 to \$2.10 and for wheat from \$2.35 to \$2.50.

Subsequent to this announcement, as you know, we concluded that it would be necessary to take the additional step of offering to assume the contractual obligations for grain previously committed for shipment to the Soviet Union and beyond the 8 million ton maximum. The Vice President announced this action yesterday at the Department of Agriculture and we are proceeding to implement it. From the standpoint of quickly and effectively isolating large quantities of grain from the market and thereby restoring stability and order to the market, this is the single most important action we could have taken.

Following the announcement of our decision to assume the contractual obligations for the grain committed for shipment to the Soviet Union, there was some concern, principally on the part of Jim McIntyre, that proceeding with the grain reserve changes would result in the removal of more corn from the market than required to stabilize the corn price. The possibility seemed real, particularly if the Commodity Credit Corporation was required to assume ownership of significant quantities of the

corn now contracted for export to the Soviet Union, without having been granted new legislative authority to sell below 150 percent of the loan rate (\$3.15) and if substantial quantities of corn also move into the reserve as a result of the new inducements.

On the basis of further discussion with USDA and CEA staff, Jim has been reassured that this will not occur, at least not on a significant scale. As a result, our initial estimate of the budget cost of these actions for FY 1980 and FY 1981 (\$2.5b to \$3.0b for the two years) remains valid. We now estimate an FY 1980 budget cost of \$2.0b and an FY 1981 cost of \$0.8b for a total cost of \$2.8b. It is possible that the cost in FY 1980 could exceed this estimate by as much as \$300 million, but this would reduce outlays in FY 1981 by a roughly equivalent amount.

Given this assessment of the budgetary situation, Jim McIntyre has joined the rest of your advisors in recommending that we immediately announce details of the complete package. The package now includes:

- o an immediate increase in the wheat loan price to \$2.50 a bushel;
- o an immediate increase in the corn loan price to \$2.10 a bushel, with comparable increases in loan prices for the other feed grains;
- o a reserve release price of \$3.75 a bushel for wheat (150% of new loan);
- o a reserve call price of \$4.63 a bushel for wheat (185% of the new loan);
- o a reserve release price of \$2.63 a bushel for corn (125% of the new loan);
- o a reserve call price of \$3.05 a bushel for corn (145% of the new loan);
- o comparable increases in reserve release and call prices for the other feed grains;
- o waiving first year interest costs for the next 13 million tons of corn (corn only) entering the reserve;
- o purchase of 4 million tons of wheat, including assuming the contractual obligation on up to 3.7 million tons that will not be shipped to the Soviet Union;

*corn 2-  
wheat 3-90*

*cannot release*

*has to release*

- o assume the contractual obligation on up to 10.0 million tons (395 million bushels) of corn.

(A decision on a paid diversion program for 1980 crop grains will be made at a later date).

If the futures markets are to reopen tomorrow, as is now planned, it is important to make this announcement early this afternoon.

DECISION

- Approve (OMB, USDA, CEA, DPS)
- Disapprove

*No time for me  
to assess or question  
any of this -  
Approved with proviso  
that Jim will type  
personally approve these  
figures*

*J.C.*

*Then  
Return this to me*

*J*

THE WHITE HOUSE  
WASHINGTON

The Vice President  
Secretary Cy Vance  
Dr. Zbigniew Brzezinski  
Secretary Klutznik (sp?)  
Secretary Bergland  
Secretary Charles Duncan  
Secretary Moon Lenreiu  
Secretary Goldschmitt (sp?)  
Secretary Ray Marshall  
Charlie Schultze  
Jim McIntyre  
Secretary Harold Brown

White House Senior Staff  
(not special assistants)

(note--

cc: ~~White House Senior Staff~~  
Hamilton Jordan

0228

THE WHITE HOUSE  
WASHINGTON

1/9/80

Patti --

Please send a copy of attached  
in envelope marked PERSONAL, to people  
listed below (suggest azure envelope)  
(suggest that the person copied be  
indicated at top of copy --

✓cc: The Vice President")

at Early convenience

Also -- please return  
two copies plus  
list of addressees  
to me.

Thanks -- Susan

THE WHITE HOUSE  
WASHINGTON

1-9-80

To Key advisors on Afghanistan

1) Make no public statements  
on policy unless I have  
approved it

2) Maintain strict con-  
fidentiality on discussions  
in progress.

So far we've done well.  
We must not confuse the  
American people or other  
nations.

Jimmy Carter

THE WHITE HOUSE  
WASHINGTON

09 Jan 80

FOR THE RECORD:

ORIGINAL TO BRZEZINSKI FOR  
HANDLING AND MAILING.

ACTION

THE WHITE HOUSE

WASHINGTON

January 8, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: Frank Press *JP*  
Tom Ehrlich *T.E.*  
Henry Owen *HO*

SUBJECT: Nyle Brady

Attached at Tab A is a proposed letter for you to sign to Nyle Brady. Nyle is head of the International Agricultural Research Institute in the Philippines; he had agreed to take leave from that Institute in 1980 to help us set up the ISTC (Institute for Scientific and Technological Cooperation) but is discouraged by the fact that this Institute is now being hung up in House-Senate disagreement. We want to use his brief visit here to persuade him to come aboard.

RECOMMENDATION

That you sign the letter to Nyle Brady at Tab A, which has been approved by your speechwriters. If you sign it, we will hand deliver it to Brady.



THE WHITE HOUSE

WASHINGTON

January 9, 1980

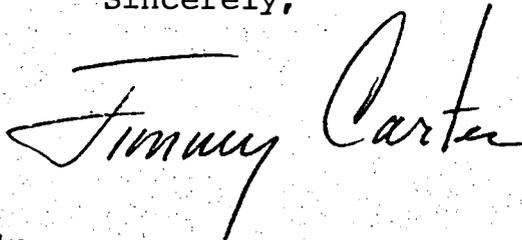
To Nyle Brady

The work of planning U.S. cooperation with developing countries is as urgent as it is challenging. To carry it out, we need the best help we can get.

As you know, one of our goals in this area is the creation of the Institute for Scientific and Technological Cooperation. Your record of achievement makes you uniquely qualified to aid in this task.

Your experience would also be invaluable in a variety of related government activities aimed at combating world hunger. I hope you will give serious consideration to Frank Press's request that you join us in his office.

Sincerely,



Dr. Nyle Brady  
Director General  
International Agricultural Research  
Institute  
Manila

C

Summary of Actions Taken to  
Offset Effects on U.S. Agriculture  
of Soviet Grain Suspension

We have taken four major actions to offset the price depressing effects of the suspended grain shipments:

1) Assume Contractual Obligations to Export

The Commodity Credit Corporation has offered to assume the contractual obligations for wheat, corn, and soybeans previously committed for shipment to the Soviet Union. We assume that this will result in CCC assumption of contracts covering about 10 million tons of corn. We have offered to assume these contracts at the contract price minus any costs that have not already been paid. Grain so purchased will not be resold into the market until it can be done without adversely affecting market prices.

2) Formation of Emergency Wheat Reserve

The Commodity Credit Corporation has offered to purchase wheat contracted for export to the Soviet Union for the purpose of forming an emergency wheat reserve. In this case too, we would offer to purchase at the contract price. We anticipate that about 3.7 million tons will be so purchased. Legislative authority will be required for rules governing the release of this grain.

3) Increase in Loan Rates

The loan rates for wheat and feed grains will be increased as follows:

wheat - from \$2.35 to \$2.50

corn - from \$2.00 to \$2.10

(Loan rates for other feed grains will be increased comparatively)

These higher loan rates will aid in making participation in the farmer-held grain reserve more attractive. They will also provide additional subsidized credit to participating farmers.

4) Reserve Program Modifications

To encourage farmers to place additional grain in the farmer-held grain reserve, we are taking several actions, including the following:

o An increase in the release price:

wheat - from \$3.29 to \$3.75  
corn - from \$2.50 to \$2.63

o An increase in the call price:

wheat - from \$4.11 to \$4.63  
corn - from \$2.80 to \$3.05

(Comparable increases on both release and call levels will be made for other feed grains.)

o Waive first year interest costs for the next 13 million tons of grain entering the reserve.

o Increase reserve storage payments from 25 to 26½ cents.

Note: A decision on a paid diversion program for 1980 crop grains will be made at a later date.



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

January 9, 1980

Q

MEMORANDUM FOR THE PRESIDENT

FROM: JIM McINTYRE *Jim*

SUBJECT: Foreign Aid

We will provide you today with the list you requested of possible changes in foreign aid to selected countries. Our delay in getting this to you was caused by yesterday's work on Pakistan aid.

BRIEF MEETING WITH RICHIE RUBIN (AND SONS)  
Oval Office - 12:15 p.m.  
Wednesday, January 9, 1980

From: Sarah Weddington *SW*

I. PURPOSE: Drop-by requested by campaign.

II. BACKGROUND, PARTICIPANTS, PRESS:

A. BACKGROUND: Rubin has been a key organizer for us. He is the executive assistant to Donald Manes, Queensborough President. Manes is the Downstate Coordinator for C/M.

Rubin is a tough, intelligent lawyer. He has been very helpful to us in helping work out the legalities involved with the petition drive.

Rubin's invitation to the White House will be looked upon favorably by friends in New York. He had hoped to make it in before his son's Bar Mitzvah (12/29/79) but was unable to do so.

B. PARTICIPANTS: Richie Rubin, Joshua Rubin, Seth Rubin, and Sarah Weddington.

C. PRESS None/White House Photo.

- III. TALKING POINTS:
1. Congratulate son Joshua on recent Bar Mitzvah.
  2. Ask Rubin how petition drive is going.
  3. Thank Rubin for his hard work.

TAB A

## THE WHITE HOUSE

WASHINGTON

January 8, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: LOUIS MARTIN

SUBJECT: Meeting with the Board of Directors of the National Business League, Cabinet Room, Wednesday, January 9, 1980, 12:00 noon.

I. PURPOSE:

To meet and hear the concerns of the new leadership of the National Business League.

II. BACKGROUND, PARTICIPATION, AND PRESS

A. Background: The National Business League was founded in 1900 by Booker T. Washington. It now has 120 chartered chapters in 38 states and the District of Columbia. Its membership includes 10,000 minority business enterprises. Since its founding the League has served as an advocate for minority business before the federal government as well as a resource center for its members.

Ted Hagans was elected President of the League in November 1979 after the death of Berkeley Burrell who headed the organization for many years.

Hagans is a D.C. businessman who has widespread business interests, including the parking lot at Dulles airport. He is best known for being the developer of the Fort Lincoln town-in-town development, a private sector initiative. He has an excellent business reputation and is a strong supporter of the Administration.

B. Participants: Thirty-one members of the Board of Directors of the National Business League (See attached list.) Phillip Klutznick, Secretary of Commerce and Vernon Weaver, Administrator of the Small Business Administration will drop by. William Clement, Associate Administrator of the Small Business Administration; and Daniel Henson, Director of the newly reorganized Minority Business Development Agency in the Department of Commerce will also attend.

White House Staff: Louis Martin

C. Press: White House Photographer

D. Format: The President will open the meeting by welcoming the group, expressing his commitment to minority business development. The group will read a statement to which the President will respond. The National Business League's statement and talking points for the President are attached. Following the meeting the group will meet in the Treaty room for lunch and later attend the swearing-in ceremony for Secretary Klutznick.

BOARD OF DIRECTORS  
NATIONAL BUSINESS LEAGUE

Harvey Johnson  
Charles Scruggs  
Floyd Shorter  
Thomas S. Watson, Jr.  
Charles T. Williams  
Juan Medina  
Theodore R. Hagans, Jr.  
Dorothy Clarke  
James F. Gay  
James R. Johnson  
Jose Carlos Gomez  
L. Bradford Morton  
Lester Clemons, Jr.  
Charles Reynolds, Jr.  
Bernard Smoots  
Norman Hodges

Clarence J. Patterson  
Leonard Small  
LeRoy Tombs, Sr.  
Abraham S. Venable  
Larry C. Williams  
A. Parthenia Burrell  
Clyde Clark  
Malcolm Corrin  
W. Ronald Evans  
Mary Frederick  
B. Doyle Mitchell  
Franklin F. O'Neal  
Ferdinand V. Allison, Jr.  
Neverett A. Eggleston, Jr.  
Paul B. Hamilton

STATEMENT BY

MR. THEODORE R. HAGANS, JR.

PRESIDENT

NATIONAL BUSINESS LEAGUE

---

THE WHITE HOUSE

WASHINGTON, D. C.

JANUARY 9, 1980

EDITOR'S NOTE: While this text forms the basis of Mr. Hagans' remarks, it should be used with the understanding that paragraphs of it may have been omitted during the oral presentation, and by the same token, some comments may have been made orally which do not appear in this text.

Mr. President: I am Theodore R. Hagans, Jr., President of the National Business League. While I am sure you are familiar with our organization, I want you to know how much we appreciate your meeting with our Board of Directors today. The timing is particularly poignant. While the lives of some fifty Americans remain in jeopardy in a foreign country; and another major power is engaged in a blatant incursion of international peace, we want you to know that this organization fully supports your efforts to seek a peaceful solution to the Iranian crisis, and to call the Soviet Union to account for its dangerous behavior in Afghanistan.

Yet, the fact that we are meeting here today lays to rest any doubts that international difficulties have brought this Government to a halt. It is clear that neither this country, nor this Administration, is willing to abdicate its responsibilities to the American people. For that, you are to be commended - and we commend you today.

Just over two years ago, my predecessor at the Business League, joined other leaders of the business community to discuss your Administration's goals and objectives to promote the viability of the nation's smaller enterprises. A few months later, you issued an initial policy statement on minority enterprise development. At that time, you emphasized your commitment to equitable participation by minorities in the nation's business

and commerce. You took a leadership role in encouraging the Federal Government to open its procurement market to firms owned by minorities.

Progress has certainly been in evidence during this Administration's tenure in office. To be sure, minority enterprise has entered a new era in development, potential and policy impact. Our organization looks forward to continuing its close working relationship with your Office as you begin to set the nation's economic agenda for 1980. Significantly, we hope to strengthen the partnership between the minority business community and government at all levels. We, too, believe that private industry must play a strong role in stabilizing our economy.

As the leading advocate for minority business in this country, it has been our belief that minority enterprise is important because it can generate economic development activities that can lead to sustained growth. In promoting minority enterprise development, we help address such broad national objectives as: rebuilding the cities, developing new industries, revitalizing centers of commerce, creating jobs, increasing the productivity of the nation, participating in international business which affects the trade deficit, and addressing our country's long-term energy needs.

Minority enterprise can help this nation to realize its full economic potential. Recognizing this, we have some observations on the role of the federal government in promoting business and economic development in minority communities.

We recommend for your consideration the following:

- \* Establish as federal policy a equitable distribution of procurement and research and development resources to minority businesses. This can be achieved in part by full implementation and enforcement of Public Law 95-507; and by setting Federal targets (%) for procurement contracts (size and dollars) for minorities.
- \* Establish a central coordinating agency for all Minority Business Enterprise activities. Authorize the Department of Commerce, through the reorganized MBDA Agency, as the central focus, and elevate the agency to statutory status through passage of the MBDA legislation.
- \* Adopt a uniform definition of minority business, tailored after 95-507, to be applied to all federal agencies, and specifically authorize the OMB to oversee compliance by federal agencies of MBE initiatives.
- \* Enact a series of tax incentives to encourage private sector investment in minority business forms along the same lines as the targeted jobs tax credit act.

\* The White House Conference on small business, scheduled to be in just a few days, has the potential of being the most significant forum for small business issues in years. It is our hope that adequate procedures are in place to ensure that the views of the minority business community are included in the final set of recommendations from the conference.

Above all, Mr. President, we earnestly wish to work with you in advancing the nation's domestic economy. We believe in partnership - sharing equitably in both the burdens and the rewards.

We would appreciate your thoughts on the initiatives this Administration will be pursuing this year in the area of minority business and economic development. And we'd like to know in what way can we help you to advance those objectives.

Thank you.



## TALKING POINTS

The development of minority businesses is a necessary part of any successful approach to minority economic development. President Carter has recognized this fact and launched the most comprehensive minority business program in the history of the country. A few of the key elements of the program are listed below.

1. Public Law 95-507, which was supported and signed by the President in October of 1978 requires recipients of all federal supply and service contracts of \$500,000 or more and of construction contracts of \$1 million or more to submit a subcontracting plan which includes specific goals for subcontracting with economically disadvantaged businesses. It also provides for increased assistance to these businesses in market development, loan packaging, technical assistance, and management assistance. P.L. 95-507 establishes an Office of Small and Disadvantaged Business Utilization to see that its mandates are carried out.

2. Very early in this Administration, President Carter signed the Local Public Works Act of 1977. This Act established an unprecedented 10% set aside of monies appropriated for local public works projects for minority companies. Present data indicates that minority companies actually received about \$600,000,000 or 14% of the \$4 billion spent under the Act.

3. A 15% goal for minorities was approved for the Northeast Corridor Railroad project. It is estimated that the government will spend \$1.8 billion on the project with over \$250,000,000 going to minorities.

4. The Administration's Minority Bank Deposit Program resulted in \$200,178,000 of federal money being deposited in minority owned banks as of June 30, 1979. This represents a 96% increase over the \$102,134,000 on deposit on December 31, 1976, just before President Carter took office. The related Minority Bank Development Program has set aside \$400,000 which will be used to provide management, technical, and capital formation assistance to minority owned banks.

5. One of the Administration's early initiatives was the establishment of the goal of tripling federal procurement with minority firms. By the end of fiscal year 1979 minority procurement had increased from about \$1 billion in 1977 to about \$2.7 billion. New goals will be set for each agency in 1980 and it is very likely that federal procurement with minority firms will exceed \$3 billion. The Minority Purchasing Council, a private industry group has been asked by the President to match the anticipated \$3 billion of federal procurement in the private sector.

6. The Administration's Minority Broadcast Ownership Program has already resulted in a 65% increase in the number of broadcasting facilities owned by minorities. Forty new facilities have gone to minorities thus far. This program includes federal loans and grants; the establishment of an investment fund by private industry; and regulatory actions which give incentives for the sell of majority owned broadcast facilities to minorities.

7. By Executive Order, the President called for a White House Conference on Small Business. In addition to addressing the problems of small business in general, the conference which is scheduled for January 13-17, 1980 will specifically address the problems of minority small business.

8. Several steps have been taken to add cohesiveness to the many programs that have now been established to assist minority business. The Interagency Council for Minority Business Enterprise has been reactivated to coordinate and oversee all federal activities in support of minority business development. The members of the Council are the Under Secretaries or Deputy Administrators of 25 federal agencies and departments.

The Office of Minority Business Enterprise in the Department of Commerce has been reorganized to form the Minority Business Development Agency. The new structure will provide increased aid to medium and large size minority businesses with growth potential.

9. As part of his Urban Policy, President Carter created the Urban Development Action Grant Program in the Department of Housing and Urban Development. This program has already generated \$4.5 billion dollars in private reinvestment in distressed cities and resulted in the creation of over 170,000 jobs and the retention of 78,000 jobs in distressed communities. Minority entrepreneurs are benefiting from this program not only by way of direct grants but also by the return of industry and people to the inner-city where the majority of minority businesses are located.

10. President Carter requested \$3 billion for the Economic Development Agency to provide relief for economically depressed areas. \$1.8 billion would be used for loan guarantees to encourage private industry to expand and create jobs. Another \$1.2 billion would be used for public works grants. \$200 million would be used for direct loans and \$350 million for interest subsidies. Overall, the President proposal would increase funds for economic development in depressed areas by over 300%.

THE WHITE HOUSE  
WASHINGTON

09 Jan 80

Robert Russell

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

Rick Hutcheson

cc: Stu Eizenstat  
Jody Powell  
Charlie Schultze  
Al Kahn

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

*Russell*

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

ACTION  
FYI

	VICE PRESIDENT
	JORDAN
	CUTLER
	DONOVAN
/	EIZENSTAT
	MCDONALD
	MOORE
/	POWELL
	WATSON
	WEDDINGTON
	WEXLER
	BRZEZINSKI
	MCINTYRE
3/	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
4/	KAHN
	LINDER
	MARTIN
	MILLER
	MOE
	PETERSON
	PRESS
	SANDERS
	SPETH
	STRAUSS
	TORRES
	VOORDE
	WISE

EXECUTIVE OFFICE OF THE PRESIDENT  
COUNCIL ON WAGE AND PRICE STABILITY  
WINDER BUILDING, 600 - 17TH STREET, NW.  
WASHINGTON, D.C. 20506

JAN 8 1980

MEMORANDUM FOR THE PRESIDENT

FROM : R. ROBERT RUSSELL *RR*  
SUBJECT : PAY ADVISORY COMMITTEE RECOMMENDATION

At a meeting of the Pay Advisory Committee today, John Dunlop announced that the management and labor members had agreed on a range of 7 1/2 percent to 9 1/2 percent for the second-year pay standard, with a COLA evaluation of 7 1/2 percent (compared to 6 percent last year).

Over the next two weeks, the Committee's staff will develop criteria to determine where in the range a particular employee unit should fall. The acceptability of this pay standard depends critically on these criteria. They must be sufficiently explicit so that companies can self-administer and CWPS has a sound basis for monitoring compliance. Secondly, these criteria must be tough enough to keep companies from clustering at the upper end.

The business side wants criteria that make 8 1/2 percent the "norm", with justification required for departures from the norm. The labor side insists that the 8 1/2-percent midpoint is of no significance.

We recommend that our public position be that our acceptance of the proposal depends on the criteria. Among other things, the inflation assumption for evaluating COLAs is still low; hence, the criteria should place employee units with COLAs at the low end of the range (a proposition that will be resisted by the labor side).

We intend to encourage the business and public members that are willing to hold firm.

If you have any questions or instructions, please call Charlie or me.

*Check i me before  
any agreement -  
Hold as firm  
as possible -*

*J*

THE WHITE HOUSE  
WASHINGTON

09 Jan 80

Lloyd Culter

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

Rick Hutcheson

THE WHITE HOUSE

WASHINGTON

January 8, 1980

*good*  
*J*

MEMORANDUM FOR THE PRESIDENT

FROM: LLOYD N. CUTLER

*LMC*

SUBJECT: CORN PROGRAM - Legal Authority of CCC

Dan Marcus (USDA General Counsel) and I have concluded that the Commodity Credit Corporation does have legal power to dispose of the corn contracts CCC will acquire as the result of stepping into the shoes of the Soviet Union as the purchaser.

So long as the CCC does not actually acquire title to the corn, CCC can dispose of the contracts at prices that would carry out its statutory function of stabilizing present market prices, even though present market prices are below \$3.15 (150% of the applicable price support rate) that would apply to corn as to which CCC actually acquires title.

This will probably be worked out in contracts with corn dealers under which the dealers would hold the corn as they acquire it under their cash market and futures market contracts and resell it when CCC approves at prices CCC approves. CCC would underwrite any difference between the dealers' acquisition price and the sales price. If no buyers can be found at acceptable prices, the CCC would actually take title to the corn at the dealers' acquisition price as the buyer of last resort. Under such a program, no new legislation would be required. Assuming that the overall program works to sustain present market price levels, the amount of corn to which CCC would actually acquire title and which CCC would be unable to sell would be relatively small.

A copy of Dan's more detailed legal memorandum is attached.

cc: Vice President Mondale  
Mr. Eizenstat  
Mr. McIntyre  
Mr. Schultze  
Secretary Miller  
Secretary Klutznick  
Secretary Bergland  
The Attorney General

DEPARTMENT OF AGRICULTURE  
OFFICE OF THE GENERAL COUNSEL  
WASHINGTON, D.C. 20250

January 8, 1980

SUBJECT: Government Actions with Respect to Wheat and Feed Grains  
Affected by Restrictions on Exports to Soviet Union.

TO: Lloyd N. Cutler  
Counsel to the President

I. Direct Purchases.

The Commodity Credit Corporation (CCC), under its general authority to remove surplus agricultural commodities and to stabilize commodity prices, may make direct purchases of wheat and feed grains from exporters which are adversely affected by restrictions on the export of grain to the Soviet Union. This option would result in large volumes of wheat and feed grains becoming part of CCC-owned stocks.

In addition to the original purchase price, substantial storage and handling costs would be incurred under this alternative. More importantly, because of statutory restrictions on the sale of CCC-owned stocks, it would probably be extremely difficult to dispose of these stocks in the foreseeable future. Under section 110(d) of the Agricultural Act of 1949, as amended (7 U.S.C. 1445e), CCC may not sell wheat or feed grains at less than 150 per cent of the applicable price support rate whenever a farmer-held reserve program is in effect (except under certain limited circumstances, such as for disaster relief). Such a program is now in effect, and it is anticipated that it will continue to be in effect indefinitely as an important part of our overall farm program.

Accordingly, if the direct purchase option is selected, we believe that it would be necessary to seek new legislation permitting the sale of wheat and feed grains held as CCC stocks under less restrictive conditions.

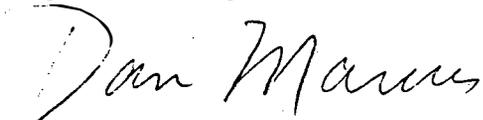
II. Subsidy on New Contracts.

An alternative to the above option could be structured to permit CCC to establish a program which would pass the price differential with respect to the adversely affected exports to CCC. Under this approach, CCC would agree to pay the difference between the value of the wheat and feed grains sold to the USSR and their value when sold to an alternative purchaser

(domestic or foreign) at a price acceptable to CCC. The amount of this difference would, in effect, be a subsidy to the U.S. exporter which would permit it to continue its performance of its obligations to other grain suppliers and to farmers. If an alternative purchaser at an acceptable price could not be found within a prescribed time period, CCC would actually acquire the wheat or feed grains for the first time as a "buyer of last resort." (Of course, in any such case where CCC acquired the grain, the statutory restriction on the resale price described above would apply). This approach could be justified, arguably, on the basis of the CCC's statutory authority to encourage export sales and assist in the disposition of surplus agricultural commodities.

The advantage of this approach is that CCC could possibly avert taking large quantities of wheat and feed grains into its stocks. Initial outlays would be considerably reduced, and unnecessary storage and handling charges would be avoided. The presence of this wheat and feed grains on the domestic market would not affect prices in an adverse manner, since CCC would retain the right to approve the purchase price under the new contract. At the same time, it would be possible to expand the farmer-held reserve program in order to absorb any surplus of grain in the country.

There are two questions with respect to alternative II: (1) whether it can work as a matter of commercial practice--a subject we will be discussing with the trade; and (2) whether we would be vulnerable to legal challenge on the theory that the transactions are in reality purchases by the CCC and thus subject to the statutory limit on the resale price. While I can not yet answer the first question, I believe, with respect to the second question, that this approach would withstand legal challenge.



DANIEL MARCUS  
General Counsel



# NEWS

U. S. DEPARTMENT OF AGRICULTURE

## USDA ANNOUNCES PROGRAM CHANGES TO OFFSET SUSPENSION ACTION

WASHINGTON, Jan. 8--Acting Secretary of Agriculture Jim Williams today announced a series of actions designed to fully offset the potential impact on farm prices and income from the action taken to suspend shipment of agricultural commodities to the Soviet Union.

Effective immediately, the U.S. Department of Agriculture will:

- o increase the wheat loan price to \$2.50 a bushel;
- o increase the corn loan price to \$2.10 a bushel, with comparable increases in loan prices for the other feed grains;
- o increase the reserve release price to \$3.75 a bushel for wheat--representing 150 percent of new loan price;
- o increase the reserve call price to \$4.63 a bushel for wheat--representing 185% of the new loan price;
- o increase the reserve release price to \$2.63 a bushel for corn--representing 125 percent of the new loan price;
- o increase the reserve call price to \$3.05 a bushel for corn--representing 145 percent of the new loan)
- o make comparable increases in reserve release and call prices for the other feed grains.
- o waive first year interest costs for the next 13 million tons of corn (corn only) entering the reserve
- o increase reserve storage payments from 25 to 26 1/2 cents a bushel for all reserve commodities except oats, which is increased from 19 to 20 cents a bushel.

As the Vice President announced yesterday, the Department will also:

- o purchase 4 million tons (150 million bushels) of wheat, including the assumption of the contractual obligation on up to 3.7 million tons (135 million bushels) that will not be shipped to the Soviet Union;
- o offer to assume the contractual obligation on up to 10.0 million tons (395 million bushels) of corn;

A decision on a paid diversion program for 1980 crop grains will be made at a later date.

Williams said the increase in budget outlays for the entire package for fiscal years 1980 and 1981 is estimated at \$2.5 to \$3.0 billion. Most of this increase, around \$2.0 billion, will come in fiscal year 1980.

9:30 A.M.

THE WHITE HOUSE

WASHINGTON

January 8, 1980

MEETING WITH FOREIGN POLICY OPINION LEADERS  
ON IRAN AND AFGHANISTAN

Wednesday, January 9, 1980

9:30 a.m. - 9:45 a.m.

The State Dining Room

From: Anne Wexler *AW*

I. PURPOSE

To discuss recent events in Iran and Afghanistan with those who shape public opinion regarding American foreign policy.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: This is the first in a series of four briefings on Iran and Afghanistan over the next week. You will participate in the first two, which will be breakfast meetings on January 9 and 11. Cy Vance and Zbig Brzezinski will be the principal speakers at the second two, which will be luncheon meetings on January 11 and 15.

B. Participants: The audience will consist of about 45 prominent men and women, including former government officials active in foreign policy issues, leaders of major foreign policy organizations, and other American opinion leaders with credibility in foreign policy matters. A list of those who have accepted our invitation is attached. At Secretary Vance's suggestion, no former Secretaries of State were invited.

C. Press Plan: White House Photographer only (no press).

III. AGENDA

After breakfast, which will be served at 8 a.m., Cy Vance will brief the group on Iran and Afghanistan. Cy will then answer questions until you arrive. (See attached agenda.) Zbig will accompany you to the meeting.

IV. TALKING POINTS

Following your instructions to Zbig's office regarding the Congressional briefing, no talking points will be submitted.

THE WHITE HOUSE

WASHINGTON

MEETING WITH FOREIGN POLICY OPINION LEADERS ON IRAN & AFGHANISTAN

Wednesday, January 9, 1980  
The State Dining Room

Agenda

8 a.m.	Participants arrive & are seated	
8:05 a.m.	Breakfast is served	
8:23 a.m.	Introductory Remarks	Anne Wexler
8:25 a.m.	Briefing on Iran & Afghanistan	Cyrus Vance
8:45 a.m.	Discussion, Questions & Answers	Cyrus Vance
9:30 a.m.	Remarks	The President

BREAKFAST TO DISCUSS IRAN & AFGHANISTAN, JAN. 9, 1980

Expected Attendees

George Ball  
former Undersec. of State

McGeorge Bundy  
former Nat'l Security Ass't

William Bundy  
former Ass't Sec. of State

Carter Burgess  
Foreign Policy Ass'n

Walter Carrington  
African-American Institute

Clark Clifford  
former Sec. of Defense

William Colby  
former Dir., CIA

John Sherman Cooper  
former Senator, Ambassador

William Foster  
former Deputy Sec. of Defense

Henry Fowler  
former Sec. of the Treasury

George Franklin  
Tri-Lateral Commission

Hector Garcia  
Founder, Amer. GI Forum & former UN Delegate

Arthur Goldberg  
former Supreme Court Justice,  
UN Ambassador

John Gronouski  
former Postmaster General,  
Ambassador to Poland

Pamela Harriman

W. Averell Harriman  
former Governor, Ambassador

Ruth Hinerfeld  
President, League of Women Voters

Townsend Hoopes  
former Sec. of the Air Force

Samuel Huntington  
Professor, Harvard University

William Hyland  
former Deputy Dir., NSC

Nicholas Katzenbach  
former Attorney General

George Kennan  
Professor, Soviet expert

Lane Kirkland  
President, AFL-CIO

Henry Cabot Lodge  
former Ambassador

Winston Lord  
Pres., Coun. on Foreign Relations

C. Payne Lucas  
Africare

Leonard Marks  
former Dir., U.S. Information Agency

John J. McCloy  
former High Comm'r for Germany

Frank Pace  
former Sec. of the Army

David Packard  
former Deputy Sec. of Defense

Jane Cahill Pfeiffer  
Chairman, NBC

Randall Robinson  
TransAfrica

David Rockefeller  
Chairman, Chase Manhattan Bank

Eugene Rostow  
former Undersec. of State

Walter Rostow  
former Nat'l Security Ass't

Donald Rumsfeld  
former Sec. of Defense

Kenneth Rush  
former Deputy Sec. of State, Defense

James Schlesinger  
former Sec. of Energy, Defense

Brent Scowcroft  
former Nat'l Security Ass't

William Scranton  
former UN Ambassador, Governor

Joseph Sisco  
former Undersec. of State

Paul Warnke  
former Dir., ACDA

Walter Wriston  
Chairman, Citibank

Charles Yost  
former UN Ambassador

8:00AM

THE WHITE HOUSE

WASHINGTON

January 8, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*

SUBJECT: Domestic Policy Breakfast  
January 9, 1980  
8:00 a.m. (1 hour)  
Cabinet Room

*C*

Participants

Charles Duncan  
Moon Landrieu  
Neil Goldschmidt  
Ray Marshall  
Phillip Klutznick  
James McIntyre

Jack Watson  
Stu Eizenstat  
Hamilton Jordan  
Al McDonald  
Charles Schultze

Vice President

Agenda

I suggest that we focus this discussion on some of the substantive and political aspects of energy conservation and the budget.

Energy Conservation: You recently signed an executive order relating to the Fuel Use Act of 1978 which requires domestic assistance programs to be directed towards conserving oil and gas. Since the Order gives us a rallying point to bring together all the departments on conservation, we want to implement it as quickly and broadly as possible.

As I mentioned to you in the budget appeals, local energy conservation efforts have tremendous potential in the near term as well as the long term, for cutting back use of petroleum.

Eliot Cutler and I recommend that we use the Interagency Coordinating Council to implement the Executive Order as it relates to existing domestic assistance programs and conservation. I suggest that you say something along the following lines on this subject:

- An all-out national energy conservation effort that effectively mobilizes state and local governments and citizens everywhere offers the greatest potential for short-term savings of petroleum and natural gas. People are ready for such efforts and will help if only we will get the conservation message across to them clearly and simply and demonstrate our own determination to conserve energy through the actions we take.
- Although my conservation proposals to the Congress are now complete, we have not even begun to tap the full potential of existing federal programs to promote energy conservation, particularly in those programs that fund capital facilities such as sewage treatment plants, industrial buildings, housing rehabilitation, and highways and mass transit at the local level. I want energy efficiency requirements reflected in every one of those and other appropriate programs.
- I have just signed an Executive Order (attached) under the Fuel Use Act of 1978 which requires each federal agency on a strict timetable to identify the key federal assistance programs that offer the greatest potential for energy savings and to implement special rules to promote energy conservation by the recipients of those programs.
- I have asked Jack Watson to use the Interagency Coordinating Council to help implement that Order. Please give this matter your personal and immediate attention and give Jack any ideas you have about how we can move most effectively in this whole area.

Budget: Depending upon your schedule on January 23, this could be the last Domestic Policy Breakfast before the budget is released. I suggest that you stress the need for every Cabinet Member to be well-briefed on the overall priorities and underlying rationales of the 1981 budget. They need to be able to speak in a very well-informed way, not only about their departmental budgets, but about such obvious issues as:

- Defense spending;
- Economic assumptions and policies;
- Major domestic initiatives and existing "big dollar" programs in the Administration's overall budget.

One additional budget point: In each departmental briefing about their budgets, the Secretaries and other spokespersons should all stress -- in written material as well as oral statements -- our three year record. All too often, the agencies have a tendency to discuss one year's changes up or down. Your three year record on budget increases and program accomplishments can be measured successfully against any challenge. The Cabinet Secretaries should ensure that this point is made over and over again since the budget discussion will set much of the tone for domestic political issues for the next several months.

Foreign Policy: I recommend that you solicit the observations, insights and advice of these "domestic" Cabinet Secretaries regarding the political implications of the recent foreign policy developments, as well as their views on how we can best explain your decisions and actions to the American public.

cc: Vice President  
Hamilton Jordan