

1/14/80 [1]

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THE WHITE HOUSE
WASHINGTON 1/12/80

Mr. President:

Jack Watson would like
a photo op for Jessie
Rattley. May I schedule?

yes no

 Phil

11:25
JMB

THE WHITE HOUSE

WASHINGTON

January 11, 1980

NOTE TO PHIL WISE

FROM: JACK WATSON *Jack*

RE: Photo Opportunity with the President for Jessie Rattley
President, National League of Cities

Jessie Rattley, vice mayor of Newport News, Virginia, and newly elected President of the National League of Cities would like to have a photograph taken with the President. Jessie is a strong supporter of the President and an important black elected official, in addition to her position with the NLC. Jessie will be in town next Wednesday, January 16, and would like to arrange for a photo to be taken that day. Would you please let Pauline Schneider know if you can schedule this. Thanks.

Hold

THE WHITE HOUSE
WASHINGTON 1/12/80

Mr. President:

Dr. Lukash informed me you wanted to schedule your annual physical soon. I suggest using next friday afternoon which is open and then on to Camp David until your return sunday morning for Meet the Press and then back to Camp David until late on monday afternoon. Rosalynn can join you friday night at David and stay until late monday also.

approve
 disapprove

How soon can we
leave here?
J
Phil

NAME MURIEL HUMPHREY

596

TITLE _____

CITY/STATE _____

Phone Number--Home () _____

Work () _____

Other () _____

Requested by Jack Jack Watson

Date of Request 1/12/80

INFORMATION (Continued on back if necessary)

As you know, Muriel Humphrey has been campaigning in Iowa for you this weekend. One of our key supporters called me this morning to report how effective Mrs. Humphrey is in your behalf and to tell me something that Mrs. Humphrey said at a political gathering yesterday. She said that this Sunday (tomorrow) would be the 2nd anniversary of Hubert's death, and that she could think of no better way to honor his memory and to please him than to be working for your renomination and re-election. It's reported to me

NOTES: (Date of Call 1-13)

* Mrs Humphrey

She'll come to WH Mon & go to
Marty's funeral on Tues.

Jack Watson
Frank Moore
Ivan Voorde
Phil Wise

that there was not a dry eye in the place.

I thought you should know about this, and that you might want to call Mrs. Humphrey tomorrow.

①
—

1 - 12 - 80

~~CONFIDENTIAL~~

TO: PRESIDENT CARTER
FROM: HAMILTON JORDAN *H.J.*
RE: FLAG AT HALF-MAST FOR GEORGE MEANY

You have the authority as President to authorize that flags be flown at half-mast for any person. The U.S. flags have been flown at half-mast for Martin Luther King, Dag Hammershold and several others.

Quite frankly, it will mean a great deal to the labor movement if you grant this honor to George Meany. Lane Kirkland mentioned it specifically to Landon as something that will mean a lot to them. If you consider George Meany's long life and contribution to our economic and political system, it is an honor that I think it well deserved. If we don't do it, they will consider it a slight as they have now requested in unofficially and know

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"DETERMINED TO BE AN ADMINISTRATIVE MARKING
CONTAINED PER E.O. SEC. 1.3 AND
ARCHIVAL'S MEMO OF MARCH 10, 1983"

that we will have to consider their request and make a decision on it. The membership of the AFL-CIO is about 18 million persons.

I recommend that you order the flags flown at half mast. All the necessary papers are attached.

THE WHITE HOUSE
WASHINGTON

14 Jan 80

FOR THE RECORD:

PROCLAMATION SIGNED AND GIVEN
TO BOB LINDER JANUARY 12.
JORDAN MEMO AND MCINTYRE MEMO
IN FILE WITH CC OF PROCLAMATION.
NO COPIES OF JORDAN MEMO
MADE.

0352

THE WHITE HOUSE

WASHINGTON

January 11, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: LONDON BUTLER *LB*

SUBJECT: FLYING GOVERNMENT FLAGS AT HALF-MAST
FOR GEORGE MEANY

I recommend, as a gesture of respect to George Meany, that you issue a directive that flags on federal buildings be flown at half-staff until his burial on Tuesday.

The flag is automatically flown at half-staff until interment when former high-ranking government officials die. It may also be flown at half-staff, at presidential directive, when a prominent American or world leader dies.

In the past, flags have been lowered by presidential directive to honor Martin Luther King, Jr., Hubert Humphrey, Nelson Rockefeller, the two American Ambassadors killed in the Sudan, Dag Hammarskjold, and the last surviving member of the Confederacy.

Governor Hugh Carey of New York has directed that all flags in his state be flown at half-mast in honor of Meany.

I believe that such a gesture by you would be a fitting tribute to a public leader of Meany's stature and would have great symbolic importance to members of the American labor movement.

Attached is the proclamation which will be issued if you approve this action. It has been approved by Doug Huron of the Counsel's Office. Also attached is a memorandum from Jim McIntyre which does not oppose the issue of the proclamation but points out that this would be the first time since at least 1976 that flags have been flown at half-mast for a non-government official.

Approve _____ ✓

Disapprove _____

J



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

January 11, 1980

MEMORANDUM FOR THE PRESIDENT

FROM:

Jim McIntyre *Jim*

SUBJECT:

Draft Proclamation Regarding Display
of the Flag at Half-Staff to Commemorate
the Death of George Meany

Since at least 1976 when the statute concerning the display of the flag at half-staff was amended, there have been no proclamations issued to commemorate the death of someone who is not a current or former government official. Despite our reservations that the statute does not permit it, advice from the Department of Justice is that the flag can be flown at half-staff at your discretion upon the death of virtually anyone. While I do not oppose the issuance of the proclamation in this instance, you should be aware of the precedent that would be set. The only instance that we know of in which this was done was for Dr. Martin Luther King, and that was prior to the statutory amendment.

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GEORGE MEANY

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

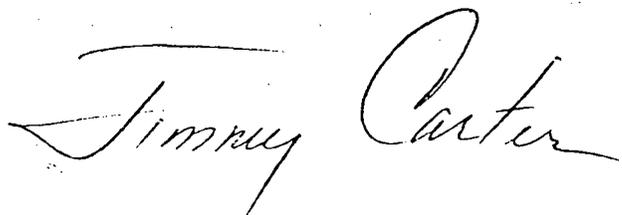
At a time when freedom is once again under challenge around the world, we will remember George Meany. We will remember him as the symbol of a vibrant free trade union movement. We will remember him as the champion of the highest values of our democracy. In a career that exceeded a half century, George Meany changed the shape of America for the better in hundreds of ways, great and small, through the force of his character and through the integrity of his beliefs.

The modern American labor movement -- strong, united and free -- is George Meany's enduring legacy to our Nation. It is proper and fitting that we honor his memory today and that we remember his many contributions to our Nation.

NOW, THEREFORE, I, JIMMY CARTER, President of the United States of America, by virtue of the authority vested in me as Commander-in-Chief of the Armed Forces (36 U.S.C. 178) do hereby proclaim that, as a mark of respect to the memory of George Meany and his numerous contributions to our Nation, the flag of the United States shall be flown at half-staff on all buildings, grounds and naval vessels of the Federal government in the District of Columbia and throughout the United States and its Territories and possessions until his interment.

I also direct that the flag shall be flown at half-staff for the same length of time at all United States embassies, legations, consular offices, and other facilities abroad, including all military facilities and naval vessels and stations.

IN WITNESS WHEREOF, I have hereunto set my hand this eleventh day of January, in the year of our Lord nineteen hundred and eighty, and of the Independence of the United States of America the two hundred and fourth.

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned at the bottom right of the document.

THE WHITE HOUSE
WASHINGTON

1/14/80

FOR THE RECORD:

HUFSTEDLER RECIEVED A COPY
VIA SUSAN CLOUGH.

Mason James
1/11/80

~~1/11/80~~
1/12/80

Susan

New Republic, January 5 & 12, 1980, cont'd.

fairs." Repeatedly, bold U.S. rhetoric has been undermined by squeamish actions. Restraint is not its own reward and the provocations right now are "too great for the kind of self-abnegating restraint that shows no promise but that of failing." The editors recommend establishing a credible military presence in the Middle East.

"Gasp"
By TRB

Despite the "breathtaking" crises before Carter, TRB says the President looks calm and is "an impressive figure when you have him one-to-one." TRB predicts that the developing recession, not world problems, is likely to trap Carter or any other Democratic nominee this fall; "the recession is apt to hit bottom just about election day." About the debates, TRB writes that Carter's cancellation seemed like a "cynical maneuver" but Carter is certainly busy.

"Those Who Can't Teach, Consult"
By Howie Kurtz

Send to
H. J. Steidler

Kurtz reports on the political favors and financial abuses of the Title III program of the Higher Education Act of 1965 -- a program designed to help "developing colleges" -- and says the mismanagement and waste that federal investigators have discovered are a taste of what we can expect from the Department of Education. Rather than advising the developing schools on how to make the best use of the federal money, consulting firms have funneled large sums into their own pet projects -- such as conferences in Puerto Rico, summers spent in New Orleans and fancy Washington offices at \$1700 a month. When under attack, the consultants declare in "not so subtle terms" that any criticism of them or the black colleges they serve has overtones of racism. But, says Kurtz, "disadvantaged students really are not being helped when one of the few programs designed to assist them becomes a life-support system for a small band of consultants."

Saturday Review, January 19, 1980

"Marines In Doubt: Are We Ready For A Crisis?"
By Owen Edwards

The Marines are getting in shape, Edwards writes. "The Corps was badly wounded when it got out of Vietnam, and though the bleeding stopped the problems persisted." Edwards says that perhaps the greatest problem facing front-line attack groups is the growing torsion between sophisticated technology and the simple but fundamental exigencies of the simple fighting man. The Corps cannot fail to buy the latest high-tech gadgetry; yet because of its frugal budget (this year proposed at \$3.2 billion, 2.4 percent of the total defense budget) and the effects of inflation, tradeoffs are being made that may someday haunt the Corps in battle. Men are being traded for machines. But the new confidence the Corps seems to be inspiring on Capitol Hill may effect easing of that gun-or-manpower problem.

"Chrysler In Chaos: Is The Company Beyond Repair?"
By Julia Vitullo-Martin

"It becomes distressingly clear that Chrysler cannot explain how it would use federal guarantees to convert itself from the moribund company it now is to

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THE WHITE HOUSE
WASHINGTON

January 14, 1980
11:25 a.m.

MEMORANDUM FOR THE PRESIDENT

FROM : AL MCDONALD

SUBJECT: Grains Markets

Wheat, corn, and soybeans all opened slightly lower today on light volume. Today's trading is cautious in light of the large Friday advances and new statements from Argentina. Apparently, the market does not yet know how to assess this morning's Argentinian statements that their earlier lack of support for the U.S. grains suspension was misinterpreted.

The livestock futures markets are also down slightly in opening trading.

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THE WHITE HOUSE
WASHINGTON

January 11, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: JODY POWELL *JWP*

SUBJECT: Meeting with Reporters
Saturday, January 12, 1980
10:00 am - Family Dining Room

Those to attend the 10:00 am session on Saturday are:

Henry Brandon	The London Sunday Times
Haynes Johnson	The Washington Post
Carl Rowan	Field Newspaper Syndicate
Hugh Sidey	Time Magazine
Ed Yoder	The Washington Star
Hedrick Smith	The New York Times

A word or two about each and some general comments might be helpful to you.

Henry Brandon is probably the most well-respected foreign journalist in town. He is with the London Sunday Times, which is now back publishing after a long strike. Henry moves amongst the foreign policy/journalism establishment. He is generally favorable to you. His latest piece on Afghanistan is attached. (B)

Haynes Johnson you know. He writes an occasional column for the Post. He likes you. He is a very thoughtful and sensitive writer and person. He appears regularly on Washington Week in Review. (C)

Carl Rowan appears regularly on Agronsky & Company. He generally defends your policies. Last week he did his best to stave off the attacks from Sidey, Will and Kilpatrick. They criticized your Friday speech for not outlining our long-term response to the situation and for failing to mention the possible use of military power -- thus implying, according to them, that we would not respond militarily no matter what the USSR did in the region. Rowan countered by saying that he felt sure this was not your last speech on the matter and that you hadn't talked about a military response because you were only dealing with our immediate response to the invasion which was not and should not be direct military action. (D)

Hugh Sidey is the old establishment personified. He is from Iowa. He does not dislike you personally but has been very rough on us because he resents not being called in and stroked every couple of weeks, and he questions your willingness to use force and ability to "understand and use power." The attached column gives you a good example of his thinking. (E)

Ed Yoder is the editorial page editor of the Star. He is a Southerner and a regular church-goer -- Episopalian, I think. He is moderately conservative but reasonable and has supported you through the current crisis. His latest offerings are attached. (F)

Hedrick Smith aspires to be the new Scotty Reston. He considers himself an expert on the Soviet Union and thinks that your economic actions go farther than the Soviets expected and are more painful to the USSR than most Americans realize. He was surprised and deeply appreciative that you changed the time to 10:00. He is concluding a big analysis piece on the whole situation in the region. He also may want to talk about our perceptions of what is going on inside the Kremlin. Do we think Brezhnev has lost control? Is this a major shift in Soviet policy? Did they underestimate our reaction?

General Comments

- (A) Schecter's memo sums up our most serious problem in public perceptions and suggests some ways to deal with it. In addition, these people will be looking for some sense of your long term plans. It seems to me that you can talk about four basic points:
- 1) Expanded and accelerated multilateral and unilateral aid to Pakistan.
 - 2) A strengthened and permanent naval presence in the area.
 - 3) Pursuit of enhanced facilities, including expansion at Diego Garcia and talks with Kenyans, Omanis and Somalis.
 - 4) Increased flexibility for the executive in furthering our national security objectives.

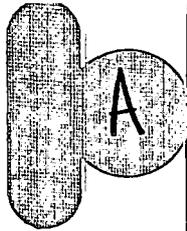
You need to make Sidey understand that point 3 is a little more complicated than just the U.S. deciding to say yes to offers from all three nations, and that the reported offer of bases in the Sinai may be a little less than meets the eyes. You will probably get questions on point 3 based on the attached Drew Middleton piece. (G)

Questions on point 4 will come from the attached Richard Burt story. I have told people that I don't think you have made final decisions in this area, that we're still consulting so far as I know. (H)

Attachments

MEMORANDUM

THE WHITE HOUSE
WASHINGTON



January 11, 1980

MEMORANDUM FOR: JODY POWELL
FROM: JERRY SCHECTER *J.S.*
SUBJECT: Responses to and Suggestions on the
President's Foreign Policy Briefings

Over the past two days in the two briefings the President gave on Iran and Afghanistan, he demonstrated great subtlety, breadth of factual knowledge and a skillful sense of maneuver. However, the consensus of both audiences was that the President is not prepared to use military force to defend the vital interests of the United States. This is a perception that was conveyed by the President through his emphasis on the political and economic measures that we are taking. It is also conveyed through his reiteration of our concern for international support and our determination to adhere to international law and standards of behavior.

Although the President says that we have been "consistent and persistent" to keep the country strong, he did not indicate that we are prepared to use our military strength. This undercuts his effectiveness politically and brings forth such arguments as:

1. We have no negotiating leverage because we are not perceived as being willing to use force.
2. Only the farmers are bearing the burden through their economic sacrifice.
3. We are not projecting our military powers.

The President has to go beyond saying as he did that "no one knows the outcome of these threats (in Iran)." He should be prepared to speak to the military option just as he and Secretary Vance have spoken to the political and economic measures we are taking. He can do this without detailing specific military actions. Specifically, he should:

1. Stress the strategic importance of the region -- the Persian Gulf and the Middle East to the security of the U.S. He should press our determination to protect our vital interests there, particularly in conjunction with our friends.
2. He should say that the U.S., if necessary, will use its military forces to protect its vital interests. He does not have to be war-like but he does have to indicate that American power is real and in place, ready to be used, if necessary. By conveying this sense of determination to the American people, he will also convey it to the Soviet Union.

The President's long haul

President Carter has a difficult and courageous decision in trying to bring home to the Soviet man — and the rest of the world — that great powers must know how to exercise restraint even in the face of provoking provocations. To simply invade and subjugate a country that shows dissatisfaction with an imposed regime is a sign of weakness rather than strength. It is only made that impression at only in the West but also the Third World.

To take a strong action is relatively easy. To stand by under difficult circumstances is not. Strong actions can be taken from inner convictions and a feel-

ing of strength. That's how Winston Churchill gained his reputation as a statesman. Or they can be taken out of fear of being seen as a weak leader. That's how Anthony Eden lost his reputation as a statesman after the debacle of the Suez invasion.

These two cases illustrate how strong leadership can make or break a statesman. Neither quite fits Carter's present situation. Nevertheless, they are a reminder that strong leadership is a less strong policy has the support of a majority, it fails in the end as it did in the intervention of Vietnam.

The debate among Republican candidates in Iowa in that sense, was not promising. All except the lone liberal on the panel, Rep. John Anderson, sought refuge in some excuse to mollify the farmers and criticize Carter's sanction policy.

Sen. Howard Baker, for instance, said that "deterrence was the key word" in response to the question of what he would have done against a major conflict between the Soviet Union and the United States; certainly, it does not apply to limited situations. It did not work in Angola, Ethiopia or Afghanistan.

It remains to be seen how Soviet Union will have much broader support than is indicated by the partisan positions taken by the "White Riding Hood" and the "five dwarfs" as one administration official called the panel of Republican presidential candidates.

Allied cooperation too, may well depend on the support the president gets for his policy in Congress and in the nation.

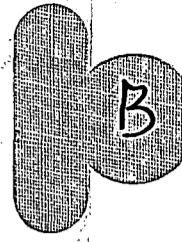
It has to be assumed that the Kremlin's rejection of the American demand for withdrawal of Soviet troops from Afghanistan will continue, and that they will set the stage for an indefinite period.

U.S.-Soviet relations, whatever the temperature, have been more realistic and stable when each side knew more or less what to expect under what circumstances. They have now become more unpredictable, and even though the influence of outside factors on the affairs of the Kremlin should not be overrated, the struggle for succession to Brezhnev is now likely to come to a climax in a year.

It is important, therefore, for Carter to give added evidence of American power and leadership in the region and create a greater momentum around his efforts for a broader Middle Eastern settlement. Even though it is to be hoped that the disinte-

gration of Iran can be avoided, there is nevertheless the need for the United States to have the visible means to move into southern Iran to deter a Soviet incursion into northern Iran or, if necessary, to secure the Persian Gulf coast.

The president's sanction policy is unlikely to lead to quick results. He is, therefore, facing a long haul. And the problem is, as former visiting British Prime Minister James Callaghan put it here this week, that "Americans don't know how to live with problems, because they are always assuming that they can lick them."



A Decade Beginning With Carter and the Nation Charting New Paths

In the few minutes before he went on television Friday night, the president was complaining how the lights hurt his eyes. They were the brightest he'd ever experienced, he said to the technicians around him. Outside, the cameras caught a wintry scene—snow swirling around a branch standing isolated before the White House in the background—as the setting for the somber presidential address.

Both glimpses captured that moment, for the president and for the nation. Jimmy Carter now faces the critical juncture in his presidency, the greatest heat he's experienced in nearly three years in the White House. The nation enters a new period of tension and danger. It's going to be a cold winter in Washington—and the world.

What's extraordinary about the sudden rise of Carter from the political depths during that two-month period was the way in which it was achieved.

The president was hardly seen or heard during that entire passage of time. He delivered no address to the nation on the crisis; his major report on where we stood and what we faced and what he felt and thought came in a news conference, the only one held throughout those weeks. He canceled a number of scheduled trips—to Florida, to Georgia over Thanksgiving, to Canada, to Pennsylvania, to Oregon and Washington—always in the words of the brief White House statement explaining why, because he wished to continue to closely monitor the situation in Iran.

Two days after the hostages had been taken, he accepted an invitation to debate his principal Democratic challenger, Edward M. Kennedy, in Iowa. Just before New Year's Eve, he withdrew from that debate. He said he was doing his best "to keep the public informed about Iran and about other important matters of concern to our country. For the time being, I can best continue these efforts if I forgo personal appearances or participation in events which are exclusively part of a partisan political campaign."

His policy of restraint and patience, aimed

at first getting the hostages back unharmed, virtually barred any political criticism of U.S. policy toward Iran or the circumstances of the shah's admittance to the country. To initiate such a debate was akin to being unpatriotic.

"At this time, I am not interested in trying to resolve whether or not the shah was a good or bad leader or of the history of Iran," the

Haynes Johnson

COULD

president said on Dec. 17 in brief extemporaneous remarks to government workers in the State Department lobby after meeting privately with families of the hostages.

"I'm not trying to interfere in the government of Iran or the inclination of the people there, and we do not want to confuse the issue by injecting these extraneous questions or debates into the present situation. When that does happen, in my opinion, it delays the day when we will see the American hostages come home."

While the president remained apart, monitoring the crisis from the White House or Camp David, and his political rivals by and large were stilled, the forces of emotion coalesced to propel him upward in the polls. Daily scenes of the screaming Iranian mobs shouting insults against the Americans did something beyond the ability of any president in recent years.

It gave us an enemy, a vehicle to vent so many frustrations accumulated during the Vietnam-Watergate era. And Americans did something they always have done: they rallied behind the single symbol of the national will and purpose: the president.

63

The president was far from being non-political, of course, any less than at his lowest point last August when he traveled down the Mississippi aboard the Delta Queen. That vacation trip resulted in his making some 48 speeches along the way in such politically important midwestern states as Iowa—and strongly rejecting the criticism that he could better mind the country's problems and combat what he had described as the national malaise by working in the White House.

In the Iranian situation, he has been making daily calls to voters all over Iowa, some on telephonic hookups with groups of peo-

ple reportedly lasting from 20 to 30 minutes. "If he's got time to be calling activist Democrats around the state, then he's got time to debate," Ralph Scharnau of Duquesne, told The Des Moines Register and Tribune the other day.

But another change also has been in the making. As the Iranian crisis continued without prospect of resolution, day after frustrating day, the pressure to "do something" intensified. Carter's policy of restraint increasingly is being criticized as a policy of impotence.

Then came the Soviet invasion of Afghanistan. Before the president spoke Friday night, some of the nation's shrewdest professional political analysts privately were saying that Carter was in peril of another precipitous drop in the volatile opinion polls. As one of them said, only hours before the speech was announced, "The air is slowly going out of his balloon."

All this hardly marks an auspicious beginning for the 1980s. The most difficult kinds of challenges at home and abroad almost certainly lie ahead. And now, with Iran still the same, if not worse, and political conditions unraveling again internally, the president and the nation are heading in another direction amid even greater uncertainty.

Abortion Foes in Iowa Pass Resolution Condemning Kennedy



Carl T. Rowan: The winds of war

It must be very difficult for the average American to make a fair appraisal of President Carter's actions to punish the Soviet Union for its military assault on Afghanistan.

There is a group of vocal Americans who are so down on Jimmy Carter that they will never stop accusing him of weakness, of "ap- peasement," of blinking his eyes in a nervous way that lets the Kremlin know that it could send troops into Af- ghanistan with impunity. They are going to go on screaming for Carter to "do something" to "restore America's pride," although the evidence is piling up that some of the tough talk-

ers are more America's prob- lem than Carter's.

The president took one of the few immediate actions available to him, short of military attack, to let Soviet leaders know that he was serious. He blocked the ship- ment of 17 million tons of corn, wheat, soybeans — grain the Soviet Union needs badly.

So what happened? Farm- ers and farm organizations said, in so many words: "We're all for fighting communism and halting Soviet aggression, but if it's a question of us not getting all that money from Russia, hell, let 'em have Afghanis- tan." In a craven example of

politics overriding princi- ple, all but one of the presi- dential candidates scurried to capitalize on the unhappi- ness of Iowa farmers. Sen. Howard Baker had been de- ploring America's "weak" image; Sen. Edward M. Kennedy had been berating Carter for "lack of leader- ship"; John Connally had been railing against ap- peasement; Sen. Bob Dole had flipped out his macho one-liners.

Well, Carter showed lead- ership and political guts in cutting off those grain sales. But Baker, Kennedy, Con- nally, Dole and other presi- dential candidates said, in so many words: "Punishing

Soviet aggression is one thing, but winning the Iowa precinct caucuses is some- thing else, so I've got to ex- ploit this grain decision."

With the notable excep- tion of Rep. John Anderson, the politicians hustled out

Americans had better get used to the notion of sacrificing.

to shed crocodile tears about how the poor farmers would have to suffer unfairly so Carter can punish the Krem- lin.

THE WASHINGTON STAR Friday, January 11, 1980 ★★ A-7

This country is in a mess because most Americans want someone else to do the sacrificing. Brave cries for military action go up from Americans who have managed to avoid fighting in every war, conflict, police action or whatever that the United States has been in.

Well, Americans had better get used to the notion of sacrificing, because the winds of war are blowing, and we are likely to have some grim confrontations with the Soviet Union over the next few years.

In cutting off grain and blocking Soviet fishermen from U.S. waters, Mr. Carter played his economic card. If Canada, Australia, Argen-

tina and others keep a pledge not to make up the Soviet shortfall, there will be a lot less meat on Soviet tables, and bread may be- come scarcer and costlier in Moscow and Kiev.

In sending Defense Secre- tary Harold Brown to Pe- king for talks about joint efforts to curb "the polar bear," Mr. Carter played "the China card."

The Soviets are saying sar- castically that Mr. Carter's actions are meaningless. We know that these reprisals, United Nations condem- nation of the Soviets and other steps by our allies will not cause the Soviet Politburo to suddenly call the troops out

of Afghanistan and say, "We're sorry."

But the Russians aren't fooling anyone. If the grain embargo lasts for a few years, as it should, protein- hungry families in the Soviet Union will feel the pinch.

Anyone who has talked to Soviet officials over the last couple of decades knows that they are absolutely paranoid about the prospect of the United States and China joining forces against the Soviet Union. The Krem- lin must see Brown's visit as clearing the way for a trans- fer of U.S. military hardware and technology to China, and that will not make

Soviet leaders sleep better at night.

Leonid Brezhnev and Alexei Kosygin have led Russia for more than a decade of detente where they pursued Soviet goals with- out sending any Russians out to be killed. Both Brezh- nev and Kosygin are now ill, and we may find that wilder forces in the Politburo are now calling the signals. Mr. Carter has indicated that if they want confrontation they can have it, so we may be in for days every bit as tense as those of the Berlin and Cuban missile crises.

Our macho politicians are going to have to put up or shut up.

Carl T. Rowan: Of ruthlessness and honor

How come nobody ever attacks or invades a Russian Embassy?

You've probably heard that question many times during the nine weeks since terrorists seized the U.S. Embassy compound in Tehran. The question usually is asked by conservatives whose implied answer is that weak nations kick Uncle Sam around because they sense him to be a timid, dwindling power, but they don't mess around with the Soviet bear, which they view as growing in strength, and ruthlessly ready to use it.

The premise of the hawks is that if we just unleashed a few missiles and bombs on

Iran, the world would fear us the way it fears the Soviets, and never again would any "two-bit" nation dare to cross us.

There are several things wrong with this thesis. The Soviet Union is not as feared, and surely is not as respected, as some Americans ask us to believe.

Hostage-taking and embassy-burning in the Third World is mostly an "anti-imperialistic" orgy, and despite our decades-old efforts to emphasize Soviet aggression, Third World emotions still make "imperialism" a uniquely Western crime.

But there are many ways to "cross" a major power,

and we have seen some bold assaults against Soviet aggression in recent years.

China was infinitely weaker than the U.S.S.R. in 1960 when Peking leaders decided that Russia was out to rule the world, including China; still the Chinese, barricaded the Soviet Embassy, humiliating those going in and coming out. Over the last decade, the Chinese have engaged in border warfare, carried on a vitriolic anti-Russian propaganda campaign and invaded Soviet-backed Vietnam. The Kremlin has decided to grin and bear it.

By 1972 the Soviets were in the Sudan up to their gullets, with billions of rubles

on the line. They were training Sudanese military forces in both the Sudan and Rus-

A nation that deals ruthlessly with its neighbors is going to deal ruthlessly with its own citizens.

sia. Soviet technicians had built eight factories, drawn up plans to develop the Nile Waterways, set up a five-

THE WASHINGTON STAR

Wednesday, January 9, 1980

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year development plan. Russian ships stopped regularly at Port Sudan, where Soviet military forces had made themselves at home. Russians had their hands on most of the political levers of this strategic African nation.

Then, Prime Minister Gasfar Mohammed Nimeiri discovered that the Soviet Union was behind a communist plot to overthrow him. Nimeiri broke diplomatic relations with the U.S.S.R. and threw the Soviets out lock, stock, and barrels. The Russians left, their tails between their legs.

The Russians were into Egypt with the same multi-billion dollar exposure

when President Anwar Sadat sent them packing. The Russians left with nothing more than a whimper.

So it is a gross slander of America to spread this malarkey about how those 10-foot-tall Russians don't brook any insults, while the new pygmies of America are kicked around by everybody.

Still, let us concede that Russia uses its power more ruthlessly than does the United States. The question remains: Do we want to act like the Soviet Union just so some of our super-conservatives can feel macho and proud again?

I would rather live in a country that pursues justice

with patience, even at the temporary risk of looking weak, as the U.S. has done regarding Iran, than to live in a Soviet Union that rushes barbarously to trample the yearnings for freedom of its neighbors.

Why? Because a country's foreign policy is basically an extension of its domestic policy. A nation that deals ruthlessly and cruelly with its weak neighbors is going to deal ruthlessly and cruelly with its own citizens.

It is no less clear today than in Stalin's time that the Kremlin dictators who murder Afghans in order to put their puppet in power will also imprison, torture and

kill Soviet writers, scientists, dancers who are deemed "enemies of the state."

On the other hand, a nation that is reluctant to sacrifice the lives of some 50 innocent hostages in Iran in the name of "national honor" is also likely to respect the rights of its citizens above some imagined right of the state.

We can argue about whether it is better to be feared, as Russia may be, or respected, as the United States is. But I cannot believe that most of mankind wants steel-fisted cruelty or policies of national heartlessness to become the wave of the future.

Carl T. Rowan

Pakistan hangs in the balance

With thousands of Soviet troops streaming into Afghanistan, President Carter telephoned Mohammad Zia ul-Haq, ruler of Afghanistan's weak and nervous neighbor, Pakistan. Mr. Carter proposed that when Deputy Secretary of State Warren Christopher finished consultations with NATO allies he proceed to Islamabad to confer with Pakistanis about how to halt the Soviet juggernaut.

Zia would not give Carter a direct answer. Hours later, Pakistan informed the United States that Christopher was unwelcome — that the Soviets would read such a high-level, high-visibility visit as evidence that Pakistan and NATO were "gang-ing up" on the Soviet Union.

Zia informed Carter that this was a risk that Pakistan could not take when the United States would not spell out how far it would go in protecting Pakistan from the kind of Soviet aggression that overwhelmed Afghanistan.

The Pakistanis went further in telling Washington what Soviet occupation of Afghanistan would mean. "Pakistan is reduced, at best, to Finlandization; if the Kremlin will permit even that," was one grim observation.

That term "Finlandization," born partly out of ignorance regarding Finland's relationship to Russia, has come to mean a country that says tremblingly to the Soviet Union, "If you don't occupy and abuse us, we promise never to cause you any trouble."

Islamabad is saying to Washington: "Unless you want us to become patsies of the Soviets, easing them ever closer to their ancient dream of warm-water ports in the Persian Gulf and the

Indian Ocean, you had better provide massive military and economic aid that will enable us to stand up to the Soviets."

It is of compelling concern that while military dictator Zia would publicly condemn Russia's invasion of Afghanistan, he shied away from Christopher and a close relationship with the United States and NATO. The implication is that in overwhelming Afghanistan the Soviet Union also has rendered Pakistan naked to its aggression, and that barring some extraordinarily bold actions by the United States, Pakistan could also become a Soviet satellite within a few years — or months.

Pakistan is woefully weak militarily. While it has a few Chinese-made MiGs and some French Mirages, its air force depends basically on old F-86 Sabre jets that the U.S. used in the Korean War.

I have learned also that at least 100 of Pakistan's tanks are lying unrepaired and useless in Iran. The deposed shah had agreed secretly to rehabilitate them, but was overthrown before the repairs were made, and Pakistan's tanks have been mired in Iran ever since.

The Pakistanis are telling the U.S. that to survive they need at least 100 modern planes, hundreds of new tanks and considerable other military and economic aid.

While the Carter administration is making headlines with talk about a relatively meaningless U.N. condemnation of the Soviet invasion of Afghanistan, U.S. officials are hung up in debates about what to do about Pakistan.

To really help, President Carter would have to re-

nounce his earlier policy of cutting off aid to Pakistan because of evidence that that country is trying to develop a nuclear bomb.

In 1976, hoping to prevent the proliferation of nuclear weapons, Congress approved the Symington amendment prohibiting aid to countries trying to develop "the bomb." The only country to fall victim to this amendment is Pakistan, which has been accused in media around the world of trying to develop "the Islamic bomb." Allegations have been made that oil-rich Libya's Col. Muammar Kadafi is secretly financing Pakistan's efforts to produce a nuclear bomb.

Pakistan has given President Carter written "assurances" that it will not develop a bomb, that it will not transfer nuclear secret to another country (meaning Libya) and that Pakistan will not explode any nuclear device during the lifetime of the Zia administration.

Before the U.S. can aid Pakistan, even in the crisis created by the Soviet invasion of Afghanistan, President Carter must tell Congress that he is confident that Pakistan is not trying to build a bomb, and that it is in the U.S. national interest to renew aid to Pakistan.

The White House has tried to reassure Pakistan with recent public pronouncements, including an assertion by Zbigniew Brzezinski, Mr. Carter's chief national security adviser, that "the United States . . . will take such appropriate action, including the use of armed force . . . in order to assist the government of Pakistan at its request."

But Pakistanis are disbelieving. They say it is only

rhetoric that precedes days, perhaps months, of consultations with allies, of waiting for Congress to come back, but that in the interim there is no money, no tanks, no planes, nothing to protect Pakistan.

U.S. officials say that the U.S. ability to counter the Soviet invasion is stymied by other factors. India has a sort of Pavlovian reaction to any mention of U.S. aid to Pakistan. The U.S. ambassador to India has rushed home to relay cries in New Delhi that any weapons given to Moslem Pakistan will be used against predominantly Hindu India.

Pakistan officials are saying that they are too weak to be a remote military threat to India, and that what the U.S. really must worry about is that if Indira Gandhi is re-elected prime minister of India in elections now under way, the world might soon see a Moscow-New Delhi-Kabul axis dominating the area.

If U.S. officials needed another excuse for hand-wringing and indecision, they could look at the government of Pakistan. Zia is immensely unpopular. In mid-October he reneged on promises of popular elections. Instead, he imposed censorship and kept his political opponents under house arrest.

American officials say they have reason to wonder about the wisdom of lavishing modern jets, tanks, other military equipment and money on such an administration.

But that is what "foreign policy" is all about. The Soviets have moved boldly, and Pakistan hangs in the balance.

What will the Carter administration do?

The Presidency/Hugh Sidey

Shadow Dancing with the World

The Iranian crisis has produced the world's largest and most complex psychodrama. Every day in Washington President Carter is brought up to the minute on the Ayatullah Ruhollah Khomeini's psychological profile, a shifting and convoluted picture that is alien to White House experience. And the Ayatullah himself has already told the world that his actions are attuned to his perception of Carter's "guts."

A small elite group of men and women are wheedling, cajoling, flattering and threatening in an effort to reach one another's minds. Rarely has the international struggle for influence grown so intricate, with religious, legal, family, political, economic, humanistic and military considerations so delicately mixed. We seek to dissuade some leaders from doing certain things, to persuade others to act, a ritual as old as civilization but raised now to the speed of electronic signals and extended to every argument that can be reached by TV cameras.

Perceptions often mean more, in the short run, than the hard facts of power. Judgments of another man's resolve can figure more than aircraft carriers. Terrorist tactics can mock stockpiled nukes. From Harvard to Georgetown to the White House situation room, the scholars and strategists see emerging from the peculiarities of the Iranian situation a new and as yet unclear dimension to the world struggle. It derives partly from the fact that the U.S. has a military equal in the world. Washington can no longer fall back on an overwhelming power margin as the ultimate persuader.

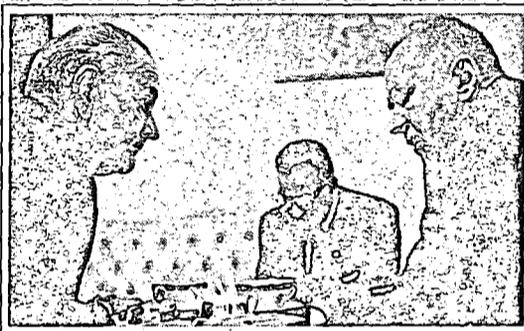
Former Defense Secretary James Schlesinger hears an echo from the 18th century, when armies used to maneuver around each other. The one emerging in an inferior position often surrendered quickly so that it could live to fight again. "We march television cameras instead of troops," he says. Warfare that used to seek land, wealth or subjugation now is aimed at the mood in Washington or Qum or Moscow or Riyadh.

Hunter College Professor John G. Stoessinger in his book *Crusaders & Pragmatists* focused attention earlier this year on "the human element in American foreign policy." He was back last week pointing out that "the President holds our future in his hands. His personality may be our destiny." Stoessinger could have added the names of Khomeini, Gaddafi, Khalid, Schmidt, Giscard, Ohira, Brezhnev, Lopez Portillo, Torrijos, Thatcher—all humans magnified mightily by the television lens, transposed into looming actors on a global stage.

Behind any persuasion, of course, must be the belief that a nation will take draconian steps. But the capability must be there for credibility. The White House is nearly convinced that we must apply some kind of "bloodless military pressure" to lodge that message in the minds of allies and enemies. But a central question remains: Would Carter ever send U.S. forces into real combat for the national interest?

In 1961 Charles de Gaulle looked at young John Kennedy in Paris and told him that he doubted the U.S. would launch its missiles if Europe were invaded by the Soviet Union. It infuriated Kennedy, who felt he would press the button in any showdown, and do it before Nikita Khrushchev. Lyndon Johnson, trying to get his determination across to Aleksei Kosygin at Glassboro in 1967, used the singular method of locking eyes with the Soviet leader and not blinking until Kosygin looked away.

At the State Department one of the planners says the U.S. is now "shadow dancing" with the world, changing military budgets, talking tough with allies, all as part of the plan to reach into the mind of the Ayatullah Khomeini and go even farther—to the Kremlin. The experts believe that at last a spell is being cast beyond the White House, establishing the belief that Jimmy Carter, a reluctant dragon, could indeed bring himself to order fellow Americans into battle.



Johnson eyes Kosygin in 1967 at Glassboro

Shah's Haven

It's beautiful but lonely

From the patio of the pale stucco house, a Panamanian gunboat can be seen cruising the richly blue-green waters. Guards armed with pistols and submachine guns patrol the driveway, and a German shepherd attack dog trots around the unfenced grounds. Perched on a cliff 50 yds. from the bay, the house itself is a modest dwelling, consisting of only six rooms. But for the latest occupant of the building, owned by former Panamanian Ambassador to the U.S. Gabriel Lewis Galindo, it is a much needed haven. "Such surroundings, such hospitality, are not going to be easy to match," said Shah Mohammed Reza Pahlavi last week about his new sanctuary. "I feel like home."

Home now for the deposed Shah is Contadora, an island a little more than a mile square lying 20 miles off Panama in the Pacific Ocean. Part of a necklace of 226 other islands called Las Perlas (The Pearls), Contadora earned its name—Spanish for counter—during the 15th century when it was used by the Spaniards as a place to count their catch from the surrounding pearl-rich waters. In the 1920s, a mysterious disease killed off the oyster beds, and for decades Contadora remained just another of the obscure—if beautiful— islands that speckle the Gulf of Panama. Then, in the late 1960s, the motorboat of the wealthy Lewis conked out near the island, and he came away with blueprints dancing in his eyes. For \$30,000 he bought the island, and development was under way.

Today Contadora is Panama's star resort, with a government-owned casino and 210-room hotel (average room price: \$70 a day). About 80 weekend homes owned mostly by wealthy Panamanians dot the beaches and hills. Palm, papaya and banana trees shade the island, and peacocks and deer roam freely. Temperatures climb to a torrid 95° during the day, but drop to a breezy 70° in the evening. The resort is just now entering its busy season, with the hotel booked solid through April. And, understandably, the tourists worry about the island's most famous guest. "People are concerned about their own safety," says Tour Operator Andrew Hunter. "They are asking, 'Will it be safe for us?'"

The Shah's own security staff of eight has already been beefed up by at least 50 members of Panama's *guardia*. So far, the Shah has ventured out rarely, but when he goes out for the simplest of reasons, so goes the entourage: when he walked his Great Dane on the island's main beach last week, ten security men walked with him and a red sedan filled with more guards drove behind. It is a measure of the Shah's exile that in those circumstances any place can feel like home. ■

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Founded in 1852

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THURSDAY, JANUARY 10, 1980

Cereal politics

It is too bad, in a way, that President Carter's embargo of 17 million metric tons of feed grains previously destined for export to Russia is a grim measure in a grim time; otherwise what we might call cereal politics would be rich in comedy.

The grain embargo illustrates the first law of international politics: *nothing is simple*. It is intended to punish the Soviets and we trust it will; and we do not propose to retreat from our feeling that it is — and long has been — dubious U. S. policy to immunize the Russians against the follies of Marxist agriculture.

In sober truth, however, no one really can say whether the embargo will punish the Russians more than it punishes us. That it will punish them in some ways seems fairly certain. It will accentuate a meat shortage said to be among the severe domestic problems in the Soviet Union — but only in the long term. The immediate effect, we are warned by the agricultural wise men, will be to push the Russians into a crash slaughter program (lacking feed for their cattle and swine herds) that will actually increase meat supplies.

And the embargo will not be a painless ride for Americans, either. The U. S. depends on its role as food vender to the world to pay the constantly-rising oil-import bill. One side-effect will be a rising balance of payments deficit. Moreover, the 17 million tons of grain now to be denied the Soviet Union must be held back from a ruinous flooding of the domestic market by a combination of government purchase (with more borrowing, of course) and a constellation of price supports and interest-free storage loans and subsidies. None of this is likely to be good for the dollar, which is already on the critical list.

Far from negligible, moreover, is the imponderable domestic political aspect. Midwestern farmers, who with the rest of us are less patriotic about their pocketbooks than they ideally might be, are threatening another winter descent on the capital.

Not wishing to appear indifferent to the embattled farmers, President Carter's rivals for their vote, almost to a man, are making hay out of the grain issue. In this there is irony and even some

poetic justice, at least from the Republican perspective.

In 1976, Mr. Carter campaigned hard in the farm belt against heartless "Republican" grain embargoes. He promised that he would never (well, hardly ever, unless "national security" was at stake) do what he did last week end.

Campaigning in Iowa, Sen. Edward Kennedy has been quick to call embarrassing attention to the broken Carter promise. But he misses the irony of merely repeating in 1980 what Mr. Carter said so categorically four years ago.

And we sometimes wonder why the voting off in presidential elections! It is connected with the impossibility of predicting what a president will do. The voter often, well, in fact, to listen hard to what a candidate says he will or won't do and then calculate the opposite eventuality. Which, come to think of it may be why President Carter lost the Midwest in 1976. But this is not a very satisfactory procedure. No wonder voters stay at home, when presidential campaigns (especially in their primary phase) are replete with what, appropriately, we can only call hogwash?

Candidates feel an unconquerable urge to simplify complex issues, supposing that voters are not reached by delicate shadings. It must have seemed to President Carter a simple and harmless thing four years to promise the steamed-up farmers that he would never embargo grain exports — just as it evidently seems a simple thing to Senator Kennedy to do so now.

The candidates eventually pay a price for their campaign simplicities, which is fine with us. And not they alone. There is rising cynicism about the usefulness of democratic elections in shaping government policies. Moreover, the farmers seem disinclined to support President Carter in a necessary counter-measure against Soviet aggression, feeling that they were had four years ago.

It would have been an interesting exercise in democracy to have said, four years ago: "I am opposed to embargoes in principle, but the time may come when an embargo will be needed and if so I shall not hesitate to impose one." Is such candor too much to expect?

Irony quicksand

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TUESDAY, JANUARY 8, 1980

Stabs and pinpricks

President Carter has decided that the Soviet Union must pay a modest economic price for its armed invasion of Afghanistan; the offense demands no less.

But the measures he announced Friday evening could hardly be designed to force a reconsideration of Russian policy — not only because they are of limited severity but because we must assume that the Russians discounted such reactions in advance. The partial grain embargo may sting; the postponement of SALT ratification may inconvenience; it is doubtful that the curtailment of fishing rights goes beyond the nuisance level.

In short, what is troublesome about the president's response, otherwise most welcome, is that it reacts to a stab with pinpricks. If you took Mr. Carter's analysis of the problem at face value, moreover — "massive Soviet military forces" as he put it; "have invaded the small, non-aligned sovereign nation" which had hitherto not been an occupied satellite of the Soviet Union — you would have to wonder if the Russian activity in Afghanistan had been discovered only last month. Surely, the American public deserved a more searching and sophisticated analysis — although perhaps it was the White House's thought that a president has no obligation to "understand" an outrageously aggressive move; indeed, that the edge of resolve might be blunted by an excess of understanding.

Nevertheless, the Soviet adventure in Afghanistan is at once more serious than the modest U.S. retaliatory measures would suggest, and considerably less abrupt or surprising than Mr. Carter's characterization of it would indicate. Afghanistan is small, to be sure, but it was hardly "non-aligned" before the Russians sent tens of thousands of soldiers there, nor was it "sovereign" with several thousand Russian advisers directing military operations against the Islamic rebels and calling the shots on matters of high political policy — which, as the most casual newspaper reader knows, has been the situation for well over a year. Indeed when U.S. Ambassador Spike Dubbs was kidnapped and then killed in a clumsy rescue attempt last year, it rankled that Soviet advisers were already pretty much in charge in Kabul.

Prior to late December, Afghanistan may not have been an "occupied" satellite, but it was well within the Russian orbit, and historically has

not exactly been outside its field of force. It had been clear for months that the Russians were calculating whether or not to back up an already considerable investment of power and prestige in the country. What Mr. Carter Friday evening called "a deliberate attempt of a powerful atheistic government to subordinate an independent Islamic people" was not exactly born Dec. 26.

The sketchiness of Mr. Carter's analysis of the problem would be neither here nor there, except that it fits a familiar picture. What has changed most in the world's strategic equation, one suspects, is not so much the balance of forces in Central Asia as our official perception of it. All along, this administration has been inclined to palliate or overlook too many developing Russian initiatives in too many places, apparently so as not to jeopardize the chances of the SALT treaty and other major bilateral initiatives.

Now, however, to judge by the president's speech and by his recent remarks in an ABC television interview, the tendency is to escalate the rhetoric, and in retrospect to simplify the train of events, without having a clearly defined counter-strategy.

Certainly the focus on Pakistan is right. But given the persistent tilt of U.S. policy towards India in practically every quarrel on the subcontinent (a tilt this administration has done little to correct) it will be a delicate task to ginger up Pakistan. It cannot be done overnight. The Pakistani government will need to know what long-term support it can expect — not just while Afghanistan is in the headlines but in the months and years ahead. What difference, indeed, will the unwelcome return of Indira Gandhi make? What would be our response if there is a swipe of the bear's paw at Islamabad?

These, obviously, are questions that cannot be answered without answering a whole lot of related ones. What this administration has lacked, in foreign as in some domestic policy, is a clear, coherent and consistent strategic purpose in which the relationship of the parts to the whole was unmistakable. The continuing impression that it lacks one is not relieved — even if the new steps are in the right direction, at last — by the suspension of fishing rights or an analysis of the Afghanistan incident that could well suggest to the unwary that Washington first noticed the trouble in Afghanistan on Dec. 26 when the Russians began their military airlift.

U.S. Sending Experts to Seek Persian Gulf Military Sites

By DREW MIDDLETON

The American military establishment is moving methodically, with no apparent sense of urgency, toward improving its ability to deal with crisis contingencies in the Persian Gulf area and elsewhere in the third world.

Plans for future action multiply in the Defense Department and in command centers of the four branches of the armed forces. But two weeks after Soviet ground and air units moved into Afghanistan with clockwork precision, raising the stakes there with a force now estimated at 80,000 men, few concrete steps have been taken.

The Pentagon has scheduled trips by technical experts to survey possible military installations in Oman, Somalia and Kenya, but not until the end of this month. No military unit in the United States or overseas is on alert with the exception of the two aircraft carrier battle groups in the Indian Ocean. Planners hope a rapid deployment force will be ready by 1982.

New and Prolonged Tension

Most American and foreign military sources think that military preparations for what could be a new and prolonged period of tension between the United States and the Soviet Union lag perceptibly behind the mobilization of diplomatic and economic resources.

The establishment of new military facilities in the Persian Gulf area has been the best advertised military measure planned by the Administration. The problem is diplomatic as much as military. Governments in and around the Arabian Peninsula must be persuaded that it is in their interests to provide sites at which American ships, aircraft and, perhaps,

ground forces could be stationed to balance growing Soviet military muscle.

State Department and Defense Department officials have returned from a preliminary survey of three sites: the island of Masira off the coast of Oman, the port-airfield complex at Berbera in Somalia and the port and associated airfield at Mombasa in Kenya.

No Political Commitments

In the case of Berbera, the Americans found it necessary to warn their potential hosts that an American presence in Somalia would not mean automatic support for that country's claims to the Ogaden region held by Ethiopia.

Experts will be sent by the Pentagon to inspect the facilities: the length and condition of runways, the depth of harbors and the state of docks and other associated facilities and storage and maintenance installations.

The Pentagon is also interested in establishing what was described as a new "network" of installations that would assist in the use of a rapid deployment force.

The problem, first demonstrated during the Arab-Israeli war of 1973, is the reluctance of some of the United States' allies and friends to grant overflight or landing rights to transports carrying troops or supplies to sensitive areas.

Refueling Sites a Problem

A hypothetical example, advanced by one official, would be the movement of American intervention forces to the Persian Gulf in response to an appeal for help from the Government of Saudi Arabia. It is assumed that landing rights for refuel-

ing would be granted in the Azores. But, the official asked, would similar rights be granted anywhere between the Azores and Saudi Arabia? Egypt and Israel under present circumstances might be willing, he said.

The Joint Chiefs of Staff have emphasized the importance of improving naval facilities at Diego Garcia, a British island in the Indian Ocean.

For a year senior officers of the four services have stressed the importance of establishing a rapid deployment force. The most optimistic estimate is that this force will not be organized and prepared for action for two years.

A senior officer said that his estimate does not mean that troops would not be ready to answer an immediate emergency outside the United States. It does mean, apparently, that the forces required for a variety of missions, including amphibious landings, airborne operations, maintenance, support and defense of facilities, have not been organized into coherent units.

Units for 25 Simultaneous Crises

The origin of the idea for a rapid deployment force is the strategic concept that the United States should have forces available from all the services, able to deal simultaneously with one major contingency, a Soviet attack in Central Europe, and a second operation elsewhere.

Successive military leaderships have advised Presidents that intervention in a second operation should not be permitted to reduce the American ability to reinforce its ground and air forces in Europe.

The present instability in the Persian Gulf region, where the security of the oil exported to the United States is considered a national priority, resulting from the Iranian crisis and the Soviet move into Afghanistan has moved planners to stress the importance of building adequate forces, possibly at the cost of eroding the NATO reinforcement pool, for service in that area.

The Department of Defense can draw on ground and air assets in the United States for deployment in the Persian Gulf. The most likely contingency would be a revolt in Saudi Arabia in which the Saudis urged Washington for support.

Yugoslavia Has Crisis Potential

But that is only one of literally hundreds of contingencies constantly under study. Another theoretical example would be a Soviet move into Yugoslavia after the death of Marshal Tito.

The Navy maintains four major fleets at sea which would contribute forces to the rapid deployment force. These are the Second Fleet, in the Atlantic; the Sixth Fleet, Mediterranean; the Third Fleet, Eastern Pacific, and the Seventh Fleet, Western Pacific.

The strategic reserve in the United States of forces available for overseas contingencies includes the 82d Airborne Division, the 101st Air Assault Division, the First Cavalry (Mechanized) Division and the Ninth Infantry Division.

The First and Second Marine Corps divisions, based on the East and West coasts, and the Third Division, less one brigade, in Okinawa are also elements in the rapid deployment force.

The Defense Department does not intend to establish deployment forces of a given size. The objective is a force from which troops could be drawn for limited contingencies.

Various Troops for Various Needs

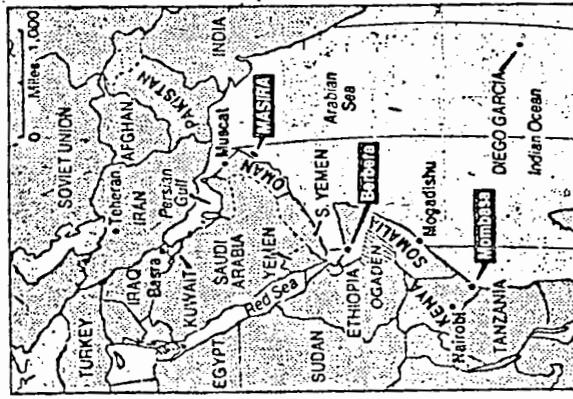
As an example of the selection process, one officer said it would be folly to send an armored unit into the marshes near Basra in southern Iraq and it would be equally foolish to deploy an infantry division minus armored support in western Egypt or Saudi Arabia.

The task for Pentagon planners is the selection of units from available forces, estimated at 100,000, for missions in varying terrain and weather conditions around the world.

Air support is likely to be decisive in any intervention. Air Force officers point out that air power is the most flexible of all military resources. Air elements to support intervention overseas could be drawn from the Ninth and 12th Air Forces in the United States which deploy 43 fighter and fighter-bomber squadrons, and five tactical reconnaissance squadrons.

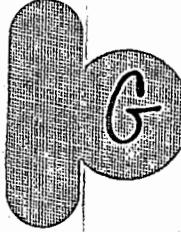
Few senior officers believe there would be a possibility of diverting American ground or air forces from West Germany in the event of a crisis outside Europe.

A gap exists between what the United States may have to do and the resources available to do it. In an emergency it might be possible to land an airborne brigade in Saudi Arabia, Oman or anywhere in the third world. But supporting that brigade with reinforcements, supplies and air cover might well be beyond the existing military capacity of the United States.



The New York Times / Jan. 11, 1980

U.S. teams have made preliminary surveys of bases on Masira and at Berbera and Mombasa.



Carter Urging That Congress Ease Curbs on Covert Actions by C.I.A.

By RICHARD BURT
Special to The New York Times

WASHINGTON, Jan. 10 — The Carter Administration is seeking the support of Congressional leaders for easing legislative restrictions on covert operations by the Central Intelligence Agency, White House officials said today.

They said that in recent talks with leaders on Capitol Hill the White House sought support for repealing the so-called Hughes-Ryan amendment, which requires the Administration to advise eight Congressional committees of its plans for clandestine operations. The amendment,

tacked on a foreign aid bill in 1974, also forbids such operations unless they are specifically approved by the President.

While the officials declined to comment on the effect of repeal of the amendment on clandestine activities, a senior aide said that the "revitalization" of the C.I.A. had become a more important task in view of the political turmoil in the Middle East and the Soviet thrust into Afghanistan.

Other officials said that pressure for loosening the legislative restrictions had been growing in the Administration for over a year and that the Iranian crisis and the Afghan situation had raised new support. However, the officials would not discuss whether the desire to repeal the amendment was connected with any possible program for covert aid to the Moslem rebels fighting in Afghanistan against a Marxist Government strongly supported by Soviet forces.

New Charter to Be Pressed

The Administration's current plan, according to officials, is to seek repeal of the Hughes-Ryan amendment while concurrently asking Congress to approve a new charter for the intelligence agency's activities. The charter has been the subject of extensive talks between the Administration and the Senate Intelligence Committee for months; an official said today that the two sides were coming close to agreement on its contents.

In seeking repeal, the White House is said to be mainly interested in reducing the number of members of Congress who must be informed about C.I.A. operations. Under the amendment the Administration is required to report its plans for operations to the House and Senate Intelligence Committees as well as the Senate and House committees concerned with

Continued on Page A4, Column 3

Carter Wants C.I.A. Curbs Eased

Continued From Page A1

the budget, the armed services and foreign affairs.

The amendment was voted when widespread criticism was being directed toward the efficacy and morality of the C.I.A.'s operations, particularly its role in undermining the Marxist Government of Chile headed by President Salvador Allende Gossens in 1973. There was also a strong feeling on Capitol Hill that Congress had failed to exercise sufficient oversight over agency activities.

C.I.A. officials, and such senior Administration aides as Zbigniew Brzezinski, Mr. Carter's national security adviser, are known to believe that the amendment has had a chilling effect on a wide range of intelligence operations, though it does not require that covert activities be given Congressional approval, only that Congress be informed about them. As described by the officials, the problem is that the Administration is deterred from going ahead with certain activities for fear that their disclosure to eight committees might result in leaks to the press.

Under the new charter for agency activities, the Administration is said to propose that covert operations be disclosed to the two intelligence committees, where security is thought to be much tighter than elsewhere on Capitol Hill. In addition, the officials said, the charter would require Presidential approval only for those operations judged to carry high political risk.

The officials said that any proposal for repealing the amendment would be likely

to win strong support in the present climate, particularly in the House. A bigger question, they said, concerns the fate of the new charter. Although the White House has worked closely with the Senate Intelligence Committee on it, it has been criticized by conservatives in both houses for still imposing too many restrictions on intelligence operations.

The Administration is also said to be interested in tightening provisions of the Freedom of Information Act, which gives private citizens and foreign governments access to large amounts of official data that used to be classified secret. A White House aide, noting that the Communist bloc had become a major consumer of data released under the act, said that any changes would be designed to give some categories of information greater protection.

THE WHITE HOUSE
WASHINGTON

14 Jan 80

FOR THE RECORD:

ORIGINAL LETTER TO MUSKIE
TO EV SMALL FOR HANDLING
AND DELIVERY.

DICK MOE RECEIVED A COPY.

THE WHITE HOUSE

WASHINGTON

January 11, 1980

MR. PRESIDENT:

Attached is some material containing very favorable remarks by Senator Muskie regarding your handling of Iran and Afghanistan. I'm told that some of the Maine press is interpreting them to be almost tantamount to an endorsement.

A good friend of mine met with Muskie Wednesday and reports there is a fairly good chance we could yet get his formal endorsement before the Maine caucuses. As you know, Muskie has always been irked that Kennedy refused to endorse him in '72; there is little love lost there.

It occurs to me that you might want to hand-write a note and thank him for his supportive remarks.

DICK MOE

THE WHITE HOUSE
WASHINGTON

1-14-80

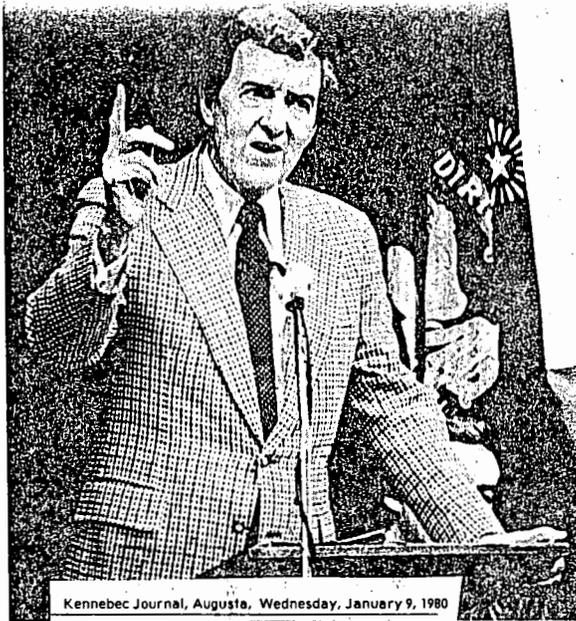
To Ed Muskie

I read your non-biased
and objective remarks to
the Maine legislature &
subsequent press conference.

Thank you, very much!

Your friend,

Jimmy Carter



Muskie addresses Maine Legislature Tuesday

Sen. Muskie praises Carter's performance

By NANCY PERRY
Press Herald writer

Although he shied away from formally endorsing any candidate, Maine Sen. Edmund Muskie freely extended his praise Tuesday to President Jimmy Carter for his "tough" response to recent events in Iran and Afghanistan.

During separate speeches before both sessions of the state Legislature Tuesday morning which touched upon a variety of foreign and domestic policy issues, Muskie lauded the president for the way he has handled the Soviet Union's invasion into Afghanistan and the holding of American hostages in Iran.

But asked during a subsequent press conference if he would endorse Carter's re-election efforts — or throw his political weight behind Massachusetts Sen. Edward Kennedy or California Gov. Jerry Brown — Maine's senior senator remained noncommittal.

"If I had a preference, I would not state it," he said.

But Muskie went on to praise Carter, stating he has been more "sensitive" to the needs of Muskie's constituents than any of the six preceding presidents the senator has served under.

He mildly chastised some of his "political colleagues" for criticizing Carter's foreign policy "the minute he starts to get tough."

The president had difficulty demonstrating leadership during the early years but in the past few months his performance "has improved considerably," Muskie said.

Muskie said that he agreed with Carter's decision to embargo grain sales to the Soviet Union — a decision Kennedy and other Republican presidential candidates have criticized as placing a burden on the American farmer.

"Any tough policy is going to impose some burden on someone," Muskie said, adding that Carter is taking steps to ease that burden, such as ordering the purchase of \$2.25 billion worth of embargoed grain to protect farmers from massive price declines.

In Iran, Carter has been "proceeding in the right way to build up pressure wherever he can," Muskie said.

Muskie defended his decision to endorse no candidate for the Democratic nomination, stating that he would not be meeting his responsibility to work with his party in solving this country's problems by undercutting the primary process.

But the picture he painted of Carter's recent foreign policy decisions was of a president who is now demonstrating his ability to lead and must now "prove that to the people."

Kennedy has been a good senator, Muskie said, but has not yet had the opportunity to demonstrate his ability to lead. But, because of his name, Kennedy "inherited something most of us had to prove."

"I'm watching both performances," Muskie said.

Politics were far from the only issue on Muskie's mind Tuesday as he delivered separate reports to the House of Representatives and the State Senate on energy, the economy and the efforts being made in Washington in both areas.

The country, he said, is facing an "uncertain" year both at home and abroad, with inflation ranking as the number one problem and the prospects of a recession growing stronger.

Conservation is one tool available to every citizen which would help both the economy and the energy situation, the senator said.

Muskie said that the United States would have to discover a new Saudi Arabia every six months or a new Texas or Alaska every two weeks if it continues to increase its energy use by 3 percent annually — or run out by the year 2,020.

He reminded legislators that most of this country's energy supplies are located in the most politically unstable area of the world.

"Conservation is the real short-term way to relieve pressures on the supply. (But that) involves changing the whole capital structure of the country, not just turning down the thermostat or driving a few less miles," Muskie said.

THE WHITE HOUSE
WASHINGTON

14 Jan 80

Jim McIntyre

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

Rick Hutcheson

cc: Pat Caddell
Stu Eizenstat
Charlie Schultze

THE WHITE HOUSE

WASHINGTON

1/11/80

Mr. President:

Attached is Jim McIntyre's memo on Improving the Federal Statistical System as well as a rather lengthy Pat Caddell comment on that memo. To sum, Pat "feverently" hopes that you will agree with the outlined effort and Jim McIntyre's recommendation.

Charlie Schultze also strongly agrees with OMB. Anne Wexler and Richard Harden concur.

Stu Eizenstat agrees with OMB that "oversight of statistical systems should be strengthened but recommends Option 3 -- assigning the function to OMB to be handled by a new, high-level political appointee." He adds that Option 1 (creating a new EOP unit) "would be inconsistent with your policy of streamlining the EOP and would create a management problem because the EOP unit would report directly to the President without any intermediate supervision."

Al McDonald, Frank Moore and Jack Watson have no comment.

Rick/Marion



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

Jim
@

DEC 31 1979

MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre, Jr. *Jim*
Subject: Improving the Federal Statistical System

In May 1978, you directed the Reorganization Project to review the Federal Statistical System and recommend improvements. The review has been completed, and this memorandum presents its conclusions for your consideration.

BACKGROUND

The project grew out of a concern of several of your advisers that the statistical system was not serving the information needs of national level decisionmakers as well as it should. The system is extremely decentralized (29,000 employees in 90 statistical units, with an annual budget of nearly \$800 million). Within this decentralized statistical system the major problems increasingly are systemwide and beyond the reach of any single agency to solve.

THE PROBLEMS

Lack of coordination, inadequate planning, and the absence of strong leadership have led both to inadequate information in key problem areas (like energy) and to duplication and waste in information collection. In fact no effective system exists.

- While the amount of data collected has grown substantially over the past twenty years, our fragmented system does not permit adequate analysis of the cross-cutting issues which now dominate the national policy agenda.
- The system has failed to anticipate the need for data to be used in dealing with emerging policy problems. Despite ample early warning, nothing was done to improve energy statistics until you created the Energy Information Administration. The result is unsystematic and "crash" basis data collection and analysis and often defective decisions.

- The number and size of grant programs driven by statistical formulas has increased markedly. For fiscal year 1980, more than \$29 billion in CETA, revenue sharing, elementary and secondary education, AFDC and community block grants was allocated according to data from just six statistical series. But many of the statistics--such as those on local area unemployment--are woefully inadequate to this task.
- Technical problems in statistical series often go unresolved for years after they've been identified. Unemployment indicators, the alleged undercount in the decennial Census, and the proper method of seasonal adjustment are questions that have persisted for years. Each has profound policy implications. In the Fall of 1976, for example, the unemployment rate was reported as increasing substantially. Your Administration made its first major economic policy decisions based on that data; later revised "seasonal adjustments" showed that the rate actually had not changed.
- Because there is no common systemwide legislation for privacy and confidentiality, there is no effective provision for sharing of records for statistical purposes. Our ability to avoid duplication and waste in the collection of information, and to provide better quality and less expensive statistics (especially on crosscutting issues) is frustrated.

In brief, the decentralized U.S. statistical system is becoming larger and more fragmented and lacks sufficient central direction for planning and the setting of national priorities. Departmental and agency needs are usually met, but there is a seriously inadequate response to the national policy level information needs of the White House and the Congress.

SOLUTION: A CENTRAL STATISTICAL UNIT

We believe these problems can be most effectively addressed through the establishment of a central statistical coordination and planning unit with the authority and resources to resolve the major systemwide problems of Federal statistics. The functions of such a unit would include:

- Establishing national statistical priorities in a multi-year planning process.

- Providing statistical priorities to OMB and participating in its review of statistical budgets.
- Establishing Government-wide statistical policy.
- Assuring the development of appropriate analytical capacity and data for policy needs of the President and others in the Executive Office.
- Approving forms to be used by agencies for general purpose statistical programs.
- Exercising oversight responsibility for common system-wide rules on confidentiality and sharing of statistical records to protect statistical quality and to reduce unnecessary duplication and paperwork.

To perform these functions:

- The head of the statistical office (the "Chief Statistician of the United States") should be appointed by the President;
- The mission and functions should be explicitly established and vested in or delegated to the statistical coordination unit; and
- The coordination unit must be given adequate resources.

In addition to establishing a central statistical office, the legislation would:

- Establish a statistical policy council or committee in the Executive Office, composed of policy level representatives of Federal agencies within which national statistical priorities and planning would come into focus (staffed by the central statistical office).
- Provide a statutory basis for the traditional promise of privacy and confidentiality long given

respondents to statistical collections, and providing common rules for limited sharing between statistical agencies (under carefully controlled conditions and for statistical purposes only) of individually identifiable records.

OPTIONS FOR LOCATION OF STATISTICAL UNIT

Option 1 -- Central Unit in EOP

This option would establish through legislation an Office of Statistical Policy in the Executive Office of the President headed by a Director appointed by the President and confirmed by the Senate. The effective date of implementation would be April 1, 1981, which would allow time both for getting the legislation through Congress and administratively organizing such a unit.

This Executive Office unit can be staffed without adding to current Government personnel. The unit would need about 40 positions. These positions can be established by transferring the 30 positions from the existing coordination unit in the Commerce Department and 10 positions from the major statistical agencies.

Advantages:

- Provides the independence, authority and visibility needed for effective statistical coordination and planning.
- Improves relevance of the system to policymakers and to national priorities.
- Strong direct accountability established.

Disadvantages:

- Creates an agency with limited functions in the Executive Office of the President, although the effective date would minimize the political problem associated with an additional EOP function.

- May be seen as a reversal of Reorganization Plan No. 1, which transferred statistical policy out of OMB and the Executive Office.
- Would increase by 40 the size of Executive Office of the President when implemented in 1981. Recent and proposed staff additions (EMB, COWPS, USTR, Agenda for the 80's etc.) will push total over the 2000 mark by late 1980--up from a FY '79 post reorganization total of 1468.

Option 2 -- Central Unit in Commerce

This option would establish the statistical coordination office as an Office of the Chief Statistician of the U.S. in the Department of Commerce. A new Assistant Secretary position (reporting directly to the Secretary of Commerce) would be created as the "Chief Statistician" with duties limited to Government-wide statistical coordination and planning. In addition, a "second" or "double hat" would be assigned as "Assistant to the Director of OMB for Statistical Coordination" and chair of the Executive Office Statistical Policy Council. Various "double hat" arrangements have been used in the past.

Implementation would be by Executive Order delegating Government-wide policy, coordination and clearance for statistics to the Chief Statistician. The Assistant Secretary position could be established initially from the pool of Executive Level positions, followed later by a minor legislative change to provide for Senate confirmation.

The Commerce unit would require about 40 positions at the outset. The Commerce location would be less effective than an EOP unit in gaining the cooperation of other agencies, however, so that the likelihood is high that a substantially larger staff would be required in Commerce to accomplish the same results as an EOP unit.

Advantages:

- Builds on existing statistical coordination function.

- Provides additional "clout" by giving unit formal access to OMB budget and legislative clearance processes.
- Avoids setting up another agency.
- Can be done now and without major legislation.

Disadvantages:

- Could invite criticism as a ploy to hide positions outside the Executive Office while actually directing the operation from EOP.
- The large and sophisticated data operation of the Census Bureau would tend to dominate statistical policy functions in Commerce, significantly impairing the ability of the Chief Statistician to coordinate functions of other statistical agencies.
- Problems in dual reporting relationship will exist with accountability to both the Secretary of Commerce and to the EOP for Government-wide oversight.

Other options were explored--placing the unit in OMB, GSA or the Administrative Conference of the U.S. (ACUS). In OMB, the function would inevitably be less significant in terms of agency priorities than our budget and management responsibilities. Neither ACUS nor GSA have missions that relate to statistical policy; both locations would be merely for housekeeping purposes and would lack "clout" and access to policy officials.

AGENCY COMMENTS

Agencies and interest groups have been strongly in favor of strengthening statistical coordination. They also believe quite strongly that for adequate accountability the official responsible for statistical confidentiality and record sharing legislation must be a Presidential appointee. Most favor placing these functions in an independent unit; the EOP location is perceived to provide the greatest potential Government-wide authority and policy relevance. Commerce,

however, wants to retain the statistical coordination function while the departments with major statistical units (Labor, Agriculture, HEW) are strongly against the Commerce location. They would resist being directed by another department whose statistical interests they perceive to be dominated by the largest single statistical agency, the Census Bureau.

CONGRESSIONAL VIEWS

We are committed to some decision on statistics in cooperating with Jack Brooks on paperwork legislation. He wishes to put statistical policy and coordination in OMB along with all other information policy activities (management of paperwork, ADP, telecommunications, etc.). Brooks is strongly opposed to the Commerce Department location for statistical policy, but appears willing to accept an independent statistical policy office in the Executive Office.

Senator Chiles, who has the lead in the Senate Government Affairs Committee, has been flexible and is likely to accept what we work out with Brooks.

RECOMMENDATION

I am reluctant to recommend creating new agencies in the EOP. I nevertheless recommend placing the central statistical unit in the EOP because I believe this area has suffered from lack of emphasis and that improving the relevance of our statistical system deserves a higher priority than it has proved possible to give it in Commerce.

DECISION

- Establish through legislation an independent central agency in the EOP. (Supported by OMB, Labor, Agriculture, HEW)
- Establish through Executive Order a strengthened statistical coordination unit in the Commerce Department. (Supported by Commerce)
- Other. (Establish unit in OMB or GSA.)

C

Cambridge Survey Research

Suite 1250 1775 Pennsylvania Avenue, Washington, D.C. 20006 Telephone (202) 223-6345

MEMORANDUM FOR THE PRESIDENT

FROM PATRICK H. CADDELL

RE IMPROVING THE FEDERAL STATISTICAL SYSTEM

DATE JANUARY 6, 1980

You have now a decision memo from Jim McIntyre concerning the Federal Statistical System. Since I have been involved in the reorganization project from its inception, both on the Advisory Committee and as an unofficial advisor, Jim and others felt it might be helpful if I added a few comments that are not limited by the structure of decision memos.

HISTORY - The statistical reorganization project grew out of various discussions of concerns by you, Bert, and I late in 1976 and early in 1977. Bert initialed the project in the Spring of 1977 with Wayne Granguist in the lead (that's where I first got to know Wayne). After exhaustive preliminary work, Jim McIntyre and OMB launched, in May 1978 at your direction, the Statistical Reorganization Project headed by Dr. Jim Bonnen of Michigan State, a first rate team put in over a year of intense work into studying the problems and opportunities. The project was assisted by an Advisory Committee, which included most of the leading and best respected members of the statistical community including, Dick Ruggles of Yale, Bill Shaw of Dupont Co./ former Assistant Secretary of Commerce, Eleanor Sheldon - President of the Social Science Research Council, William Kruskal - Dean of Social Science-University of Chicago and chairman of the National Academy of Sciences Committee on National Statistics, Graham Allison - Dean of the John F. Kennedy School of Government-Harvard University, I also served on the committee.

The Federal Statistical System had been studied previously but most of those efforts had concentrated on statistical methods and series and not on the role of the system. This was due to the unavoidable problem that statistics, while crucial to many decisions, often seem arcane and esoteric to decision-makers driven by the press of their own duties. In fact, despite their role, statistics have been a step child of the Federal Government, neglected by most high officials. This project

IN CAMBRIDGE
10 Moulton Street
Cambridge, Massachusetts 02138
(617) 661-3212

was constantly urged by Bert, Jim, and myself to be bold in its thinking -- how do we achieve the best statistical system? Indeed, one problem we had was to convince the ones involved that someone higher up really did care.

The study team produced both a thorough analysis and a first rate indepth plan which I think has impressed everyone involved. Because of the definitional limit of a decision memo, it is difficult to realize the body of thought and work which underlies that document. I think it is important to bring that to your attention.

This project had two unique advantages. First, because statistics is not given much attention, a bold first rate effort was possible that did not raise the normal antagonisms and turf battles of other more visible projects. Secondly, the statistical community both inside and outside of the government was so concerned itself with the burgeoning problems of the system and their decreasing ability to play a valuable role, that general suspicion and normal jealousy were set aside -- both agencies and constituency group showed a unique willingness to accommodate, compromise, and work together to produce a first rate and bold plan.

THE CONCERNS - The concerns and problems of the system are enormous. Jim's memo touches on some of the problems. There are some additional points that might be made. From our initial conversations there was a real concern that the statistical system was not serving the needs of key decision-makers beginning with yourself, senior Cabinet officials, and key White House staff. While statisticians are often concerned with the accuracy and methodology of series, we at a different level were equally concerned with the need for primary decision makers to have the right information, good thorough analysis particularly of cross-cutting issues to help in decisions, timely information particularly that which can provide some early warnings of problems arising. Frankly, I was drawn personally by one overriding concern -- how do we make the system more responsive and helpful to you, the President. In addition, there was real concern and focus on the accuracy and relevance of certain data. The accuracy problem has been well focused in the economic arena -- too often data of known real limits by the collectors is utilized by decision makers who are so far removed from the collecting that they are unaware of those limitations. Also too many of the wrong things are measured -- often because they have always been collected -- and too many crucial areas are never adequately touched. Finally, there is enormous waste and duplication in the system -- agencies unbeknownst to each other will collect the same data for different

needs -- increasing both paperwork and cost. Without guidance too much money is spent on tasks of marginal need and too little effort expended on crucial needs. Finally, as we have discussed, uncontrolled dollars spent on needless contracts, surveys, evaluations, etc., under the guise of statistical needs, which sometimes only enrich consultant firms, are a minor national scandal.

The system is thus scattered all over the place, nobody in any statistical agency, in any department, really knows what anyone else is doing. Nobody is in charge.

All of these were real concerns but the one that predominated in my and Jim's thinking was how do we make this system more valuable and productive for decision makers, particularly the President. The project accomplished that goal admirably.

SOLUTION - Jim's memo outlines the solution of a Central Statistical Office (CSO). We felt on careful study that a centralized system would be a grave mistake -- there are real advantages to a decentralized system. What is needed is a central coordinating unit -- with some real clout (budget and forms clearance) to set priorities, enforce discipline and lead. The unit as envisioned would coordinate, set priorities, work with OMB on budgets, and work on improving statistical systems. In addition, it would encourage more analysis for decision makers and to some extent, itself provide cross-cutting analysis for the Executive Leaders, particularly yourself.

Interestingly enough, almost every statistical agency in every government department supporting this approach even thought it requires giving up some individual power and turf. That unprecedented support can only be explained by their covering over their own ineffectiveness and the opportunities they see such coherence providing.

OPTIONS - You have been presented three options on the location of the CSO, with one recommended by Jim which I and I think everyone directly involved supports. I would like to comment on each -- in a slightly different order.

Option 2 - Central Unit in Commerce

Everyone is opposed to this option except, naturally, Commerce. Even inside Commerce, the Census Bureau, which would tend to dominate the structure, opposes this option. The constituency groups oppose this. Frankly, it does not make sense for one Department to try and run the statistical operations

of its peer departments. Also, you should know that when the exiting weak coordination unit was sent out of OMB to Commerce in 1977 in an effort to reduce OMB's size that it was understood by all to be a temporary move until the Statistical Reorganization Project was completed. This option, I believe would be a serious mistake. (Also, Congressman Brooks is adamantly against this approach.)

Option 3 - OMB, or another agency

On first glance, OMB might seem to be a natural home. However, the problem that existed in the first place was that given other functions, OMB was never able to give much attention to statistics -- it became the proverbial stepchild. We all agree that the move to Commerce in 1977 indisputably proved that point. Jim McIntyre, John White (OMB), Wayne Granquist (OMB), and myself all believe this option would be a mistake that the statistical functions would just get lost again, that it would never develop properly.

Other agencies explored just don't make any sense.

Option 1 - EOP

This is the preferred option of all who have been involved in the project. We all share reluctances which are outlined in Jim's memo. However, it is by far the best approach, in my opinion and I feel particularly strongly about it. Given the goals and hopes for the effort, this location has the best chance to succeed. Frankly, with the government-wide network of statistical conclaves in EOP it is the logical place to put the coordinating unit particularly if it is to be responsive and useful to Executive Branch decision makers. Also, we have worked out a plan where the CSO would work closely with OMB on budget matters.

The concern over the political problems of increasing the EOP are well understood. However, I think Jim McIntyre's suggestion of legislation with a Spring 1981 starting date is an ingenious solution. First, it removes any hint of an effort to politicize statistics -- by establishing it in the next Administration. Second, it removes the onus of expanding the EOP in this term and puts it into a second term. We all feel that will solve the political expansion problems.

This option by far offers the best hope for a major success and I believe, offers the most potential service to you and future Presidents.

RISKS - Really, almost none for a change. The constituency groups favor it. There are really no powerful blocs who care enough or feel threatened enough to raise the hackles of the Congress or cause the kind of problems we have seen in other efforts. It is one of those unique opportunities in part due to obscurity and an esoteric nature that allows a clear, bold reorganization with profound potential dividends.

SOME MINOR POINTS - I was hopeful that much of this could be done without Legislation but that appears unlikely. However, the Legislators seem eminently feasible tied to other related Legislation. Also, the size of the unit has been sharply reduced in the last McIntyre draft. I think it is fair to point out, given the functions that more help over time will be needed -- but much of that can be provided by the statistical agencies in the Government themselves.

PERSONAL CONCLUSION

I strongly believe that this reorganization effort is one of those unique opportunities to implement a bold far reaching plan with great long term dividends without paying any real cost. As the years go on, a vibrant, responsive statistical system conscious of decision makers needs can pay incalculable benefits to you, future Presidents, and the country. It can make statistics a far more valuable tool than it is presently.

It will provide you with a real analytic workshop on cross-cutting relevant issues and a valuable early warning system as well. If nothing else I can guarantee that this operation will through priority setting and budget coordination be able to save many presently wasted dollars. I also am delighted to point out that if nothing else such an effort will permit a major attack on the wasteful statistical, survey, evaluation, and consultant contracts that drain off God knows how much money.

Although many would consider this whole area boring and insignificant, I can assure you that it is an exciting and bold undertaking. Much hard painstaking work and thinking have gone into this project, it has been a small but impressive effort. Much credit must go to Jim McIntyre for his broad view and steadfastness.

As you can gather, I feel very strongly about this. Years from now I think it will be cited as an effort little noticed at the time which, in hindsight, was an enduring and important achievement of your Administration. I fervently hope you will agree with this effort and Jim's recommendation. If you have any doubts that this is the road to go, I would appreciate the opportunity to speak with you on it before you make a different decision.

ID 795959

THE WHITE HOUSE

WASHINGTON

DATE: 02 JAN 80

FOR ACTION: STU EIZENSTAT

AL MCDONALD *nc*

FRANK MOORE *nc*

JACK WATSON

ANNE WEXLER *agrees*

** Pat CADDELL will attached comment per Rogoff.*

Richard Hatden

INFO ONLY: THE VICE PRESIDENT

CHARLES SCHULTZE

Concurs/ will also send memo Attached

SUBJECT: MCINYRE MEMO RE IMPROVING THE FEDERAL STATISTICAL SYSTEM

++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM FRIDAY 04 JAN 80 +
++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

Electrostatic Copy Made for Preservation Purposes

ID 795959

THE WHITE HOUSE

WASHINGTON

DATE: 02 JAN 80

FOR ACTION: STU EIZENSTAT

AL MCDONALD

FRANK MOORE

JACK WATSON

ANNE WEXLER

INFO ONLY: THE VICE PRESIDENT

CHARLES SCHULTZE

SUBJECT: MCINYRE MEMO RE IMPROVING THE FEDERAL STATISTICAL SYSTEM

+++++

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

+ BY: 1200 PM FRIDAY 04 JAN 80 +

+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: ~~NO~~ CONCUR. (✓) NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE

WASHINGTON

January 10, 1980

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
RICK NEUSTADT

SUBJECT: McIntyre Memo on Improving
the Federal Statistical System

We agree with Jim that oversight of statistical systems should be strengthened but recommend Option #3 (assigning the function to OMB to be handled by a new, high-level political appointee.) Option #1 (creating a new EOP unit) would be inconsistent with your policy of streamlining the EOP and would create a management problem because the EOP unit would report directly to the President without any intermediate supervision.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

January 4, 1980

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CS*
Subject: Jim McIntyre's Memo on Improving the Federal
Statistical System

I strongly support Jim's recommendation to place the central statistical organization in the EOP. That is the best location for several reasons:

- (1) It provides the greatest assurance that the Federal statistical system will respond to the needs of economic policy makers.
- (2) It provides the Chief Statistician with sufficient independence and leverage to develop and implement a program for improving Federal statistics. Leverage is needed for two reasons: First, because heads of large statistical bureaucracies are not always as flexible and responsive to the needs of others as they should be; Second, even when they are (and the record in recent years has been good), they sometimes have problems getting new or expanded programs through the heads of their own agencies, because statistical programs are often given low priority within department budgets.
- (3) It provides for an evaluation of statistical needs that does not give primary emphasis on keeping expenditures low, as would be the case if the organization were located in OMB. It is always tempting to defer maintenance of statistical programs during periods of budget stringency, but the long-run costs of doing so are substantial.

The only significant disadvantage of going in this direction is that it increases the size of the EOP and thus is contrary to an important objective of your Administration. The substantive advantages of a central statistical system in the EOP, however, are large, and I therefore urge you to follow Jim's recommendation.

THE WHITE HOUSE
WASHINGTON

14 Jan 80

Stu Eizenstat

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

Rick Hutcheson

Chemapec Inc.

230 Crossways Park Dr.
Woodbury, N.Y. 11797
Telephone: 516 364-2100
Telex: 144698



January 8, 1980

To Steve
J

President James Carter
White House
1600 Pennsylvania Avenue
Washington, D. C.

REFERENCE: GASOHOL

Dear Mr. President:

I was very impressed with your Address To the Nation on January 4, 1980 on the Soviet intervention into Afghanistan. I was also very pleased regarding your statement to increase amounts of grain devoted to the elimination of hungry, poor countries and the massive increase of the use of grain for gasohol production here at home.

I was born in Switzerland and experienced during the Second World War, that, a nation previously fully dependent on foreign oil, was able to survive when its borders were closed, by utilizing alcohol for car fuel. I later immigrated to the United States trying to market alcohol plants based on process technology developed in Switzerland, but built entirely with U.S. manufacture equipment. Because I like this Country very much, I became an American citizen and it is my desire to make this land less dependent on oil imports.

Initially it was very difficult to promote the production of ethanol from grains because oil companies, as well as other major industries, contested that the energy balance for such processes were negative. There was also great resistance by individuals such as Mr. Bergland of the Department of Agriculture, who contended that food was destroyed during the production of alcohol, which is the case if the classical method with DDG by-product is used.

At the invitation of Senator George McGovern and Congressman Berkley Bedell, I was able, during the Subcommittee Hearings on Capitol Hill in Washington to bring our message across that there is a positive energy balance and no food value of the grain has to be destroyed in the production of ethanol, if a more advanced process is applied.

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for Preservation Purposes**



Page 2
January 8, 1980

Without any Government support, our Company has spent a tremendous amount of money to develop such a process, with data verified in our pilotplant, for the production of power alcohol in which we obtain an energy gain through the availability of several by-products at low energy input. The thermal energy spent on starch solubilization and ethanol distillation is recycled to the maximum extent possible. Some by-products, one of them containing up to 60% protein, could still be devoted to the alleviation of hunger in poor countries as mentioned in your Address. Others have a high nutritional value for animal feed.

During the past year, I met with many farmers across this great Country who would like to build alcohol plants. They seem to be encouraged by the Department of Energy to put up small "stills" on their farms. Our feasibility studies, however, show that such small installations are very inefficient. If labor and cost of raw material is taken into account, it will cost a farmer approximately \$2-\$3 to produce one (1) gallon of ethanol. There are many other problems related to such projects as well.

In order to produce alcohol in such amounts that less oil would have to be imported, the plants would have to be in the size of 20-40 million gallons per year. They have to be energy efficient and all possible by-products must be extracted. This will make it possible to produce one gallon of alcohol for approximately 50-70 cents based on the current market price of corn.

Such installations would be a tremendous boost to farmers and our rural communities. The price of their crop would no longer be dictated by big business, market situation, politics, etc.

Groups of farmers and businessmen in states such as Nebraska, Iowa, Michigan, Indiana, etc. have decided to build alcohol plants. They have purchased the necessary land and did all their homework. We supplied feasibility studies for them which look tremendously attractive. We brought them together with potential money lenders who made all kinds of promises, but none of these plants have as yet been financed, because these people have no credibility, even if they are very sincere and would provide the basis for a tremendous new industry.



Page 3
January 8, 1980

I urge you, Mr. President, to help these people by providing the promised loan guarantees by the Government. We must no longer wait since it takes approximately 18-24 months to construct such plants for the production of ethanol which will not only provide a cleaner and more efficient fuel in gasohol, but also will reduce the oil imports.

For evaluation by your experts, I have enclosed several booklets with technical data on our PEC Process, in order to convince them that every possible effort must be made to reduce the energy requirement for the production of ethanol.

I hope that our expertise in building the most efficient alcohol plants will be utilized under your proposed Gasohol Program.

Sincerely yours,

CHEMAPEC, INC.

Rene F. Loser
Vice President
Chief Executive Officer

RFL/ar
Enclosures (3)

THE WHITE HOUSE
WASHINGTON

14 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

THE WHITE HOUSE

WASHINGTON

January 9, 1980

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON
ARNIE MILLER

SUBJECT:

Deputy Coordinator for United States Refugee
Policy and Program

You recently nominated Victor Palmieri as Ambassador at Large and Coordinator of U. S. Refugee Policy and Program.

We join Secretary Vance in recommending that Palmieri's Deputy, Frank E. Loy, be accorded the rank of Ambassador during his service to the U. S. Refugee Policy and Program. We have been advised by Ben Read that this designation would enhance Loy's international effectiveness and the success of our refugee effort.

Ambassador Henry Owen concurs.

RECOMMENDATION:

Nominate Frank E. Loy for the rank of Ambassador during the tenure of his service as Deputy Coordinator of United States Refugee Policy and Program.

APPROVE

DISAPPROVE

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for Preservation Purposes

NAME: Frank Ernest LOY

AGE: 51

EDUCATION: BA, University of California at Los Angeles, 1950
LLB, Harvard University, 1953

PROFESSIONAL EXPERIENCE:

1954 - 1961 Attorney, O'Melveny & Myers

1961 - 1962 Special Assistant to the Administrator of the
Federal Aviation Administration

1962 - 1963 Director, Office of Policy Development,
Federal Aviation Administration

1963 - 1964 Special Counsel to the Administrator, Agency
for International Development

1965 - 1970 Deputy Assistant Secretary of State for
Transportation and Telecommunications

1970 - 1973 Senior Vice President, Pan American World
Airways

1974 - present President, Pennsylvania Company

United States Army: 1953 - 1955

THE WHITE HOUSE
WASHINGTON

14 Jan 80

Benjamin Civiletti

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

Rick Hutcheson

cc: Lloyd Cutler
Zbig Brzezinski

THE WHITE HOUSE

WASHINGTON

1/11/80

Mr. President:

Lloyd Cutler and Dr. Brzezinski recommend that you ask the Attorney General to seek affidavits from all the person attending the Policy Review Committee meeting on the Morocco arms debate. Another alternative they suggest is to request affidavts from the most likely suspects, however, recommend that you seek affidavits from all knowledgeable persons.

In the future, they add that we want to have all people who attend such meetings to report to Jody or Zbig any press contacts.

Jody has no problem with serving affidavits.

Lloyd Cutler's memo is attached to the Attorney General's if you wish to read it.

Rick/Patti



Office of the Attorney General
Washington, D. C. 20530

January 10, 1980

MEMORANDUM FOR THE PRESIDENT

In response to your request, the Department has been conducting an investigation of the circumstances surrounding an article in the October 18, 1979 issue of The Washington Post, entitled "Carter Advisers Split on Morocco Arms Debate."

The Federal Bureau of Investigation agents have interviewed all 14 persons who attended the meeting of the Policy Review Committee which is described in the article, as well as 20 others who were briefed on the results of the meeting or who had had access to the documents placing the proposals described in the article before the group. Those interviewed included the Secretary of State and his Deputy, your National Security Adviser and his Deputy, and others of lesser rank in the government. No other persons of Cabinet or high White House staff rank were present at the meeting or had access to the documents in question.

The investigation has not resulted in the identification of the leaker. All of those questioned denied being the source of the article, and two equally plausible explanations exist for why the information may have been disclosed. On the one hand, the leak arguably was designed to serve as a source of pressure on you to choose to maintain existing policy on arms sales to Morocco. On the other hand, the leak could have been calculated to force you to select the option of making major arms sales to that country. It is impossible to know which policy preference motivated the leaker, and thereby to narrow the group of likely suspects.

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Our only remaining investigative tool, in my view, would be to request that all of the persons who had access to the information provide sworn affidavits attesting that they did not disclose the information to unauthorized persons. I would appreciate your guidance as to whether we should take this step.

The argument in favor of seeking affidavits is that doing so would clearly underscore your and the Department of Justice's concern about the impact on our national security of this kind of disclosure; some deterrent effect on future disclosures might thereby result. It is possible, though highly unlikely, that a request to execute a formal written denial of culpability, with criminal penalties available for false statements, would lead the source of the leak to reconsider his previous denial.

Nevertheless, given the high stakes in terms of reputation and career that would be at issue for the individual concerned, the affidavit procedure will, in all probability, be futile. Thus, the taking of affidavits will be little more than a purely symbolic step which may be interpreted by some as an expression of a lack of trust and confidence within the Administration. This, of course, is precisely the kind of negative result from a leak of classified information that makes such unauthorized disclosures so dangerous.

Please let me know your decision on this matter.



Benjamin R. Civiletti
Attorney General

Take affidavits _____

Close investigation _____



THE WHITE HOUSE
WASHINGTON

10-18-79

To Attorney General

Please investigate and
let me have your best
assessment of how this
leak occurred. This is
typical of a pattern -
some quite damaging to our
country. Please expedite.

J. C.

cc: Zbig Brzezinski

4573

Carter Advisers Split on Mo

By William Branigin

Washington Post Foreign Service

Key members of a top U.S. policy-making body are urging President Carter to approve the sale of new American weaponry to Morocco to help King Hassan II fight insurgents who are waging a desert war for control of the disputed Western Sahara.

According to administration sources, a Cabinet-level Policy Review Committee wound up a session Tuesday sharply split over proposals to meet Hassan's request for armed OV10 Bronco reconnaissance planes and Cobra helicopter gunships to combat guerrillas of the Algerian-backed Polisario Front. The guerrillas have carried out several attacks in recent months against targets in Morocco.

The sources said, however, that there was a consensus not to recommend sending U.S. experts to train Moroccans in counterinsurgency techniques, a proposal made in Washington as part of a list of options.

The policy debate basically revolves around the question of how far the United States should go in trying to prop up Hassan, a pro-American monarch whose damaging war with the Polisario guerrillas risks undermining him domestically and putting him on the path of the deposed shah of Iran.

Government sources said members of the policy committee—representatives from the Central Intelligence Agency, the National Security Council, the Joint Chiefs of Staff and the Defense and State departments—were unable to agree on a single recommendation and are to present option papers to the president, who will decide the administration's policy on the issue. A decision to sell King Hassan the arms he wants could face objections in Congress, sources said.

If adopted, a policy to meet the king's requests would mark a departure by the United States from its carefully maintained neutrality in the dispute over the sparsely populated but mineral-rich Western Sahara.

In any case, recommendations at the meeting by representatives of the National Security Council, the Pentagon and the joint chiefs to sell Morocco weapons provides a key indication of administration leanings on an issue that poses a foreign policy dilemma

and has created divisions within the government.

The State Department and its subsidiary body, the Arms Control and Disarmament Agency, are reticent about the sales, the sources said. The sources said CIA's position tends to buttress arguments against the sales.

The proposed arms sales are intended to show support for a longtime ally and to demonstrate to other countries, notably Saudi Arabia, that the United States will stand by its friends, sources said.

On the other hand, the sales would risk damaging U.S. relations with Algeria, an important OPEC member which supplies 9 percent of U.S. oil imports, the sources said. The sales also could alienate countries in the Organization of African Unity, which voted at a recent meeting in favor of self-determination for the Western Sahara despite Moroccan objections.

The policy dilemma is similar in some respects to that faced by the administration when another longtime U.S. friend, the shah of Iran, was fighting to stay in power last winter. Repeated statements of strong U.S. support for the shah contributed to anti-American feeling in Iran and left Washington with little influence there when he was overthrown.

The administration faced a similar quandary when Sandinista guerrillas began to make gains against the Nicaraguan government of Anastasio Somoza. Some analysts believe Washington may run up against such dilemmas in other countries where the durability of pro-American leaders is in question, notably in Zaire and the Philippines and perhaps eventually in Saudi Arabia.

In the present policy debate, the CIA is understood to take the position that the new U.S. weaponry would do King Hassan little good, because his main military problems cannot be solved by equipment. Fearing a coup attempt amid signs of increasing disaffection in the Moroccan military, the king has mired himself in a losing battle by limiting communications among his commanders and thus reducing flexibility in moving his forces, the sources said.

This also is understood to be the

view of the State Department's African section.

National security adviser Zbigniew Brzezinski and the State Department Near East bureau are said to favor the sales to Morocco, emphasizing their alarm over Polisario guerrilla raid into Moroccan territory.

Currently the U.S. policy is to sell Morocco some weapons, such as anti-defense systems and transport helicopters, but not equipment particularly suited for use in the Western Sahara. Washington previously sold Morocco F5 fighter aircraft, which have been employed recently in the desert war despite an agreement limiting their use to internal defense.

The disputed 105,000-square-mile territory, previously called the Spanish Sahara, was ceded by Spain to Morocco and Mauritania in 1975. But the Polisario Front, which claims to represent the territory's 80,000 inhabitants, soon launched a guerrilla war aimed

rocco Arms Debate

at acquiring independence for the region.

Mauritania, its economy badly hurt by the war, signed a peace agreement with the guerrillas in August, relinquishing its claim to the southern third of the Western Sahara. Morocco, which had held the northern two-thirds, then extended its claim to the entire territory in a move that made its already overextended forces and supply lines more stretched and vulnerable than ever.

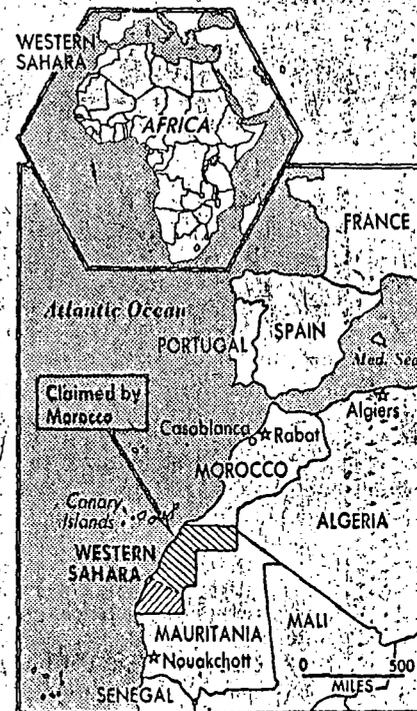
In addition to its phosphate riches, the Western Sahara is believed by some experts to contain oil shale and the world's largest reserves of uranium. Morocco, which already ranks as the world's largest exporter of phosphates, is eager to become a producer of the potentially more valuable energy source.

Alarmed by the intensifying Polisario attacks on Morocco and King Hassan's increasingly precarious domestic position as the war drained his

economy, the Carter administration told Congress in July that it wanted to change its policy on arms sales to Morocco. The Senate Foreign Relations Committee approved easing the restrictions by a narrow majority, but did not make clear what specific weapons it would agree could be sold.

In the House, significant opposition to a change in arms sales policy was expressed. Some congressional opponents cited improving relations with Algeria, noting that American firms have won more than \$6 billion in contracts there since the early 1970s and that the Algiers government has taken positions opposed to the Soviets on several issues.

Opponents of the proposal to sell Hassan the equipment he wants have said there are other ways to show support for him than to identify the United States with an issue that appears likely to rebound against Washington in the future and alienate other U.S. friends in Africa.



By Dave Cook—The Washington Post

CUTLER MEMO

THE WHITE HOUSE

WASHINGTON

January 10, 1980

MEMORANDUM FOR RICK HUTCHESON

FROM: LLOYD N. CUTLER

SUBJECT: Security Leak Investigation (Morocco)

I have reviewed the Attorney General's memo to the President dated January 10 on this subject. I have also discussed it with Dr. Brzezinski and the Attorney General. In order to emphasize how seriously the President regards leaks of this type, Dr. Brzezinski and I recommend that the President ask the Attorney General to seek affidavits from all the persons who attended the meeting or knew about the results or the documents.

The Attorney General points out that he is currently completing two other investigations dealing with similar leaks. He suggests, and I agree, that we wait for his reports on these other two investigations and then pick out one of the three cases as the best for taking affidavits. The fact that the affidavits are being taken will ricochet throughout the national security community and it should be a sufficient warning to do so in one case instead of all three.

Another alternative would be to request affidavits only from the most likely suspects. However, to set the right example, and particularly since there is no evidentiary basis for identifying likely suspects, the Attorney General and I recommend that affidavits be taken from all knowledgeable persons.

The Attorney General advises that the other two investigations should be completed within two or three weeks. If there is a delay he will let us know and we can use the Moroccan case to take the affidavits.

For the future we may want to consider a requirement that all who attend meetings of the NSC or its sub-committees must report to Jody or Zbig any press contact they have relating to the subject matter of the meeting. While such a rule might not be fully observed, its existence would have a deterrent effect on leaking since it would create a starting point for investigation when a leaked item appears.

cc: Dr. Brzezinski

THE WHITE HOUSE

WASHINGTON

1/14/80

Secretary Bergland
Jody Powell

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

Rick Hutcheson

Pl grain trader

cc Today

& England J

WILLIAM A. QUAIN
ROUTE 3, BOX 129
WAYZATA, MINN. 55391

3260

Maplewood
Road

Telephone:
TRADING FLOOR
332-6212

(Ack the from
President sent
1/11/80
J)

Telephone:
HOME 473-2003
OFFICE 473-1291
475-2064

1/5/80

Dear Mr. Carter

you have the patience of a Saint
and the guts of a burglar.

your patience with Iran is
amazing.

your courage with the Russians
is fantastic.

I am a grain trader who is
going to get beat up on Monday.
I'm long wheat and it will cost
me. Perhaps even break me. However
before the market closed on Friday
I asked myself; "just what will the
President do?" I answered myself
with; "He will do the just and
honest thing."

In my opinion Mr. President you
did the just and honest thing; you
should be commended. I am only

WILLIAM A. QUAIN
ROUTE 3, BOX 129
WAYZATA, MINN. 55391

Telephone:
HOME 473-2005
OFFICE 473-1291

Telephone:
TRADING FLOOR
336-3653 or 332-6212

one lousy Republican in
Minnesota, but you have my
vote and have had for the last
two years.

My prayer is that God be
with you at all times.

Very truly yours
William A. Quain

THE WHITE HOUSE

WASHINGTON

1/14/80

FOR THE RECORD:

JODY POWELL RECIEVED A COPY
OF THE ATTACHED.

JD0341

THE WHITE HOUSE
WASHINGTON

J. L.

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The Cavalier Daily

90th Year

University of Virginia, Charlottesville, Monday, November 19, 1979

Number 60

short takes University

Good morning. Today and tomorrow will be mostly sunny and warm with the high both days in the low 70s. The low tonight will be in the mid 40s.

Refugee panel hosted

A panel discussion on "The Plight of the Southeast Asian Refugee" will be presented by the John Basset Moore Society of International Law tonight at 8 in the South Meeting Room, third floor Newcomb Hall.

Escort Service interrupted

The Escort Van service will not be in operation for one week beginning today. Service will resume Monday, Nov. 26.

Committee post open

Engineering students interested in serving as Judiciary Committee representatives may leave their names with the committee secretary in the student government offices, fourth floor Newcomb Hall.

Memorial services planned

Timothy Joseph Trouche, a May 1979 College graduate, died Saturday morning in Charleston, S.C. after a lengthy illness. Funeral services will be held this morning at Charleston's St. Mary's Church.

Pi Kappa Phi fraternity tentatively has scheduled a memorial service for Trouche for tomorrow afternoon. Time and location of the service will be announced later. Those interested in obtaining more information on the memorial service may call Pi Kappa Phi at 977-9603.

Representative needed

Fourth-year College students interested in a College Council representative post should contact

Brushes with law stain Kennedy's past



Sen. Edward M. Kennedy: a horse-rustling Wahoo?

"I've known Kennedy to be called lots of things — but never a horse thief." Kennedy Press Secretary Thomas P. Southwick

By SUSAN GREGG

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A Charlottesville resident, however, has different ideas about presidential hopeful Sen. Edward M. Kennedy, D-Mass.

Mrs. Roy Wheeler maintains that while Kennedy was a University Law student in 1959, he stole two horses from her farm on the outskirts of Charlottesville. She also claims the Albemarle County Sheriff's department was able to prove Kennedy responsible for the theft.

"They knew it was Kennedy because of his tire tracks and shoe prints on my property," Wheeler said, adding that the University's Honor Committee came to her and told her if she pressed charges Kennedy would not graduate.

"But 'I didn't want to do that; I just wanted to scare the hell out of him.'"

Wheeler refused comment on whether Kennedy ever returned the horses.

Kennedy's office in Washington, however, denies Wheeler's claims. Southwick said the senator was not involved in any action concerning a horse theft.

Although investigating Sheriff W.S. Cook is no longer living, his personal records from April 1959 state, "Today am investigating theft of horse."

No other officer of the Albemarle

County Sheriff's office could recall the alleged incident.

The Albemarle County Sheriff's office did not keep records at that time.

During Kennedy's stay at the University, he had several well-documented run-ins with the sheriff's department.

On March 21, 1958, Kennedy, then a second-year Law student, was arrested by former Albemarle County Deputy Sheriff T.M. Whitten for reckless driving and racing. According to Whitten in his Oct. 25 report to The Daily Progress, "Kennedy cut off his

he was expelled on a cheating charge. Though he was later readmitted to Harvard, 1959 University Honor Committee Chairman David F. Apple wrote a letter to then-University Law School Dean Frederick G. Ribble asking why a man who had committed an honor offense at another university was accepted at the University of Virginia.

But a former Law School professor said they felt that if Harvard had readmitted Kennedy, "then there was no reason why Virginia should not accept him."

'I didn't want to (prosecute) - I just wanted to scare the hell out of him'

lights and tried to outrun me." Kennedy was convicted and fined \$35.

He was arrested again on April 15 by State Police officer C.C. Cain for speeding 65 mph in a 55 mph zone, after which Kennedy was convicted and fined \$15.

Kennedy's final encounter with the sheriff's department was on Dec. 11, 1959, when officer L.E. Paie charged Kennedy with failure to heed a red traffic light. Kennedy was convicted in absence and fined \$10.

But Kennedy had problems before he ever came to the University. While doing undergraduate study at Harvard,

People who knew Kennedy at the University have differing recollections of the presidential hopeful.

Waller A. Horsley, a law school classmate, recalls Kennedy drove a convertible, which was "kind of flashy in those days. You got the impression he was from an Ivy League background."

Kennedy and his roommate, former California Senator John V. Tunney, often frequented social activities at Chi Psi fraternity, though they were not members. 1959 Chi Psi President

See KENNEDY, page 4

Gless tenure denial provokes uproar



Release of 12 in Iran

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...olve said Hamilton's recom-
mendation of tenure "suggests it is not
impossible to get tenure in the
department."

MacLean, however, said, "If (the
department) is refusing tenure to

Spenser.

Gless said he may teach here next
year, but not if he gets a job at another
university.

He added, "I won't be happy about
leaving."

Kennedy

Continued from page 1

Malcolm Jones said that once when the
fraternity held a closed party, Kennedy
and Tunney "got a little pushy" about
joining the festivities, and "we had to
get a little pushy ourselves."

Jones added that "one fraternity
brother wanted to take Tunney on and
we had to restrain him. It's a good thing
we did because the fraternity brother
wasn't half the weight of Tunney"
whose father retired undefeated in 1928
as the world heavyweight boxing
champion.

Horsley said he doesn't remember
the senator as being especially wild. "I
served on the Student Legal Forum
with Kennedy and he was a gracious
host, but when it came to his social life
Ted was fairly discreet."

It seems Kennedy studied almost as
hard as he played. Kennedy and
Tunney were both in the library early
every morning according to Horsley.
"Ted and John once won a moot court
competition and it was a legitimate
reward for them."

Former University Law Prof.
Charles Gregory, who had both Ted
Kennedy and brother Robert in class,
recalls Ted was a hard worker.

"Bob may have been brighter, but I
gave Ted higher marks because he
worked harder," according to Gregory.
"I gave him a 3.0 in Labor Law and he
really worked for it."

Gregory noted that when Ted was
ready to graduate "he came by my
office to thank me for all I had done for
him. Of all the thousands of students I
had, only about six did something like
that."

In May of 1959 Kennedy took his law
degree from the University, but even
after graduating, Kennedy had more
problems to face.

The night of July 18, 1969, will forever
haunt Ted Kennedy. That night,
Kennedy attended a party on Martha's
Vineyard, a Massachusetts resort
island near Chappaquiddick. Five men
and six women who had been involved
in Robert's presidential campaign also
attended. After several hours of par-
tying Kennedy and Mary Jo Kopechne,
28, left in Kennedy's black Oldsmobile
sedan.

Kennedy was cruising along a dirt
road when suddenly he plunged off
humpbacked Dike bridge into Poucha

Pond. Though Kennedy managed to
escape from the automobile which lay
in six feet of water, Kopechne did not.

Kennedy walked more than a mile
back to the party where he told his
cousin, Joseph Gargan, and Paul
Markham about the accident. The three
returned to the accident scene and tried
unsuccessfully to find Kopechne's body.

Markham and Gargan then allegedly
drove Kennedy to a ferry so he could go
back to the inn at which he was staying
in Edgarstown. Because the ferry was
closed Kennedy claims that he swam a
channel 500 feet wide and then walked
back to his hotel. It was not until the
next morning that Kennedy reported
the incident to the police.

According to University English
Lecturer Champ Clark, head of the
Time magazine task force which
covered the Chappaquiddick incident,
Kennedy had gone about half way
across the bridge when the car went in
the water.

"Kennedy, who had been drinking
heavily at the time, later claimed he
swam 500 feet to get back to town,"
Clark said. "But that's a right smart
swim and he'd have to be one hell of a
swimmer — he ought to be in the
Olympics."

Soon after the Chappaquiddick in-
cident in 1969, Federal Court Judge
Stuart F. Head altered Kennedy's
police record to delete "racing" from
the "reckless driving and racing"
charge recorded in 1959.

Head is no longer living and no other
police official could explain the change
made in Kennedy's record.

Still the question remains: could
Kennedy's youthful liveliness cost him
the Democratic presidential
nomination?

There are those who feel Kennedy's
personal life has nothing to do with his
potential to be a competent president.
According to Robert Newman, deputy
chairman of the Democratic National
Committee, people will get tired of
talking about Kennedy's past.

As the presidential primaries ap-
proach "the issues will become more
clearly defined and the campaign will
become more traditional in nature."

But according to New York Times
columnist William Safire, "When in big
trouble, Ted Kennedy in repeated
history has been known to run, to hide,
to get caught — and to get away with
it."

Steaks-Seafood
Veal Parmesan
Chicken Cacciatore
Eggplant Parmesan

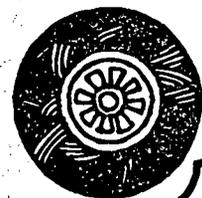
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CL



1. VERNON WEAVER, ARTHUR LEVITT & OTHER COMMISSIONERS, AND DELEGATES:
2. IT IS A PLEASURE TO BE WITH YOU, ~~TODAY~~.
3. I WELCOME YOU TO THE FIRST WHITE HOUSE CONFERENCE ON SMALL BUSINESS.
4. THIS GATHERING FULFILLS AN AMBITION OF MINE ↘
TO HAVE THE VOICE OF SMALL BUSINESS HEARD LOUD & CLEAR IN WASHINGTON. /
5. IT IS ALSO A CREDIT TO THE WORK OF ← 1974 → 3 YRS AHEAD TO PREPARE =
5 YRS → NOW HERE WE ARE!
SENATOR GAYLORD NELSON & CONGRESSMAN NEAL SMITH, AND OTHER MEMBERS OF CONGRESS.
6. THIS CONFERENCE IS BOTH THE CULMINATION OF ~~THE~~ YEARS-OF-HARD-WORK ↘
AND A BEGINNING-FOR-RENEWED-EFFORTS.
7. IT IS A PROUD DAY FOR ALL OF US. //
8. WE ARE ALSO MEETING AT ONE OF THE MOST-TRYING-TIMES IN OUR COUNTRY'S HISTORY.
9. I WANT TO TALK BRIEFLY ABOUT THAT.
10. AS CITIZENS OF A FREE SOCIETY, AS SUPPORTERS OF HUMAN-FREEDOM- & -DIGNITY,
WE HAVE BEEN JUSTIFIABLY-OUTRAGED ABOUT RECENT INTERNATIONAL EVENTS.
11. WE ARE OUTRAGED THAT, HALF A WORLD AWAY, ↘
THE IRANIAN GOVERNMENT HOLDS SOME 50 AMERICANS HOSTAGE,
IN VIOLATION OF INTERNATIONAL LAW & COMMON DECENCY. /
12. AND IN THAT SAME TROUBLED PART OF THE WORLD ↘
ARMED FORCES OF THE SOVIET UNION HAVE LAUNCHED A MASSIVE INVASION ↘
OF THE SMALL, NON-ALIGNED COUNTRY OF AFGHANISTAN.

1. YET FOR ALL OUR ANGER,
THE UNITED STATES HAS RESPONDED WITH ^{A COMBINATION OF} RESTRAINT AND ~~WITH~~ FIRMNESS.
2. FOR ALL THE WORLD TO SEE,
WE HAVE REASSERTED ^{OUR COMMITMENT TO} THE RULE OF LAW IN INTERNATIONAL CONDUCT
AND WORKED CAREFULLY WITH ^{OUR ALLIES AND WITH} THE UNITED NATIONS.
3. WE WILL CONTINUE TO PROTECT AMERICAN INTERESTS
AND, IF POSSIBLE, PRESERVE THE PEACE.
BUT WE WILL PROTECT OUR OWN INTERESTS, USING WHATEVER ACTION IS REQUIRED!
4. AMERICA WILL NOT GIVE ^{INTO} TERRORISM OR INTERNATIONAL INTIMIDATION,
WHATEVER ITS FORM OR WHEREVER IT OCCURS. //
5. I HAVE BEEN VERY PROUD OF THE AMERICAN PEOPLE.
6. ^{WE} ~~YOU~~ HAVE RISEN TO THE OCCASION AS A UNITED NATION.
7. ^{WE} ~~YOU~~ HAVE SPOKEN LOUD & CLEAR WITH ONE VOICE --
AND THE WORLD HAS LISTENED WITH RESPECT.
8. ^{ECONOMIC} SOME OF OUR ^A ACTIONS DIRECTLY INVOLVE YOU,
WHO REPRESENT SMALL BUSINESS ENTERPRISE IN OUR COUNTRY.
9. YOU HAVE DEMONSTRATED YOUR WILLINGNESS TO MAKE A REASONABLE SACRIFICE
FOR THE SECURITY & WELL-BEING OF THE UNITED STATES.
10. I THANK YOU FOR THIS SUPPORT.

1. NORMAL TRADE & COMMERCE HAS BEEN INTERRUPTED
IN ORDER TO DEMONSTRATE VIVIDLY OUR ABHORRENCE & CONDEMNATION
OF TERRORISM & MILITARY AGGRESSION AGAINST INNOCENT PEOPLE. *UNDER BEST
CIRCUMSTANCES, NORMAL TRADE WILL NOT SOON BE RESUMED WITH THE SOVIET UNION*
2. IN REACHING MY DECISION TO ACT, I HAD TO FACE SOME TOUGH CHOICES.
3. THERE ARE MANY RISKS.
4. THERE ARE ECONOMIC COSTS.
5. WE ARE SHARING THOSE COSTS,
SO THE BURDEN WILL NOT FALL ^{Just} ~~ONLY~~ ON YOU OR ^{Just} ON AMERICAN FARMERS
OR ON ANY OTHER PARTICULAR GROUP.
6. ^{To PROTECT OUR NATION,} POLITICAL CONSIDERATIONS & ^{SOME} ECONOMIC PROFIT HAD TO BE SET ASIDE.
7. I NEED FOR YOU & ALL AMERICANS TO STAND WITH ME!
8. THE UNITED STATES IS BEING SEVERELY TESTED TODAY --
TESTED FOR OUR MORAL COURAGE,
TESTED FOR OUR MILITARY MIGHT, FOR OUR ECONOMIC STRENGTH.
9. WE WILL NOT FAIL THIS TEST! //

1. ^{is} ~~THAT MAKES IT~~ MOST FITTING
FOR THE WHITE HOUSE CONFERENCE ON SMALL BUSINESS TO CONVENE THIS WEEK.
2. JUST AS WE MUST KEEP BRIGHT THE BEACON-OF-HUMAN-FREEDOM, ^{DEMONSTRATE}
AND MAINTAIN A MILITARY STRENGTH SECOND TO NONE, ^{NATIONAL UNITY}
3. SO MUST WE ALSO SUSTAIN-A-NATIONAL-ECONOMY THAT WILL MAKE ALL THIS POSSIBLE.
4. TO ME, THAT MEANS A FURTHER STRENGTHENING OF THE SMALL BUSINESSES OF AMERICA.
5. I KNOW FIRSTHAND HOW IMPORTANT THIS MUST BE.
6. I AM ONE OF THE FEW SMALL BUSINESSMEN EVER TO SERVE IN THE WHITE HOUSE.
7. I HAD A SMALL BUSINESS ADMINISTRATION LOAN,
AND I AM HAPPY TO SAY THAT I WAS, ^{FINALLY} ABLE TO PAY IT BACK --
ALMOST ALWAYS ON TIME.
8. IN FACT, EVEN TODAY, ^{IN MY PRESENT JOB} I CARRY OUT AN IMPORTANT SMALL BUSINESS TRADITION --
I LIVE RIGHT NEXT TO THE STORE.
9. FROM THE DAY I TOOK OFFICE
I HAVE WORKED, ^{WITH YOU} ~~HARD~~ TO BUILD A GOOD RECORD TO AID SMALL BUSINESSES.

1. ^{WE} I MOVED QUICKLY TO EASE PAPERWORK & REGULATORY BURDENS.
2. ^{WE} I REQUIRED THAT NEW REGULATIONS BE COST-EFFECTIVE, *AND*
~~BE~~ WRITTEN IN PLAIN ENGLISH,
AND THAT WE ELIMINATE OVERLAPPING & OBSOLETE RULES.
3. ^{WE} I REQUIRED REGULATORS TO CONSIDER, FOR THE FIRST TIME,
THE SPECIAL PROBLEMS OF SMALL BUSINESSES,
AND TO EXEMPT THEM FROM CERTAIN BURDENSOME REGULATIONS.
4. THESE ARE JUST COMMON SENSE CHANGES,
BUT IN WASHINGTON THEY AMOUNTED TO A MAJOR DEPARTURE FROM ROUTINE.
5. AS ONE MEASURE OF PROGRESS,
WE HAVE CUT BY 15% THE TIME IT TAKES AMERICANS TO FILL OUT FEDERAL PAPERWORK.
6. WE HAVE EXEMPTED 40,000 LOW-RISK BUSINESSES FROM REGULATION BY "OSHA"
AND, ON ONE PROUD DAY, WE ELIMINATED 1,000 "OSHA" REGULATIONS!
7. WORKING WITH CONGRESS, *AND WITH YOU*
MY ADMINISTRATION HAS HELPED CREATE A BETTER CLIMATE FOR SMALL BUSINESS.

1. BECAUSE OF OUR INITIATIVES,
CORPORATE INCOME TAX RATES ARE LOWER FOR SMALL COMPANIES.
2. PENSION FUND REGULATIONS
NOW ENCOURAGE INVESTMENT IN SMALL & INNOVATIVE BUSINESSES.
3. THE SMALL BUSINESS ADMINISTRATION HAS GREATLY EXPANDED ITS LENDING ACTIVITIES.
4. I APPOINTED THE FIRST CHIEF COUNSEL FOR ADVOCACY AT THE "SBA",
AND ~~I THINK~~ I MADE A GOOD CHOICE.
5. WE HAVE EXPANDED AID TO MINORITY-OWNED BUSINESSES.
6. SINCE 1977, FEDERAL PURCHASES FROM MINORITY FIRMS
INCREASED FROM ^{ABOUT} ~~\$1.2~~ BILLION TO \$2.5 BILLION;
7. OUR GOAL FOR 1980 IS \$3.8 BILLION.
8. AS PART OF MY DETERMINATION TO MEET THIS & OTHER GOALS,
I HAVE DIRECTED ALL FEDERAL AGENCIES TO IMPLEMENT PUBLIC LAW 95-507 AGGRESSIVELY
FOR BOTH SMALL & MINORITY BUSINESSES
TO EXPAND ^{YOUR} ~~THEIR~~ SHARE OF SUBCONTRACTS FROM LARGE FEDERAL CONTRACTORS.

1. I HAVE ALSO BEGUN EFFORTS TO AID SMALL BUSINESSES OWNED BY WOMEN.
2. LAST YEAR I DIRECTED FEDERAL AGENCIES TO HELP STRENGTHEN THE ROLE OF WOMEN IN BUSINESS.
3. THE 1981 BUDGET WILL CONTAIN FUNDS FOR THE NATION'S FIRST WOMEN'S BUSINESS DEVELOPMENT EFFORT.
4. THESE ARE JUST SOME OF THE SMALL BUSINESS INITIATIVES OF MY ADMINISTRATION.
5. WE STILL HAVE A LONG WAY TO GO, AND THIS CONFERENCE WILL HELP TO CHART OUR COURSE.
ON THESE PARTICULAR EFFORTS
6. I WILL LET VERNON WEAVER AND OTHERS GO INTO MORE DETAIL WITH YOU [↙] *NOW* BECAUSE I WANT TO TURN ^a TO TWO PROBLEMS THAT AFFECT US ALL -- AND HIT SMALL BUSINESSES ESPECIALLY HARD.
7. THOSE ARE ENERGY AND INFLATION.
8. LET ME ~~BEGIN BY SAYING~~ *FIRST SAY* THAT I BELIEVE WE ARE BEGINNING TO TURN THE CORNER ON BOTH PROBLEMS.

1. AFTER THREE DECADES OF INDIFFERENCE,
WE HAVE A NATIONAL ENERGY POLICY ⁷
TO REDUCE OUR DANGEROUS DEPENDENCE ON IMPORTED OIL.
2. WE NOW HAVE A RATIONAL, CONSERVATION-MINDED ENERGY PRICING POLICY --
BASED ON REALITY, NOT ON FALSE HOPES.
3. WE HAVE PUT IN PLACE:
4. --A CLEAR POLICY TO ENCOURAGE ^{AMERICAN} PRODUCTION
BASED ON A RATIONAL DEREGULATED PRICING POLICY.
5. --^{BROAD} ~~CLEAR~~ INCENTIVES FOR CONSERVATION.
6. --A ^{STRONG} ~~MASSIVE~~ SHIFT AWAY FROM OIL AND TOWARD COAL, OUR MOST ABUNDANT SOURCE.
7. --NEW EMPHASIS ON RENEWABLE SOURCES OF ENERGY, LIKE SOLAR ENERGY.
8. --^{AN EXTENSIVE EFFORT} ~~THE MOST MASSIVE PEACETIME EFFORT IN AMERICAN HISTORY~~
TO DEVELOP SYNTHETIC ALTERNATIVES TO FOREIGN OIL.

1. AND I HAVE CALLED ON CONGRESS TO ENACT A WINDFALL PROFITS TAX TO FINANCE ^{THIS} ~~THE~~ MOST MASSIVE ^{OF ALL} PEACETIME INVESTMENTS IN AMERICAN INDUSTRY -- TO DEVELOP MAJOR NEW DOMESTIC ENERGY SUPPLIES.
2. THIS NEW PROGRAM CAN HAVE A PROFOUND & BENEFICIAL EFFECT ↘ ON THE SMALL BUSINESS COMMUNITY OF AMERICA, BUT YOU HAVE A RESPONSIBILITY ↘ TO HELP WITH BOTH AMERICAN PRODUCTION & CONSERVATION OF ENERGY.
3. LAST YEAR WE ^{STOPPED THE UPWARD SPIRAL AND} ~~A~~ ^{ACTUALLY} REDUCED OUR OIL IMPORTS BY 5%.
4. YET EVEN WITH THAT ^{AT THE MUCH HIGHER PRICES} ~~A~~ WE WILL PROBABLY PAY \$90 BILLION THIS YEAR FOR IMPORTED OIL. ^{ALONG E OIL, WE ARE IMPORTING INFLATION & UNEMPLOYMENT}
5. IMAGINE WHAT THOSE \$90 BILLION COULD PRODUCE IF INVESTED INSTEAD IN AMERICAN BUSINESSES -- IN NEW JOBS, IN INNOVATIONS, IN GREATER PRODUCTIVITY.
6. THAT IS ONE OF THE MAIN REASONS THAT ENERGY HAS CONCERNED ME SO MUCH, AND WHY THIS COUNTRY MUST FACE UP TO THIS TASK.

1. CUTTING DOWN OIL IMPORTS ^{IS} ~~MUST~~ ALSO ~~BE~~ A TOP PRIORITY IN FIGHTING INFLATION.
2. VIRTUALLY ALL OF LAST YEAR'S INCREASE IN OUR INFLATION RATE CAME FROM "OPEC", AND WE WILL NEVER CONTROL INFLATION ^{EXCESSIVE} UNTIL WE CONTROL OUR APPETITE FOR IMPORTED OIL.
3. WE CAN ALSO ATTACK INFLATION DIRECTLY -- AND ^{WE} HAVE.
4. FIRST, ^{WE} ~~I~~ HAVE ^{ALREADY} CUT THE FEDERAL DEFICIT BY MORE THAN HALF. / IN THE NEW BUDGET WE WILL CUT IT IN HALF AGAIN, AND WE WILL KEEP WORKING TOWARD A BALANCED BUDGET.
5. ^{WHEN MEASURED} AS A SHARE OF OUR GROSS NATIONAL PRODUCT, ^{IT JUST REPEATED} THE PRESENT DEFICIT HAS DECLINED EVEN MORE -- FROM 4.6% TO 1.2%.
6. SECOND, WE ARE REDUCING THE COST OF REGULATIONS ON OUR ECONOMY AND AT THE SAME TIME ENCOURAGING MORE COMPETITION.
7. DEREGULATION OF AIRLINE FARES ^{AND SUSTAINED} WAS ONLY THE BEGINNING OF AN UNPRECEDENTED ^{BROAD} EFFORT BY MY ADMINISTRATION.

RR - TRUCKING - COMMUNICATIONS - FINANCE

1. THIRD, WE ENLISTED THE AID OF AMERICAN BUSINESS & LABOR WITH A NATIONAL ACCORD TO HELP PULL DOWN INFLATION VOLUNTARILY. ← TO WORK TOGETHER WITH MY ADMINISTRATION
2. FINALLY, WE HAVE MADE A CONCERTED EFFORT TO ENCOURAGE MORE RESEARCH-&-DEVELOPMENT, CAPITAL-INVESTMENT, AND PRODUCTIVITY-GROWTH.
3. ONLY IN THESE WAYS CAN WE ATTACK THE ROOTS OF INFLATION, AND NOT JUST THE SYMPTOMS. //
4. THE EVENTS IN IRAN & AFGHANISTAN ↗ HAVE HELPED UNDERSCORE HARD WORK AHEAD FOR AMERICA IN THE 1980's.
5. THEY HAVE ~~HELPED UNDERSCORE~~ DRAMATIZED THE NEED FOR GREATER COOPERATION & UNITY IN FACING OUR COMMON PROBLEMS.
6. CLEARLY WE HAVE OUR WORK CUT OUT FOR US, AND THIS CONFERENCE IS AN IMPORTANT PART OF THAT WORK.
7. ALREADY MORE THAN 30,000 SMALL BUSINESS OWNERS HAVE HELPED FASHION RECOMMENDATIONS & PROPOSALS YOU WILL DISCUSS THIS WEEK.

1. I HAVE HIGH EXPECTATIONS FOR YOUR WORK,
AND I WANT YOU TO EXPECT THAT TOGETHER WE CAN, AND WILL,
KEEP UP THE MOMENTUM FOR REFORMS THAT STRENGTHEN SMALL BUSINESSES IN AMERICA.
2. TOGETHER WE CAN BUILD A STRONGER ECONOMY ↗
THAT WILL HELP MAKE THIS GREAT COUNTRY OF OURS EVEN GREATER.
3. IN ABOUT TWO YEARS A GROUP REPRESENTING THIS CONFERENCE ↗
SHOULD COME BACK TO THE WHITE HOUSE TO ASSESS THE PROGRESS WE WILL HAVE MADE.
4. I EXPECT TO BE HERE TO GREET YOU.

#

[The names in the first paragraph will be confirmed or corrected in writing no later than 4 P.M. on Sunday by Heidi Hanson x2985.]

Bob Rackleff
Draft A-2; 1/11/80
Scheduled delivery:
Sun., Jan. 13, 8 P.M.

*Susan
etc
-J*

Remarks at White House Conference on Small Business

Vernon Weaver, Arthur Levitt and other commissioners; ~~Mike Casey,~~

~~Mike Casey, Milt Stewart,~~ and the many delegates here: It

is a pleasure to be with you today. I welcome you to the first White House Conference on Small Business. This gathering fulfills an ambition of mine to have the voice of small business heard loud and clear in Washington. It also is a credit to the work of Senator Gaylord Nelson and Congressman Neal Smith.

This conference is both the culmination of one and a half years of hard work and a beginning for renewed efforts. It is a proud day for all of us.

We are also meeting at one of the most trying times in our country's history. I want to talk briefly about that.

And in that same troubled part of the world, armed forces of the Soviet Union have launched a massive invasion of the small, non-aligned country of Afghanistan.

- 2 -

As citizens of a free society, as supporters of human freedom and dignity, we have been justifiably outraged about recent international events.

We are outraged that, half a world away, the Iranian government holds some 50 Americans hostage, in violation of international law and common decency.

Yet for all our anger, the United States has responded with patience, with restraint, and with firmness. For all the world to see, we have reasserted the rule of law in international conduct and worked carefully with the United Nations.

We will continue to protect American interests, and, if possible, preserve the peace.

But we have also made clear that the United States holds the Iranian leaders personally and fully responsible for the hostages' safety. And with each day, we are increasing pressure for their release. With each day, we are raising the price

Iran will pay for continued defiance of international rules of civilized conduct.

We have told Iran that our patience is not unlimited. If needed, we will use every means at our disposal to secure release of the hostages -- every means.*

[I have said plainly and directly to the leaders of Iran that] America [does not -- and] will not give into terrorism, or international intimidation, whatever its form or wherever it occurs.

I have [also] been ^{very} proud of the American people. You have risen to the occasion, ^{as a united nation,} You have spoken with one voice. You have spoken loud and clear, ^{with one voice,} -- and the world has listened with respect.

Some of our actions directly involve you, the who represent small business enterprises in our country. You have

In recent days, we have faced another crisis in that same troubled part of the world. Some 60,000 Russian troops

demonstrated your willingness to make a reasonable sacrifice for the security and well being of the United States. I thank you for this support.

*[Stu and Jack think this is too strong. Al McDonald and David Aaron do not agree.]

invaded the formerly independent nation of Afghanistan. They have set out to crush brutally the popular uprising against a puppet communist regime.

The Russians show every sign of staying permanently, of making Afghanistan a captive nation -- just as Poland, Hungary, Czechoslovakia, East Germany and others are captive.

Not since World War II have the Russians invaded a country that posed no threat to them, overthrown its government, and made war against its people.

The Russian invasion is the most serious threat to world peace in over three decades. Whatever their motivation may be, the Russians have upset the stability of that region and the world strategic balance.

With that foothold, the Russians threaten the whole region, including most of the oil supplies for the free world.

Clearly, the world cannot stand by and permit Russia to carry out this callous act with impunity. We cannot do "business as usual." For the world to act, the United States must act.

And we have.

¶ We have recalled the U.S. Ambassador to the Soviet Union. He is working with me to re-evaluate the entire range of our relations with them.

¶ I have asked the Senate to defer further consideration of the SALT II Treaty until I can assess Soviet actions and intentions.*

¶ I have stopped scientific exchanges and sales of high technology and other strategic items to Russia.

*[David Aaron and Jack suggested deleting this to dispel the idea that withdrawing SALT II is retaliatory. However, the same language was in your Jan. 5 announcement, and its absence would be conspicuous.]

¶ We are making American military equipment and other assistance available to nations of the region to defend their independence.

¶ We are maintaining a strong military presence in that region to counter the Russian threat.

¶ I have served notice that Soviet actions jeopardize U.S. participation in the Olympic games in Moscow this summer.

¶ I have sharply curtailed Soviet fishing rights in American waters.

Normal trade and commerce has been interrupted

¶ Finally -- and most important -- I have suspended the shipment of American agricultural products to Russia, including grain for their livestock.

This last measure imposes a heavy cost on the Soviets' actions. It brings home to the Soviet government the gravity

Normal Trade and Commerce has been interrupted in order to demonstrate vividly our abhorrence and condemnation of terrorism and military aggression against ~~any~~ innocent people.

of its invasion. It sets back the Soviet economy by years.

In this year alone, we expect the grain embargo to cut Soviet production of meat by 20 percent. Most important, it serves notice that we do not let aggression go unchallenged.

In reaching my decision to act, I had to face some tough choices. There are many risks. There are economic

costs. We are sharing those costs, so the burden will not

fall only ^{on you or} on American farmers or ^{or} any other ^{particular} group. ^{Political} considerations and economic profit ^{must} be set aside. I need for you and all Americans to stand with me!

But given all this, it came down to one basic question.

How would Americans feel about themselves if we stood by and did nothing? How would we feel if we ignored this most vicious act of Soviet aggression in three decades? How could we ever again claim leadership of the free world?

You and I know the answer, and what it must always be.

The United States is being severely tested today --
tested for our moral courage, for our military might, for
our economic strength. *We will not fail this test.*

3
4

That makes it most fitting for the White House Conference
on Small Business to convene this week. Just as we must

keep bright the beacon of human freedom and maintain a
strength military, *so* *we also* *national* second to none, we must sustain an economy that *will*
a further strengthening of makes all this possible. To me, that means sustaining the
small businesses of America.

I know firsthand how important this must be. I am *one of* the *few*
~~first~~ *ever to serve* small businessmen in the White House, since Harry
a Small Business Administration Truman. I had an SBA loan, and I am happy to say that I
almost always on time. was able to pay it back. In fact, even today, I carry out an
small business *right next to* important tradition -- I live above the store.

From the day I took office, I *have* worked hard to build a *good*
to record of accomplishment to aid small businesses.

455-

I moved quickly to ease paperwork and regulatory burdens. I required that new regulations be cost-effective, be written in plain English, and that we eliminate overlapping and obsolete rules. I required regulators to consider, for the first time, the special problems of small businesses, and to exempt them from certain burdensome regulations.

These are just common sense changes, but in Washington they amounted to a major departure from routine. As a ^{one} measure of ^{progress,} ~~the beginning we have made, since taking office~~ ^{have} we cut by 15 percent the time it takes Americans to fill out Federal paperwork. *And we have exempted 40,000 low-risk businesses from regulation by OSHA, and, on one proud day, we eliminated 1000 OSHA regulations!*

Working with Congress, my Administration has helped create a better climate for small business. *SG*

Because of our initiatives, corporate income tax rates are lower for small companies. Pension fund regulations now encourage investment in small and innovative businesses.

The Small Business Administration has greatly expanded its lending activities. I appointed the first Chief Counsel for Advocacy at the SBA, and I think I made a good choice.

We have expanded aid to minority ^{owned} businesses. Since 1977, Federal purchases from minority firms increased from \$1.1 billion to \$2.5 billion; our goal for 1980 is \$3.8 billion.

As part of my determination to meet ^(THIS) this and other goals, I have directed all Federal agencies to implement Public Law 95-507 aggressively for both small and minority businesses to expand their share of subcontracts from large Federal contractors. ⁴⁵ 1

I have also begun efforts to aid small businesses owned by women. Last year, I directed Federal agencies to help strengthen the role of women in business. The 1981 budget will contain funds for the nation's first women's business development effort.

These are just some of the small business initiatives of my Administration. ^{We still have a long way to go, and this conference will help to chart our course.} I will let Vernon ^{and others} go into more ^{with you} detail, because I want to turn to two problems that affect us all -- and hit small businesses especially hard.

Those are energy and inflation. Let me begin by saying that I believe we are beginning to turn the corner on both problems.

3 8

After three decades of indifference, we have a national energy policy to reduce our dangerous dependence on imported oil. We now have a rational, conservation-minded energy pricing policy -- based on reality, not on false hopes.*

~~*Stu would add here: "We have put in place: ¶ A clear policy to encourage production based on a rational deregulated pricing policy. Those who seek to reimpose the straightjacket of controls would undermine the efforts to show the world we will not any longer try to hide behind a false protection. ¶ Clear incentives for conservation, are paying off, as we used five percent less energy in 1979 than in 1973. ¶ A massive shift away from oil and toward coal, our most abundant source. ¶ New emphasis on renewable sources of energy, like solar energy. ¶ The most massive peacetime effort in American history to develop synthetic alternatives to foreign oil." Jack, Bob and Rick think that this needlessly lengthens the speech.~~

8 9

And I have called on Congress to enact a Windfall

Profits Tax to finance the most massive peacetime investment

in American industry -- to develop major new domestic energy

supplies. *This new program can have a profound and*

beneficial effect on the small business community of America, but you have a responsibility to help with both ^{American} production and conservation of energy.

Last year, we reduced our oil imports by five percent.

Yet even with that, we will probably pay \$90 billion this

year for imported oil.

those

Imagine what ⁱⁿ \$90 billion could produce if invested

instead in American businesses -- ⁱⁿ the new jobs, the ⁱⁿ

ⁱⁿ innovations, the greater productivity. That is one of the

main reasons that energy has concerned me so much, and why

this country must face up to this task. *9510*

Cutting down oil imports must also be a top priority

in fighting inflation. Virtually all of last year's increase

in our inflation rate came from OPEC, and we will never

control inflation until we control our appetite for imported oil.

We can also attack inflation directly -- and have.

First, I have cut the Federal deficit by more than half, ^{in the} and ~~new~~ ^{budget we will cut it in half again, and we} will keep working toward a balanced budget. As a share of our gross national product, the ^{present} deficit has declined even more, ^{from} from 4.6 percent to 1.2 percent.

Second, we are reducing the cost of regulations on our ^{at the same time} economy and, encouraging more competition. Deregulation of airline fares was only the beginning of an unprecedented, broad effort by my Administration.

Third, we enlisted the aid of American, ^{business and} labor with a National Accord to help pull down inflation voluntarily.

Finally, we have made a concerted effort to encourage more research and development, capital investment, and productivity growth.

Only in these ways can we attack the roots of inflation, and not just the symptoms.

The events in Iran and Afghanistan have helped underscore hard work ahead for America in the 1980's. They have helped underscore the need for greater cooperation and unity in facing our common problems.

Clearly, we ~~all~~ have our work cut out for us, and this conference is an important part of that work.

Already, more than 30,000 small business owners have helped fashion recommendations and proposals you will discuss this week.

11
12

I have high expectations for your work, and I want you to expect that together we can, and will, keep up the momentum for reforms that strengthen small businesses in America. Together, we can build a stronger economy that will help make this great country of ours even greater.

An In about two years, a representative group of this representing the Conference should come back to the White House to discuss the progress we will have made. I expect to be here to greet you.

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THE WHITE HOUSE

WASHINGTON

1/13/80

FOR THE RECORD:

STU EIZENSTAT RECEIVED A COPY
OF THE ATTACHED WITH ORIGINAL
EIZENSTAT MEMO TO MARSHALL.

THE WHITE HOUSE

WASHINGTON

January 10, 1980

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Small Business - Proposed
Department of Labor ERISA
Rule on "Plan Assets"

As a result of a new "Prudent Man" rule adopted by the Labor Department under ERISA, pension fund managers have been encouraged to make investments in small and innovative businesses. This action helps implement your innovation policy, and can be quite important, since there is about \$500 billion of private money in pension funds.

However, the Labor Department has subsequently proposed another ERISA rule relating to "Plan Assets" which the venture capital industry asserts would cut off this capital flow, and has already begun to dry it up. The new proposed "Plan Assets" rule has generated intense controversy, and could well be the subject of critical public comment at the White House Conference on Small Business, which begins Sunday night, January 13, 1980.

In order to defuse the situation, I recommend that you authorize me to send the attached memorandum to Ray Marshall. If you approve, I will see to it that the interested persons are informed of our action before the Conference begins.

DOL agrees to this approach. (Jim McIntyre also concurs)

 ✓ Approve

 Disapprove

THE WHITE HOUSE

WASHINGTON

January 10, 1980

MEMORANDUM FOR: RAY MARSHALL

FROM: STU EIZENSTAT

SUBJECT: Proposed ERISA "Plan Assets"
Rule

The President has asked me to express to you his concern that the proposed ERISA "Plan Assets" rule, published for comment by the Department of Labor on August 28, 1979, may have a chilling effect on investments in venture capital companies by pension funds subject to ERISA.

As you know, the President recognizes the importance of protecting pension fund contributors, but is anxious to encourage investments by pension funds in small and innovative businesses. We are appreciative of the highly constructive action taken by the Department under your leadership in adopting the "Prudent Man" rule, which encourages such investments.

Under the circumstances, I think it would be desirable for you to schedule a public hearing as promptly as possible on the present and anticipated effects of the proposed rule on investments by pension funds in venture capital companies. You should also make it clear that pending the adoption of a final "Plan Assets" rule the relevant existing interpretation will continue to apply, and that the final rule, when adopted, will in any event have no retroactive applicability.

4:30 pm

1/11/80

sc

from campaign today.

they would like back

monday for producing

tues. and mailing wed.

sb

M E M O

TO: ~~Susan Clough~~

FROM: Karl Struble

DATE: Jan. 11, 1980

RE. Attached Letter

Attached is a draft copy of a GOTV letter for Iowans. This letter will be going to the same people that the original Iowa letter was sent to.

*Campaign needs by Monday,
Letter produced Tuesday
mailed Wednesday.*

MS. at home and personal to me

oh
J

DRAFT

January 11, 1980

To

Recently I wrote to you to thank you for your support. Next Monday night, at your local precinct caucus, you will have the opportunity to exercise your right as a citizen to participate in the selection of the President of the United States.

Enclosed you will find a list of caucus locations for your county. Please look over the list and find your precinct's caucus location. If you have any problems locating where this caucus meets, call your county auditor, election division, or my campaign headquarters in Des Moines at . They will be happy to help you find the location of your caucus. The caucus begins at 8:00 p.m. on Monday, January 21st.

The attention of the nation will be focused on Iowa on the night of January 21st [~~to see what choice Iowans will make~~] in ~~the~~ *this* first step of the Presidential election process. The citizens of Iowa started the swell of support which led to my election in 1976. I hope that I can continue to count on you and your neighbors to attend your precinct caucus as Carter supporters.

When I announced my candidacy for re-election last month, I said, "We have set a firm and constructive course for our country. It is a difficult course, but it is the right one -- and we must not turn aside."

**Electrostatic Copy Made
for Preservation Purposes**

*attend the Council, encourage
others to join you,
and*

For that reason, please give me your active support on Monday night so we can continue to work together for an even greater America.

Sincerely,

Jimmy Carter

Enc.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

January 11, 1980

C

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CS*
Subject: Retail Sales in December

Estimates of retail sales in December were released this afternoon by the Census Bureau. December sales rose 1.1 percent -- a healthy increase -- but the November rise, earlier reported at 1.8 percent, was revised down to 0.7 percent.

Sales were up fairly strongly in December for autos, other durable goods, and food. The rise in food sales may stem in large measure from higher prices. Department store sales declined a little -- apparently Christmas sales, while reasonably good, were not spectacular.

Consumer spending in the fourth quarter as a whole was stronger than had been expected -- and probably stronger than most businesses have expected. Anecdotal evidence indicates that inventories have been drawn down to such low levels relative to sales in many industries that spot shortages are occurring. Inventories of autos and stocks of supplies to the home building industry are the exceptions. With inventories so low, anything more than a mild recession this year is unlikely. Indeed the economy starts the year with some upward momentum.

~~SECRET~~



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503
January 11, 1980

C

MEMORANDUM FOR: THE PRESIDENT
FROM: James T. McIntyre, Jr. *JTM*
Director
SUBJECT: Reprogramming for Classified Requirement

We anticipate that the source of the \$72 million from the Department of Defense for reprogramming will be resolved soon.

Ordinary Defense reprogramming requires that funds be made available from appropriations of the current fiscal year. In this instance, we believe it will be possible to use unobligated funds from prior fiscal years (1979 or earlier). Use of prior year funds would be preferable because it would avoid both showing reductions in any 1980 programs in Defense and having to restore the funds.

CLASSIFIED BY *[Signature]*
 Declassify Review for De-
classification on December 1986

~~SECRET~~ *Jan 1/4/90*