

2/18/80

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/att	The President to the Secretary of Defense Re: Enhancement of Weapons Capability. (2 pp.) <i>Open 11/30/95</i>	no date	A
memo w/att	Zbigniew Brzezinski to the President Re: Meeting with President Policarpo Paz Garcia of Honduras. (5 pp.) <i>opened per RAC NLC-126-20-25-1-1 12/11/03</i>	2/13/80	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of Staff Sec.-
 Pres. Handwriting File, "2/18/80." Box 171

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

THE WHITE HOUSE
WASHINGTON

These are the original
copies you wanted re-typed.

sit room

ORIGINAL

THE WHITE HOUSE

WASHINGTON

SECRET

MEMORANDUM FOR:

THE SECRETARY OF COMMERCE

SUBJECT: Acquisition of Maine Class RO/ROs
and SL-7 Container Ships (C)

I have approved in principle Harold Brown's plan to enhance our Rapid Deployment Force power projection capability by the lease with an option to buy, two Maine-Class Roll-On/Roll-Off ships. Acquisition of the RO/ROs should be undertaken with your cooperation, taking into account current ship market supply-demand circumstances. (S)

You should begin preliminary negotiations for the acquisition of eight SL-7 container ships, so as to determine appropriate purchase schedules at the lowest costs. I have asked that Jim McIntyre and Harold Brown work with you in developing an appropriate strategy in the negotiation and acquisition of these ships, and assessing in detail the potential costs associated with various plans and schedules for conversion to military RO/RO capability. (S)

cc: Director, Office of Management
& Budget

SECRET

Review February 14, 1986

DECLASSIFIED
E.O. 12356, Sec. 3.4
BY 9/29/95 MC Intyre ML-411-92-180
DATE 11/3/95

Original

THE WHITE HOUSE
WASHINGTON

~~SECRET~~

MEMORANDUM FOR:

THE SECRETARY OF DEFENSE

SUBJECT: Near-Term Enhancement for
Rapid Power Projection (C)

I approve in principle your proposal to establish a seven ship prepositioned force in the Indian Ocean. Acquisition of the two Maine-Class RO/ROs should be accomplished in cooperation with the Secretary of Commerce, taking into account current ship market supply-demand circumstances. The Secretary of Commerce has been directed to begin discussions for the acquisition of eight SL-7 container ships at the lowest cost to the government. (S)

You should work closely with OMB and the Commerce Department to develop an appropriate strategy for the negotiation of acquisition of these ships. When the best prices have been determined from discussions with the ship owners and when the studies that are to more carefully define the time required and conversion costs of SL-7 program are completed, we can decide on the sources and amount of funds to be committed to near-term sealift enhancement. (S)

cc: Director, Office of Management
& Budget

~~SECRET~~

Review February 14, 1986

DECLASSIFIED

E.O. 12356, Sec. 3.4

PER 9/28/95 NSC RE MP-11C-92-180
BY [Signature] NARS, DATE 11/3/95

March 3, 1980

To Fred Short

Through the courtesy of Ambassador Philip Alston, I have received the pencil sketch you made of me. Thank you for your interest and for letting me see your thoughtful interpretation, which is being returned to you under separate cover.

I understand that your plans, upon returning to civilian life, include pursuing the study of art. I am pleased to send you my best wishes for every success.

Sincerely,

JIMMY CARTER

Mr. Frederick S. Short
3213 Coachman Place
Lawton, Oklahoma 73501

- ✓ cc The Honorable Philip H. Alston, Jr. (through NSC via State pouch)
- ✓ cc Mr. Jack Carter
- ✓ Note to Stripping: Sketch to be returned under separate cover.

JC/jmc/cbs--

60 - PENCIL SKETCH OF THE PRESIDENT THROUGH AMBASSADOR PHILIP H. ALSTON, JR., VIA JACK CARTER, SKETCH BEING RETURNED

THE WHITE HOUSE

WASHINGTON

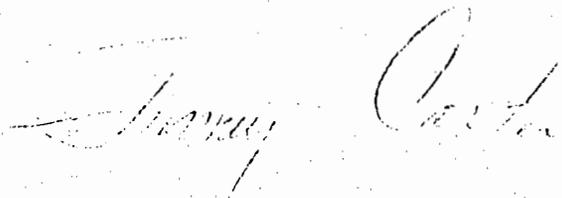
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Sincerely,



Mr. Frederick S. Short
3213 Coachman Place
Lawton, Oklahoma 73501

Mr. Frederick S. Short
c/o Mrs. Anna Short
3213 Coachman Place
Lawton, Oklahoma 73501

THE WHITE HOUSE
WASHINGTON

2/18/80

Joyce Cook --

In President's out box today.

Info is on back, in addn
to President's note attached.

Thanks--Susan Clough

Handwritten:
to
2/18

THE WHITE HOUSE
WASHINGTON

2/18/80

Susan -

Write a note -
"Read for Alston -
Best wishes in art study"

LMS

J

Suzanne

cc: Amb Alston

Electrostatic Copy Made
for Preservation Purposes

PHILIP H. ALSTON, JR.

APO San Francisco 96404

December 12, 1979

Jack:

Herewith the pencil drawing of the President about which I wrote you a few days ago. The story is pretty much told in a recitation which is typed on the reverse side. What I would hope is that the President might find time to write "With appreciation and best wishes to Fred Short", date it, and sign it and then have it sent to him at this address:

Mr. Fred Short
c/o Mrs. Anna Short
3213 Coachman Place
Lawton, Oklahoma 73501.

Fred Short is a splendid young man and recognition by the President will serve as a powerful incentive to develop his talent to the fullest.

Again, all the best to the Carters and the Langfords. We hope and pray for some relief for the Hostages. Christmas will be subdued for all Americans if they remain captive in Teheran.

As ever,



Philip H. Alston, Jr.

Mr. Jack Carter
P. O. Box 997
Calhoun, Georgia 30701



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

①

FEB 12 1980

MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre, Jr. *JTM*
SUBJECT: Food Stamps

As you know, food price inflation has driven the cost of food stamps up very rapidly in the last several months. We have had pending before Congress a supplemental request for 1980 of some \$2.6 billion since last summer. Without the supplemental, food stamp benefits will have to be cut off in June. Unfortunately, we must get over three separate legislative hurdles in the next three months in order to avoid the benefit cut.

- ° First, the authorization must be changed to raise the "cap" on total appropriations.
- ° Second, the increased amount must be included in the Third Concurrent Budget Resolution.
- ° Third, a supplemental must be enacted.

All these actions must be completed by May 15 to avoid interrupting the program.

We have been working continuously with USDA and your staff to push this through, and the authorization and appropriations actions seem assured. The major stumbling block is now the Third Resolution. We had originally hoped for passage of an urgent supplemental, to include a portion of this funding, in the next few weeks. It is now clear that the appropriations committees will not act until after the Third Resolution.

We are now trying to determine the wisest strategy to pursue to assure enactment of the Third Resolution as soon as possible. There are several programs that will run out of funds even sooner than food stamps, although the latter is the largest and most painful problem.

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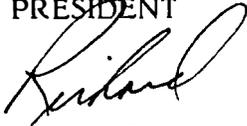
This note is simply an early warning on the issue, as it has caused some stir in the last few days. Within the next two weeks we will have a firmer sense of Congressional momentum, and will then recommend specific actions to take to move the Congress on this crucial matter.

THE WHITE HOUSE
WASHINGTON

9
1

February 15, 1980

MEMORANDUM FOR THE PRESIDENT

From: Richard Harden 

Subject: "Toward an Information Efficient Executive Office of the President"

As you well know, we all currently receive more information than we can properly process. For the past three years I have studied this problem and explored ways to use technology to help us solve it. The attached report outlines the actions we have taken and will take in the future to improve the management of information in the EOP. It was developed to serve several purposes:

CONCEPTUAL APPROACH - In order to give direction to our efforts, I felt it was necessary to develop a conceptual approach. It involves developing an understanding of the way the typical Presidential advisor functions and then developing services and systems to support him. Our initial studies indicate our efforts need to be focused on the improved organization of the information your advisors need to access and the improvement of support services they need to function.

WORK PLAN - We have translated the conceptual approach into a work plan with specific tasks. In addition to providing direction to my staff, it will provide our users with a better understanding of when specific services will be available.

COORDINATION WITH OTHER AGENCIES - A significant amount of our activity requires close coordination with other Federal agencies. We feel the document will provide these agencies with a better understanding of what we are trying to accomplish and how we can better coordinate our efforts in meeting our common needs.

OUTLINE FOR EXPERTS - Because of the fast changing technology, we were having difficulty keeping up with new developments. By making the document available, we feel we can encourage academic experts and vendors to come to us with new ideas on how to solve the problems that face us.

I would point out that the document was prepared on experimental word processing equipment in my office. It permitted me to get personally involved in the preparation of the document and make maximum use of my skills in summarizing and presenting information.

Finally, I would suggest that you may want to consider having similar documents prepared on other problems facing the Administration. Energy, inflation and productivity are three that come to mind. The preparation of the document forces the people involved to think through their approach and take an objective look at what they have actually accomplished and what they hope to accomplish in the coming months. In addition, such documents would provide excellent background material for groups like the Commission on the '80.

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for Preservation Purposes



**TOWARD AN
INFORMATION EFFICIENT
EXECUTIVE OFFICE OF THE PRESIDENT**

OFFICE OF ADMINISTRATION

FEBRUARY 15, 1980

2/18/80

Dr. Brzezinski

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

Rick Hutcheson

Phil Wise
Fran Voorde

~~CONFIDENTIAL~~

DECLASSIFIED

Per: Rac Project

ESDN: NLC-126-36-25-1-1

BY: 125 NARA DATE: 12/9/13

THE WHITE HOUSE
WASHINGTON

2/13/80

Mr. President:

Attached are NSC and
State scheduling requests
for the near future and
spring.

Phil

C

THE WHITE HOUSE SCHEDULE PROPOSAL

WASHINGTON

DATE: February 13, 1980

FROM: Zbigniew Brzezinski

VIA: Phil Wise

~~CONFIDENTIAL~~

MEETING: Call on you by President Policarpo PAZ Garcia, President of Honduras (U)

DATE: February 26th or March 3rd (see attached cable). (C)

PURPOSE: To discuss his deep concern about the security of his country and its desperate need to alleviate poverty. (C)

FORMAT: Oval Office
30 - 45 minutes, including time for interpretation (U)

CABINET PARTICIPATION: Secretary of State

SPEECH MATERIAL: Talking points to be provided by NSC

PRESS COVERAGE: Photo opportunity, statement to be released by Jody Powell

STAFF: Dr. Brzezinski

RECOMMEND: State Department and Dr. Brzezinski

OPPOSED: None

BACKGROUND: The President has indicated his agreement to a brief meeting with President Paz in connection with his private visit to the U.S. in late February. (C)

✓ _____ Date _____ Time

ATTACHMENT

~~CONFIDENTIAL~~
Review 2/13/86

~~CONFIDENTIAL~~

DECLASSIFIED
Per: Rac Project
ESDN: NLC-126-20-25-1-1
BY: KS NARA DATE 12/9/13

THE WHITE HOUSE
WASHINGTON

SCHEDULE PROPOSAL
DATE: February 12, 1980
FROM: Zbigniew Brzezinski
VIA: Phil Wise

PEW

MEETING: Call on you by President Rodrigo Carazo, President of Costa Rica

DATE: May 4-6, 1980 (could be May 5-11).

PURPOSE: To discuss the political, social, and economic situation in Central America and the Caribbean.

FORMAT: -Oval Office
-Cyrus Vance, Zbigniew Brzezinski, Assistant Secretary Bowdler, Robert Pastor
-1 hour

CABINET PARTICIPATION: Secretary of State

SPEECH MATERIAL: Talking points to be provided by NSC.

PRESS COVERAGE: Photo opportunity, statement to be released by Jody Powell.

STAFF: Dr. Brzezinski

RECOMMEND: Secretary Vance, Dr. Brzezinski, Mrs. Carter

OPPOSED: None

BACKGROUND: President Carazo's concern for the future of the Central American region is conveyed in his recent letter to you (see attached). He is traveling to the US to receive two honorary degrees.

Approve

Disapprove

Attachment

~~CONFIDENTIAL~~
Declassify on 2/8/86

DECLASSIFIED
Per, Rac Project
ESDN: NLC-126-20-25-1-1
BY 125 NARA DATE 12/9/13

~~CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

February 12, 1980

INFORMATION

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI

SUBJECT: Letter from President Carazo of
Costa Rica

In a letter to you, President Carazo emphasized the need for US help to promote political stability and social justice throughout Latin America. He said that he fears that the balance in Central America and the Caribbean may have shifted in favor of totalitarian regimes. Factors such as the large gap between rich and poor have polarized the populations. International financial organizations have not responded to the needs of the people for preferential treatment.

Carazo urges us to work with nations of the region to distribute food to impoverished areas and to use any influence to urge immediate international financing to develop projects that would benefit the poor, such as the public housing projects currently undertaken by Costa Rica. Furthermore, the US must help to make trade relations more equitable and provide the region with appropriate scientific and technological assistance while restricting military assistance which is at times used against their own people. The desperate economic and social situations in the region mean that speed is crucial if democratic institutions are to flourish.

The text of the letter has been forwarded to State and an appropriate response will be forthcoming.

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

SCHEDULE PROPOSAL
DATE: February 5, 1980
FROM: David Aaron
VIA: Phil Wise *PRW*

~~CONFIDENTIAL~~

MEETING: Private lunch with King Baudouin and Queen Fabiola of Belgium (C)

DATE: April 20-22, 1980 (C)

PURPOSE: Reciprocate hospitality extended by the Royal couple when they were your hosts during your January 1978 stopover in Brussels and help ensure Belgian support for our positions on Iran, Afghanistan and TNF. (C)

FORMAT: --Lunch in family quarters, preceded by few minutes in Oval Office
--Dr. Brzezinski present during Oval Office part of call
--Five minutes for Oval Office, 60 minutes for lunch

CABINET PARTICIPATION: None (U)

SPEECH MATERIAL: A background paper will be provided by NSC (U)

PRESS COVERAGE: The meeting will be announced; photo opportunity(U)

STAFF: Zbigniew Brzezinski

RECOMMEND: State Department
NSC
(Copy of personal cable from Ambassador Chambers to the President attached) (U)

OPPOSED: None

PREVIOUS PARTICIPATION: You last met with the Royal couple in Brussels in January 1978. (U)

BACKGROUND: The Royal couple's "private" visit to the United States during the period April 20-25 (Washington, New York, San Francisco) is for

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Review 4 Feb 86

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Per, Rac Project
ESDN: NLC-126-20-25-1-1
BY *KS* NARA, DATE *12/9/13*

the purpose of opening a series of cultural and commercial events in this country to mark the 150th Anniversary of Belgium's statehood. A meeting with the King would be especially useful as we work to bring pressure on Belgium for full participation in the Alliance's TNF program and to ensure solidarity with us on Iran and Afghanistan within an Alliance context. (C)



 Approve

 Disapprove

2-18

orig
sent to
EV Small

cc on file
→ Ed Small
M

SUMMARY OF CONGRESSIONAL MAIL TO THE PRESIDENT

DATE: FEB 12, 1980

PAGE: - 1-

FROM -----	SUBJECT -----	DISPOSITION -----	COMMENTS -----
REP. JIM SANTINI (D) - NEVADA REP. DON YOUNG (R) - ALASKA	URGE YOU TO SUSPEND PERMANENTLY EXPORTS OF PHOSPHATE ROCK AND CONCENTRATES OF PHOSPHORIC ACID TO THE SOVIET UNION AND WARSAW PACT NATIONS; NOTE THAT THESE MINERALS ARE VITAL FOR SOVIET AGRICULTURE AND CAN NEITHER BE PRODUCED BY THE SOVIETS DOMESTICALLY NOR OBTAINED FROM ALTERNATIVE FOREIGN SOURCES; ARGUE THAT THE U.S. SHOULD NOT CONTINUE SALES WHICH HELP TO MITIGATE THE IMPACT OF THE GRAIN EMBARGO.	ACKNOWLEDGED BY FM REFERRED TO: NSC	
REP. JACK KEMP (R) - NEW YORK (TELEGRAM)	PROTESTS AND URGES YOU TO REVERSE OFFICIAL U.S. SUPPORT OF THE LAKE PLACID ORGANIZING COMMITTEE AND THE INTERNATIONAL OLYMPIC COMMITTEE IN THEIR DECISION TO EXCLUDE TAIWANESE ATHLETES FROM THE 1980 WINTER OLYMPICS; NOTES THAT THE REPUBLIC OF CHINA IS RECOGNIZED BY 15 OLYMPIC FEDERATIONS, WITH ONLY 5 NEEDED FOR OLYMPIC ELIGIBILITY; URGES YOU TO ACT TO ASSURE FULL, UNCONDITIONAL ACCREDITATION FOR THE TAIWANESE.	ACKNOWLEDGED BY FM REFERRED TO: NSC	
SEN. PAT MOYNIHAN (D) - NEW YORK SEN. PETE DOMENICI (R) - NEW MEXICO SEN. JACK JAVITS (R) - NEW YORK SEN. DAVE DURENBERGER (R) - MINNESOTA	DISSATISFIED WITH THE 1981 BUDGET BECAUSE IT PROPOSES NO NEW STARTS FOR WATER PROJECT CONSTRUCTION, PENDING CONGRESSIONAL AUTHORIZATION OF A REVIEW BY THE WATER RESOURCES COUNCIL; SHARE YOUR FRUSTRATION WITH THE PRESENT ARRANGEMENT FOR DEVELOPING WATER RESOURCES, WHICH IS "PONDEROUS AND INEQUITABLE"; ADD THAT THEY WILL SOON INTRODUCE S. 1241, A COMPROMISE PROPOSAL TO SET UP A FIVE-YEAR DEMONSTRATION PROGRAM OF BLOCK ALLOCATIONS, WHICH EACH STATE COULD USE TO FUND PROJECTS OF ITS OWN SELECTION; REQUEST A REVIEW OF THEIR PROPOSAL BY YOUR STAFF.	ACKNOWLEDGED BY FM REFERRED TO: OMB CC:STUART E. EIZENSTAT	
REP. PHIL SHARP (D) - INDIANA	CONCERNED OVER THE DEPARTMENT OF LABOR'S ADMINISTRATION OF THE BLACK LUNG BENEFITS PROGRAM; NOTES THAT INORDINATE DELAYS AND REPETITIVE REQUESTS FOR INFORMATION FRUSTRATE CLAIMANTS AND CAUSE "THE REPUTATION OF YOUR ADMINISTRATION TO SUFFER"; ALSO REPORTS A C.E.T.A. CASE WHICH HAS NOT BEEN DECIDED AFTER SOME 2 YEARS; REQUESTS INFORMATION REGARDING ANY ORGANIZATIONAL IMPROVEMENTS.	ACKNOWLEDGED BY FM REFERRED TO: DOL	

SUMMARY OF CONGRESSIONAL MAIL TO THE PRESIDENT

DATE: FEB 12, 1980

PAGE: - 2-

FROM -----	SUBJECT -----	DISPOSITION -----	COMMENTS -----
SEN. HOWELL HEFLIN (D) - ALABAMA	SUPPORTS THE REINSTATEMENT OF SELECTIVE SERVICE REGISTRATION, BUT OPPOSES THE INCLUSION OF WOMEN. (LETTER DATED FEBRUARY 9)	ACKNOWLEDGED BY FM CC:OMB	
SEN. HOWARD METZENBAUM (D) - OHIO	ENDORSES A CONSTITUENT'S REQUEST TO PRESENT YOU WITH A COPY OF THE HISTORY OF MEIGS COUNTY, OHIO, ALONG WITH LETTERS SIGNED BY CITIZENS OF THE COUNTY EXPRESSING THEIR SUPPORT OF YOUR EFFORTS IN IRAN.	REFERRED TO: FRANCES M. VOORDE	
REP. DON ALBOSTA (D) - MICHIGAN	APPRECIATES THE ASSISTANCE YOU AND MEMBERS OF YOUR STAFF PROVIDED IN HAVING PHIL ROBERTS APPOINTED DIRECTOR OF THE FARMERS HOME ADMINISTRATION'S MICHIGAN OFFICE.	REFERRED TO: CENTRAL FILES	
SEN. RUSSELL LONG (D) - LOUISIANA	RECOMMENDS NORMA H. JOHNSON FOR THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA.	ACKNOWLEDGED BY FM REFERRED TO: LLOYD CUTLER	
REP. WYCHE FOWLER (D) - GEORGIA	RECOMMENDS JAMES H. QUELLO FOR REAPPOINTMENT TO THE FEDERAL COMMUNICATIONS COMMISSION.	ACKNOWLEDGED BY FM REFERRED TO: ARNIE MILLER	
REP. FRANK HORTON (R) - NEW YORK	URGES YOU TO DECLARE ASIAN/PACIFIC HERITAGE WEEK AN OBSERVANCE IN PERPETUITY; ASKS YOU TO SIGN THIS PROCLAMATION DURING A PRIVATE CEREMONY ATTENDED BY ASIAN/PACIFIC AMERICAN COMMUNITY LEADERS.	REFERRED TO: BILL NICHOLS CC:FRANCES M. VOORDE	

SUMMARY OF CONGRESSIONAL MAIL TO THE PRESIDENT

DATE: FEB 14, 1980

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FROM -----	SUBJECT -----	DISPOSITION -----	COMMENTS -----
REP. CHRIS DODD (D) - CONNECTICUT	REITERATES THE INVITATION FOR YOU TO SPEAK AT A MEETING OF THE CONNECTICUT SOCIETY OF RADIOLOGIC TECHNOLOGISTS, FARMINGTON, APRIL.	REFERRED TO: FRANCES M. VOORDE	
REP. CLAUDE PEPPER (D) - FLORIDA	INVITES YOU TO ATTEND A DINNER HONORING HENRY STANFORD UPON HIS RETIREMENT AS PRESIDENT OF THE UNIVERSITY OF MIAMI, APRIL.	REFERRED TO: FRANCES M. VOORDE	C /
REP. DICK ICHORD (D) - MISSOURI	RECOMMENDS BILL L. ATCHLEY FOR THE NATIONAL SCIENCE BOARD.	ACKNOWLEDGED BY FM REFERRED TO: ARNIE MILLER	
SEN. PAT MOYNIHAN (D) - NEW YORK	RECOMMENDS JOHN C. HONEY FOR THE DEPARTMENT OF EDUCATION'S INTERGOVERNMENTAL ADVISORY COUNCIL ON EDUCATION.	ACKNOWLEDGED BY FM REFERRED TO: ARNIE MILLER	
REP. NORM MINETA (D) - CALIFORNIA	RECOMMENDS MONROE SWEETLAND FOR THE DEPARTMENT OF EDUCATION'S INTERGOVERNMENTAL ADVISORY COUNCIL ON EDUCATION.	ACKNOWLEDGED BY FM REFERRED TO: ARNIE MILLER	
REP. DON PEASE (D) - OHIO	RECOMMENDS CHARLES J. PING FOR THE DEPARTMENT OF EDUCATION'S INTERGOVERNMENTAL ADVISORY COUNCIL ON EDUCATION.	ACKNOWLEDGED BY FM REFERRED TO: ARNIE MILLER	
REP. HAROLD VOLKMER (D) - MISSOURI	RECOMMENDS MARGARET EWING FOR THE DEPARTMENT OF EDUCATION'S INTERGOVERNMENTAL ADVISORY COUNCIL ON EDUCATION.	ACKNOWLEDGED BY FM REFERRED TO: ARNIE MILLER	
REP. MICKEY LELAND (D) - TEXAS	RECOMMENDS JOE LOUIS FOR THE PRESIDENTIAL MEDAL OF FREEDOM.	ACKNOWLEDGED BY FM REFERRED TO: ANNE WEXLER	
SEN. JIM EXON (D) - NEBRASKA REP. JOHN CAVANAUGH (D) - NEBRASKA	RECOMMEND MARGARET A. LEHNING FOR THE PRESIDENT'S COMMISSION FOR A NATIONAL AGENDA FOR THE EIGHTIES.	ACKNOWLEDGED BY FM	

SUMMARY OF CONGRESSIONAL MAIL TO THE PRESIDENT

DATE: FEB 14, 1980

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<u>FROM</u>	<u>SUBJECT</u>	<u>DISPOSITION</u>	<u>COMMENTS</u>
SEN. DANNY INOUE (D) - HAWAII	FORWARDS A CONSTITUENT'S LETTER EXPRESSING STRONG SUPPORT FOR YOU.	ACKNOWLEDGED BY FM	
SEN. SAM HAYAKAWA (R) - CALIFORNIA	REQUESTS AN INVITATION FOR THE SAN BENITO HIGH SCHOOL BALER BAND AND MARCHING UNITS TO PERFORM IN THE NEXT INAUGURAL PARADE.	ACKNOWLEDGED BY FM	

As at cc to Ed Small
v
mj

R

SUMMARY OF CONGRESSIONAL MAIL TO THE PRESIDENT

DATE: FEB 15, 1980

PAGE: - 1-

FROM -----	SUBJECT -----	DISPOSITION -----	COMMENTS -----
REP. TOM HARKIN (D) - IOWA REP. DALE KILDEE (D) - MICHIGAN REP. MICKEY LELAND (D) - TEXAS REP. JOHN SEIBERLING (D) - OHIO	URGE YOU TO RECALL OUR AMBASSADOR TO GUATEMALA, PENDING INVESTIGATIONS OF THE RECENT ATTACK ON THE SPANISH EMBASSY AND OF OTHER ALLEGED ACTS OF VIOLENCE AGAINST THE PEOPLE OF GUATEMALA; ARGUE THAT THESE ACTS HAVE BEEN PERPETRATED OR TACITLY APPROVED BY THE GUATEMALAN GOVERNMENT, AND MUST BE STOPPED.	ACKNOWLEDGED BY FM REFERRED TO: NSC	C /
REP. JACK WYDLER (R) - NEW YORK	RECOMMENDS CONSIDERING USING AIR FIELDS IN THE SINAI FOR U.S. OPERATIONS; BELIVES BOTH ISRAEL AND EGYPT WOULD BE RECEPTIVE TO SUCH USE; THANKS YOU FOR YOUR HOSPITALITY AT THE CONGRESSIONAL DINNER ON MONDAY.	ACKNOWLEDGED BY FM REFERRED TO: NSC	
REP. DON BAILEY (D) - PENNSYLVANIA	PROPOSES PHILADELPHIA AS A SITE FOR THE 1980 SUMMER OLYMPICS, IF THE INTERNATIONAL OLYMPIC COMMITTEE AGREES TO TRANSFER THE GAMES FROM MOSCOW.	ACKNOWLEDGED BY FM REFERRED TO: LLOYD CUTLER	
REP. BOB ROE (D) - NEW JERSEY	OBJECTS TO THE PLAN BY THE GENERAL SERVICES ADMINISTRATION TO DISPERSE PART OF THE NATIONAL ARCHIVES; ARGUES THAT THIS WOULD DEFEAT THE PURPOSE OF THE ARCHIVES AS A CENTRAL REPOSITORY OF RECORDS.	ACKNOWLEDGED BY FM REFERRED TO: OMB	
REP. IKE SKELTON (D) - MISSOURI	REITERATES HIS REQUEST TO MEET WITH YOU TO DISCUSS THE NEED TO INCREASE OUR ATTENTION TO CIVIL DEFENSE.	REFERRED TO: VAL PINSON	
REP. ALLEN ERTTEL (D) - PENNSYLVANIA	INVITES YOU TO ADDRESS A FUNDRAISER TO BE HELD IN WILLIAMSPORT, PENNSYLVANIA, MARCH; NOTES THAT SPEAKER O'NEILL WILL BE THE GUEST SPEAKER; ADDS THAT ARRANGEMENTS CAN BE MADE FOR YOU TO ADDRESS THE GROUP VIA TELEPHONE.	REFERRED TO: FRANK MOORE	
SEN. DICK STONE (D) - FLORIDA	ENDORSES THE INVITATION FOR YOU TO ATTEND THE RETIREMENT DINNER HONORING HENRY SANFORD, PRESIDENT OF THE UNIVERSTIY OF MIAMI, APRIL.	REFERRED TO: FRANCES M. VOORDE	

SUMMARY OF CONGRESSIONAL MAIL TO THE PRESIDENT

DATE: FEB 15, 1980

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FROM -----	SUBJECT -----	DISPOSITION -----	COMMENTS -----
SEN. DICK STONE (D) - FLORIDA	RECOMMENDS ETHEL K. BECKHAM FOR THE DEPARTMENT OF EDUCATION'S INTERGOVERNMENTAL ADVISORY COUNCIL ON EDUCATION.	ACKNOWLEDGED BY FM REFERRED TO: ARNIE MILLER	
REP. WES WATKINS (D) - OKLAHOMA	RECOMMENDS PHYLLIS SOKOLOSKY FOR THE DEPARTMENT OF EDUCATION'S INTERGOVERNMENTAL ADVISORY COUNCIL ON EDUCATION.	ACKNOWLEDGED BY FM REFERRED TO: ARNIE MILLER	
REP. JOHN ERLNBORN (R) - ILLINOIS	FORWARDS A COPY OF A CONSTITUENT'S LETTER URGING YOU TO APPROVE PROJECT ELF, EXTREMELY LOW FREQUENCY COMMUNICATION FOR SUBMARINES.	ACKNOWLEDGED BY FM REFERRED TO: MILITARY OFFICE	
REP. BOB LAGOMARSINO (R) - CALIFORNIA	FORWARDS A COPY OF A CONSTITUENT'S LETTER OBJECTING TO SECRETARY BROWN'S COMMENT THAT THE U.S. MIGHT NOT DEFEAT THE SOVIET UNION IN THE PERSIAN GULF.	ACKNOWLEDGED BY FM REFERRED TO: MILITARY OFFICE	

THE WHITE HOUSE
WASHINGTON

2/18/80

Phil Wise
Fran Voorde

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

Rick Hutcheson

Fred Kahn
Jack Watson

THE WHITE HOUSE
WASHINGTON

2/16/80

Mr. President:

According to Kahn's office,
Jim Free and Jay Beck concur
with Kahn's recommendation
that you meet with Governor
James.

Jack Watson and Phil Wise
have no objection.

Rick

*Phil - I guess
ok, J*

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE

WASHINGTON

February 14, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: ALFRED E. KAHN *Fred*

SUBJECT: My Meeting with Governor Fob James of Alabama

As I have separately reported to you, I made a trip last week for the Campaign Committee to Montgomery, Alabama, where I gave an after dinner speech to some 300-400 members of the Montgomery Home Builders Association, in which I heavily emphasized our regulatory reform program, at federal, state and local levels.

Governor James invited me to the Governor's mansion for a half-hour informal private conversation, and then ceded to me the first half-hour of a press conference, attended by 40-50 members of the press from all over the State, that he had scheduled to discuss his State of the State message.

My hope was to use the private conversation in a very soft sell effort to bring the Governor into open support of you.

Although his comments about you were mainly critical -- not harshly so, but generally expressing the wish that you were tougher on the familiar anti-inflationary issues -- I think he is not a lost cause. For this reason I thought it might be helpful for you to have a brief summary of the opinions he expressed, and my hesitant suggestion that you consider meeting with him privately for a frank substantive conversation.*

The specific things about which he expressed disappointment were your failure to balance the budget; the Chrysler loan guarantee; your proposed five-year extension of unrestricted revenue sharing; and your failure to call for a heavy gasoline tax.

*

But not with his wife, who will -- I learned on a return trip to Atlanta in the State plane -- use the entire visit to tell you that the proposed registration of women and ERA both contravene the Bible.

He described convincingly to me his own progress with the Alabama budget, and pointed out that he had called for a (5-cent!) gasoline tax last year, which he is confident he will get this time.

He expressed admiration for what we are doing in regulatory reform, and told me that he is going to get his own public service commission to eliminate trucking regulation.

On the other hand, during his part of the press conference, he criticized the federal regulations of the Medicaid system, which, he argued, prevent Alabama from bringing its Medicaid costs under reasonable control. I am getting a copy of the resolution that he is introducing into the State Legislature and that, I understand, he is going to try to get the Governors' Conference to adopt, calling upon the Federal Government to permit the states to require reasonable co-insurance; withdraw Medicaid protection from people who have demonstrably abused it; and impose reasonable financial assessments on the recipients' families.

I will try to get an independent assessment of these resolutions, and see whether I can get Pat Harris to respond.

I will not inflate this memorandum by telling you the various ways in which I pointed out to the Governor and the press you had shown toughness and courage in dealing with our various national problems, including inflation; I placed particular emphasis on the decision to deregulate crude oil, in view of the Governor's own preoccupation with the energy problem and his feeling that we should be heavily taxing gasoline.

But several times I also asked him whether he had ever had a private conversation with you in which he expressed these opinions; he said that his visit with you last year was essentially ceremonial. I urged him to try to convey his ideas to you directly, because I feel that you may be able to bring him around.

I asked one of his aides when he would be in Washington next; she said it will be on February 23-24. Would you consider a private conversation with him?

I sometimes worry about what has happened to my historic liberal views, but I am much impressed with the Governor. He does not strike me as an inhumane reactionary; on the other hand, he is obviously not going to support Kennedy!

THE WHITE HOUSE
WASHINGTON

2/18/80

Secretary Vance
Dr. Brzezinski

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

Rick Hutcheson

cc
Ly
Zb,
J

February 1, 1980

The President of the United States of America
The White House
Washington, D.C.

Dear Mr. President:

During the last year I have felt a strong urge to bring my views on the security of Iran and the Persian Gulf to your attention.

These views were shaped through forty years in the service of the Iranian Armed Forces which took me from the humblest rank to the highest command position. In that period I touched every corner of Iranian soil and dealt with every social, political, tribal or regional group of Iranian people. I know the land and its people. I also have the clearest sense of the danger awaiting it in an immediate, physical sense.

Up to a few months ago these views were considered alarmist by some. They may become more respectable now that the invasion of Afghanistan, in the President's own words, "has made a more dramatic change in my opinion of what the Soviet's ultimate goals are than anything they have done in the previous time I have been in office."

Throughout the seventies laxity of preparedness and resolve in the West was perpetuated by those who saw a nuclear stalemate deterring any direct new military action by a superpower beyond its domain. However, as one responsible for the security of a country that had seen partial occupation by the Red Army and attempts at her fragmentation I never believed in a lasting stalemate. In early post war years internal disarray and weakness in the Soviet Union, combined with the emergence of the global power of the United States forced the northern enemy out of Iran, but there was no evidence that Russian designs on reaching warm waters of the Persian Gulf, which had shown such remarkable persistence since Peter the Great and as recently as Lenin, had suddenly changed. It was the President's present National Security Advisor, Mr. Brzezinski, who predicted a direct confrontation between the United States and the Soviet Union as a result of nuclear parity and a growth of Soviet conventional capability. His prediction was made over ten years ago and we knew then that our part of the world was the most likely location for such a confrontation.

In the last five years I repeatedly tried to warn high United States' officials of the nature and evolution of the Soviet threat to the region. First we warned them of the impending demise of monarchy in Afghanistan as a prelude to increased Soviet influence there. After the Davoud Coup d'etat we explained the consequences of the military and non-military training programs for Afghans equipping them with the ideological, propa-

ganda, technical and military know-how to lay the groundwork for a new satellite state. Finally we predicted the downfall of Taraki and reduction of Afghanistan to a complete satellite and a launch pad for further destabilization of the area. I recall showing a Soviet map, that included Afghanistan and Baluchistan in the Soviet Union, to the Secretary of the Army and General Huyser as the most graphic illustration of Soviet designs on the area. At first our warnings were met with disbelief, but as each prediction materialized they appeared to stop viewing our anxieties as mere paranoia.

I will not take more of the President's valuable time with a discussion of Soviet intentions. Enough time has been spent by hawks and doves arguing about the offensive versus defensive motives behind recent Soviet behavior. It is time to concentrate on new opportunities and realizable targets the Soviets enjoy as a consequence of their Afghan *fait accomplis*, as Marshal Shulman has pointed out. Every opportunity of today is a potential *fait accomplis* of tomorrow and in an age of deterrence, prevention is everything, for there may well be no cure after the fact.

Prevention, however, is possible only if there is a clear line of U. S. commitment drawn around those opportunities and backed by actions. Please forgive my frankness, Mr. President, but we all wish to prevent the outbreak of World War III over the Persian Gulf and I fear that soft language of diplomatic "understanding" misses the inner logic of deterrence: only if crossing a line is seen as almost certain to lead to general war will that line not be crossed, almost certainly.

So I beg the President's indulgence in trying to recount the opportunities that the Soviets have cultivated in the area, emphasizing the differences between Iran and Afghanistan. These differences will show that a massive Soviet occupation of Iran will not be necessary. Rather it is slow and steady subversion followed by a limited use of force which is the most likely strategy to unfold in the coming years.

1. In Afghanistan the Soviets did not have a base of power among the tribes, the religious community or a large urban bourgeoisie and intelligensia. But in Iran, the Tudeh party that was painstakingly developed and continued its activity underground after being outlawed concentrated on recruitment and penetration of theological students in seminaries of Mashhad, Isfahan, Qum, Hamadan, and Kashan. In the last decade some of these became influential religious leaders and others engaged in a massive but subtle and dissembling propaganda effort aimed at students, workers and even simple people in the countryside.

2. In contrast to Afghanistan, the large intelligensia and student population abroad has been a prime target of Communist front organizations. The extent of the influence of Palestinian and other front organizations on various Iranian "student" and guerilla groups which has become evident after the Embassy seizure has been known to us for some time. These groups are now involved in the organization of official and unofficial para-military organizations bent on the destruction of the Iranian military through murder and conspiracy against patriotic officers and a general psywar campaign aimed at demoralizing the present officer corps combined with recruitment and penetration of cadets and the younger officers.

3. A third of the workers in the oil industry are Communist sympathizers

and could cripple the entire industry at will. The contagious effect on neighboring countries is obvious.

4. The media and communication system in the country is all but openly controlled by leftists who aim at the destruction of the ancient Iranian culture and slandering the West in order to break the resistance against eventual Communist dominance.

5. Total breakdown of public order has forced industrialists and managers out of the country, leaving seventy-five percent of the industrial capacity idle and millions of workers unemployed and prey to propaganda aimed at a worker's revolution.

6. The administrative machinery has broken down completely, reducing the most ordinary contacts between people and the government to a nightmare.

7. Revolutionary justice, revolutionary courts and committees as well as revolutionary guard - now notorious the world over - have aroused such hatred that the first request of delegations from every province is the withdrawal of revolutionary guards.

8. Farmers are leaving their land, reducing agricultural output to dangerously low levels and swelling the ranks of the unemployed.

9. As a deeply religious man I agree with some of the foremost Islamic scholars that there is little resemblance between the behaviour of the Khomeini regime and Islamic precepts. I also agree with Mr. Kianouri, the Secretary General of the Tudeh Party, that Khomeini's is the best possible course for eventual Communist success.

10. And, finally, more intelligent and capable Iranians are joining a million others in exile every day.

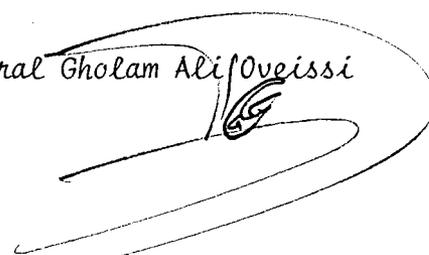
Thus I have no doubt that the continuation of present policies will lead to the final destruction of Iran. The leadership of neighboring countries despair as they no longer see the rewards of friendship with the U. S. and cost of enmity toward her. A spirit of resignation will follow the perception of a uni-polar region dominated by the Soviet Union, deflating the myth of third world power. The fall of these countries will not be far off.

It is against this background, Mr. President, that my soldierly duty to my country demands that I appeal to you to prevent the irrevokable loss of Iranian independence.

I have but one life to give for my country. I hope to give it toward the fulfillment of the historical responsibility towards the people of the free world that destiny has bestowed on you and only you.

Respectfully Yours,

General Gholam Ali Oveissi



THE WHITE HOUSE
WASHINGTON

rick --

don't know from where/whom
this came in -- think it
was on desk either last
thursday or friday.

at any rate, both letters
were in the blue folder,
one in each side pocket....
although it appears the boss
wants vance and brzezinski
to only receive cc of the one
from oveissi

thanks-ssc

C

Dear Mr. President:

Permit a simple Russian woman and mother to bow down on bended knee before the courage and nobility which you and your splendid people have shown in defense of goodness and justice in that moment when a deadly menace threatens your sons. How much strength one must find in oneself during such a tragic time in order not to move toward compromise with evil and violence, insolently raising its hand against those sacred things only by which peace and life on earth exist. After all, if evil, which can only give rise to more evil and chaos, will come to control our world, it (the world) will inevitably perish. What kind of society can be created by people who, like wild animals, blinded by a thirst for vengeance and blood, deny mankind the right of asylum. How harsh are their ethics and religion. Even among wild animals, only jackals tear apart the fallen.

That which is taking place now in Iran has shocked me, not the only person on earth in whom there is at least a drop of goodness and justice, whose heart has not yet become covered with the web of indifference, which cannot be at peace at a time when they want to elevate violence and banditry (there is no other definition) to the level of moral principles. Who would want to live on such an earth? What sort of mother would wish such a fate for her children?

All honest people understand that in speaking in defense of the American citizens who are hostages in the hands of the blackmailers, you are defending not only their lives but the foundations of human coexistence, which cannot be violated without plunging the world into catastrophe.

I could not have failed to write to you about my great admiration for your determination and your noble principles which have manifested themselves in this struggle.

I beseech God to save the lives of the sons of America.

**Electrostatic Copy Made
for Preservation Purposes**

I do not doubt that you would be the first to come to the aid of our people if something similar were to befall them.

Thank you.

A Woman of Russia

19 November 1979, USSR

THE WHITE HOUSE
WASHINGTON

2/18/80

Dr. Brzezinski

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

Rick Hutcheson

Frank Moore

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

February 16, 1980

MEMORANDUM FOR: THE PRESIDENT
FROM: HENRY OWEN ¹⁰
SUBJECT: Congressman Long and the Foreign Aid Bill

As Senator Inouye mentioned this morning, Doc Long is in the hospital for some tests. We suggest that you send him a hand-written note along the lines suggested at Tab A.

I am going to see Long on Tuesday and could deliver your note personally.

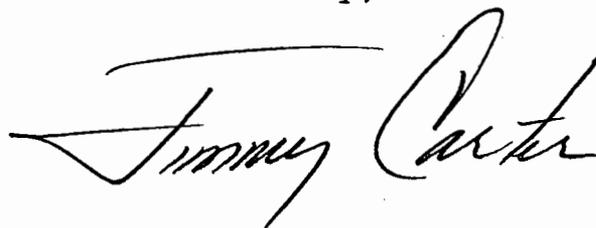
THE WHITE HOUSE
WASHINGTON

February 19, 1980

Dear Congressman Long:

I understand that you are in the hospital for some tests. I am sure that everything will turn out well. We all look forward to having you back and fit to lead the debate on the Foreign Aid Bill.

Sincerely,

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

The Honorable Clarence D. Long
United States House of Representatives
Washington, D.C. 20515

*We are remembering you
in our prayers -*

A handwritten signature in cursive script, likely belonging to a member of the Carter family, positioned below the handwritten note.

THE WHITE HOUSE
WASHINGTON

18 Feb 80

Dick Moe :

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

Rick Hutcheson

Original to Ev Small for
handling and delivery.

THE WHITE HOUSE
WASHINGTON

2-18-80

To Cong. Tom Steed

I heard rumors that you may be planning to retire. I hope you will reconsider. We need men of your caliber and experience in important positions of leadership during this critical time.

I hope you & I can serve another four years together!

Your friend,
Jimmy Carter

THE WHITE HOUSE
WASHINGTON

18 Feb 80

Secretary Cecil Andrus
Jack Watson
Sarah Weddington

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

Rick Hutcheson

Original to stripping for
handling and delivery

THE WHITE HOUSE
WASHINGTON

2-18-80

To Gov. Scott Matheson

I deeply appreciate
your supporting Fritz
and me in our re-
election campaign. We
look forward to working
closely with you, &
will try never to
disappoint you -

Jimmy Carter



See page 2
LDR

STATE OF UTAH

OFFICE OF THE GOVERNOR

SALT LAKE CITY

84114

SCOTT M. MATHESON
GOVERNOR

February 2, 1980

Honorable Cecil D. Andrus
Secretary of the Interior
811 Balls Hill Road
McLean, Virginia 22101

Dear Cece:

I appreciate your willingness to schedule a trip to the Uintah Basin for the signing of the Ute Indian Compact. The Compact represents four years of very intense negotiations between the State of Utah and the Ute Tribe on that portion of the Colorado River that will be diverted for Indian uses. Your presence will add immeasurably to the occasion.

As I indicated to you earlier this week, I have convinced the Central Utah Water Conservancy District to increase in-stream flow by an additional 15,800 acre-feet for maintenance of live streams and fish propagation. I am enclosing a copy of the agreement for your information. These two events, combined with the 100 million dollars that the Administration is requesting for Utah water projects in the next fiscal year, move the Central Utah Project closer to reality than at any time in the past decade. Your personal assistance in all of this is acknowledged and greatly appreciated. You have been a fair and effective representative of the Carter Administration in the West and often our only constant link with the White House.

The Carter Administration had a less than auspicious beginning in the West with the announcement of the hit list for water projects scarcely a month after the Inauguration and the subsequent announcement by the President of a national water policy review that raised fears among the western states of a federal pre-emption of state water rights. The anticipated modification of your solicitor's opinion regarding nonreserved federal water rights has greatly relieved our apprehension in that regard, and while a final judgment on the national water policy must await your report to the President, I think that the review has had some positive results.

Honorable Cecil D. Andrus
February 2, 1980
Page Two

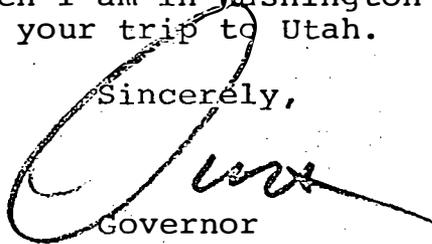
I sensed a growing appreciation by the President of the unique problems and opportunities that confront the public lands states when the WESTPO governors met in Albuquerque last fall. We want to be able to control our own destiny and to shape and direct the events and opportunities that present themselves to an expanding and increasingly vital region.

This is why I am interested in a joint Four Corners Regional Commission and Old West Regional Commission partnership for natural resource development based upon the Appalachia model and why I have fought to prevent the transfer of the Weteye bombs to Utah and why Governor List and I have sought a meeting with the President to gain some control over the process that will possibly deploy the MX missile system in our two states.

I believe the President recognizes our aspirations and supports us in their attainment, and that is why I will support the re-nomination and re-election of the Carter-Mondale ticket.

I hope to see you when I am in Washington later this month and look forward to your trip to Utah.

Sincerely,



Governor

SMM:kb

Enclosure

THE WHITE HOUSE
WASHINGTON

16 Feb 80

John White

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

Rick Hutcheson



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

*John -
I understand
& will help
J*

MEMORANDUM FOR: PHIL WISE
FROM: JOHN P. WHITE *AL*
SUBJECT: Meeting with the President on Registration

A serious problem has developed regarding the timetable for the resumption of selective service registration. Briefly stated, unless we can induce the Congress to pass a supplemental appropriations bill for the Selective Service in the next two weeks, it is highly unlikely that we will be able to commence registration until after Labor Day.

The reason for the urgency is that the Selective Service System does not have sufficient funds in its current FY 1980 budget to commence registration. After March 1st when the current "windows" for supplemental appropriations passes (in the budget process) it will be technically impossible to pass any appropriation bill until June. However, we would not realistically expect the FY 1980 supplemental appropriations bill to pass until July.

The choices are not very attractive. However, the magnitude of the problem and the need for prompt action dictate that this issue be brought to the President's attention today.

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THE WHITE HOUSE
WASHINGTON

18 Feb 30

Al Kahn

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

Rick Hutcheson

cc: The Vice President
Hamilton Jordan
Stu Eizenstat
Al McDonald
Jody Powell
Charlie Schultze

*have
Kahis
pick up his
copy*

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

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

ACTION
FYI

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

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

THE WHITE HOUSE

WASHINGTON

February 18, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: ALFRED E. KAHN *Fred*

SUBJECT: The CWPS Report on Oil Industry Compliance

On Tuesday or Wednesday, February 19 or 20, the Council on Wage and Price Stability will, according to present plans, be issuing a staff report summarizing the results of its analysis of oil company compliance with the standards. Since the subject matter is extremely sensitive, and we will be criticized when it is released -- for reasons I will describe shortly -- I thought it best to raise with you the question of when and how we present our conclusions.

We have been holding the report back for a week or two, in an effort to improve it and make it less subject to hostile misinterpretation, while two Congressional committees -- Rosenthal and Dingell -- and GAO have been demanding it with increasing insistence. Since the delay itself is now being interpreted as an attempt to squelch or censor it, Charlie Schultze and I concluded that the best approach would be for the Council to release the document as a staff report, accompanied by my summary and interpretation, which would try to draw the sting of these criticisms.

The reason publication will occasion criticisms is that, even though by far the preponderant portion of the increase in the retail prices of gasoline and heating oil is explained by the price of crude oil -- which is of course not covered by our price standard -- and, in the case of gasoline, by wholesale and retail distributive margins, which are regulated by DOE:

1. We have not been able to explain quantitatively more than about half of the difference between the 4.5¢ increase in refinery margins (3rd quarter to 3rd quarter, 1978 - 1979) and the 0.6¢ that our basic standard would have allowed.
2. The contribution of non-compliance is estimated at 0.4¢, but the investigation of probable non-compliers (of whom CWPS has identified eleven) goes slowly. (Please bear in mind, however, that we did not have the requisite first program year data until mid-November.)

Fred -
a) Bite the bullet
b) Tell the truth
c) Let the chips fall.
d) Try to stage headline with your comments.
e) Improve the system
J

1. The major part of the explanation of the 30¢ increases in the retail prices of gasoline and 29¢ of heating oil between the 3rd quarters of 1978 and 1979 -- 17.6¢ -- [REDACTED] is the increased cost to refiners of crude oil (domestic and foreign) and imported products purchased either for additional refining or for resale.

None of these prices is subject to the Council's standards: the major parts of the increase in the retail prices of gasoline, heating oil and other petroleum products has therefore been beyond the reach of the voluntary anti-inflation program. There are of course compelling reasons of energy policy for this exclusion.

2. Refinery margins -- the spread between the prices refiners pay for crude oil and imported products, on the one side, and the prices at which they sell their products, on the other -- accounted on the average for 4.5¢ of the 30¢, or about 15%. Since the primary price standard for petroleum refiners would have permitted an increase of only 0.6¢, a residual 3.9¢ increase remains to be explained.

The Council staff was able to identify a number of factors contributing to that 3.9¢; in some instances it was able to make rough estimates of the size of their contributions, in others it lacked the requisite information:

- o Non-compliance with the standard. The Council has identified eleven companies who have been or will be issued notice of probable non-compliance; the staff estimates their non-compliance may have accounted for 0.4¢ of the 4.5¢ industry-wide margin increase. Non-compliance among smaller refiners, whom the Council lacks the resources to monitor closely, could be an additional factor.
- o Three others represented what might be termed laxities or liberalities in the first year standard that the Council has already corrected in whole or in part for the second year. These were: the privilege previously available to refiners of combining refinery with other operations for purposes of qualifying for and applying the profit margin test; failure of the first year standard explicitly to prohibit companies increasing their prices to offset decreases in volume of sales; and the right of companies to catch up in their profit margins if margins in the preceding year were below the levels of the best two of three years in the 1975-77 period.

THE WHITE HOUSE

WASHINGTON

February 18, 1980

MEMORANDUM

FROM: ALFRED E. KAHN

SUBJECT: Proposed Covering Essay for the CWPS Petroleum Study

This staff report of the Council on Wage and Price Stability is the result of a three-month analysis of the financial information filed with the Council by the major oil companies for the first year of the President's anti-inflation program, October 1, 1978 through September 30, 1979, in order to determine the extent of their compliance with the voluntary price standard.

A closely related purpose was to ascertain what had happened to refinery and distributive margins in the industry as a whole, and to what extent non-compliance with the standards, to what extent other factors, might have explained the sharp increases in those margins and in product prices that we experienced during that period.

The study has taken considerably longer than we had anticipated because of the extraordinary complexity of the petroleum industry, the diversity of the regulations to which it is subject, and the extreme turbulence that its markets have experienced. Moreover, it is clear that we still are far from having all the answers to these questions now.

The most important contribution of the present staff report could therefore well be that it identifies our remaining areas of ignorance and, in so doing, raises the question of what steps should now be taken to explore them farther. In addition, the study helped identify weaknesses in the Council's first-year special standard for petroleum refiners, which we have corrected in our second-year standard.

Since the report is essentially factual and analytical, I attempt in this covering essay to set forth what seem to me to be the most reasonable constructions to be placed on each of its major conclusions.

3. A larger contribution came from laxities and ambiguities in the first-year standard, which we have since corrected.
4. Lacking auditing capacity and a huge staff, CWPS is in no position to tell to what extent the companies have been gaming us by daisy chaining (bidding up prices by transactions back and forth with third parties) or denying U.S. consumers the benefit of low-cost foreign crude oil purchases by selling that crude abroad, or refining it abroad and selling the products at uncontrolled prices.

In addition to the questions that these conclusions raise as to what the Administration is doing to restrain prices, the report has other problems: it discusses world oil markets overly simply and is written more poorly than I would, under ideal circumstances, prefer.

My purposes in transmitting my summary in advance are two: First, as I have already suggested, to give you an opportunity to judge whether the possible embarrassment to the Administration from issuance of the report tomorrow or Wednesday outweighs the embarrassment of further delay. My own feeling on this is that delay would be worse. And, second, for you to have a chance to decide whether the Administration should announce, simultaneously with issuance of the report, specific plans for follow-up inquiries into the many still inadequately understood aspects of this record. (It seems clear that, if you chose to do this, it would delay issuance of the report for a week or so, with all the attendant risks I've described.)

There are strong substantive arguments that can be made for delays purely in terms of ensuring the quality and completeness of the report. I could, in a week's time or so, rewrite and improve the report myself. If I were to do so, however, it would be bitterly resented by Bob Russell and the CWPS staff, and, regardless of the merits, would inevitably occasion cries of politically-motivated censorship.

Since time is so short, I will take the liberty of telephoning you about this Tuesday afternoon.

Attachment

cc: Hamilton Jordan
Stuart Eizenstat
Jody Powell
Charles Schultze

- o It was the intention of the original gross margin standard that the cost of process fuel -- the fuel burned in the operation of the refinery -- be covered within the allowable gross margin, along with other operating costs. Since the industry-wide margin increase of 4.5¢ is computed by deducting only crude oil and purchased products, some possibly large part of the difference between that increase and the 0.6¢ intended by the standard could be explained by inclusion of the rising cost of process fuel in the former. Since it does seem to make more sense to treat these costs like the cost of acquiring crude oil, the second year standard excludes process fuel from the gross margin. This has the additional virtue of tending to make it easier for companies to remain on the gross margin standard rather than be permitted (because of uncontrollably rising costs) to move over to the essentially cost-plus and therefore less socially desirable profit margin test.
- o Purchases by refiners of domestic crude oil and products from third parties -- brokers or other intermediaries -- could have inflated the costs of these inputs to individual companies, while not reducing the computed increase in industry-wide gross margins.
- o Finally, it appears that inventory valuation adjustments that companies routinely make in their quarterly income statements, under LIFO accounting procedures, so that those statements will prove consistent with their annual reports, had a substantial effect in reducing gross and net margins reported to the Council for the year, which ended with the 3rd quarter of 1979. Presumably if these adjustments were made in good faith and without systematic biases, they would wash out in reports for the calendar year.

3. Distribution spreads for gasoline sold by independent marketers rose 6.3¢ a gallon, for heating oil by 1.8¢. There are three things to be said about the comparative lack of attention to these spreads by the Council and in this study.

First, the distribution of gasoline is regulated by the Department of Energy.

Second, monitoring of the operation of thousands of wholesalers and hundreds of thousands of retailers is manifestly beyond the Council's capability.

Third, this sector of the industry is highly competitive. The increase in final product prices and distributive margins during the past year was a consequence above all of an imbalance between demand and supply. Any attempt to limit prices in such a market, in such circumstances, is bound to have only very limited effectiveness.

4. By far the greater portion of the sharp increase in profits that the oil industry experienced in 1979 it earned on its foreign operations. This raises the question of whether American refiners with access to foreign crude oil at costs below market-clearing levels may have diverted some of the benefits of that low-cost oil from American customers by selling it abroad at higher prices than DOE regulations would permit them to charge their domestic refineries, or by running it through their foreign refineries and selling the products either abroad or to their domestic refining-market affiliates in either case at unregulated prices.

The staff report provides no evidence on the extent to which this may have taken place, but recommends, in view of the very large numbers of dollars involved, that these questions be further studied.

5. This report forces us now to confront a number of challenging questions.

- o Whether the study of foreign profits, transfer prices and third-party sales recommended under 4, above, be undertaken, and if so by whom.
- o Whether CWPS should be provided with additional monitoring resources, so as to cover the smaller refiners and/or marketing companies.
- o Whether additional changes in the price standards -- additional, that is, to the ones described in the report -- are desirable.
- o Whether and by what means it is desirable to try to fill in the gaps in our understanding of all the components of the explained and unexplained portions of the 4.5¢ increase in refinery margins.

6. Meanwhile, of course, the Council will continue its monitoring of petroleum refiners, as broadly and on as current a basis as its resources permit, and will identify publicly any companies it finds have not complied with the President's program.

THE WHITE HOUSE

WASHINGTON

February 18, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: LLOYD CUTLER

LC

SUBJECT: OLYMPICS

Attached is a memorandum on the present state of play as to the Olympics. In brief:

1. The USOC President has stated publicly that the USOC will accept your decision not to send a team to the games. On March 15 the USOC Administrative Committee will meet and recommend a resolution to this effect for adoption by the House of Delegates on April 14. According to the USOC lawyers, this is the fastest schedule possible under the USOC constitution.

2. The IOC is resigned to the probability that most of the NOC's asked by their governments to take similar action will agree to do so. It will make the best of what is left of the Moscow games and try to keep the movement together for 1984.

3. After the meeting of the EEC Foreign Ministers tomorrow, the FRG may take a public position. What the FRG does, and when, is now the critical factor in the whole problem.

4. Our consultation and analysis is continuing on the subject of alternative games. The next meeting of governments will be in The Hague or London on February 27 and 28.

5. We have identified some good candidates to take over the job of putting together any alternative games.

cc: Secretary Vance
Warren Christopher
Zbigniew Brzezinski
Jody Powell
Hamilton Jordan

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THE PRESIDENT'S SCHEDULE

Saturday - February 16, 1980

8:00 Dr. Zbigniew Brzezinski - The Oval Office.

8:30 President Tosiwo Nakayama, Federated States of
(5 min.) Micronesia. (Dr. Zbigniew Brzezinski).
The Oval Office.

THE PRESIDENT'S SCHEDULE

Sunday - February 17, 1980

- 9:50 Depart South Grounds via Motorcade en route
The First Baptist Church.
- 10:00 Sunday School.
- 11:00 Morning Worship Service.

THE PRESIDENT'S SCHEDULE

Monday - February 18, 1980

No Appointments Scheduled.

THE WHITE HOUSE
WASHINGTON

9

2/13/80

Mr. President --

Secretary Vance called back with one of the answers to the two questions you had. (He will call over a list of the countries that have a draft later.)

Regarding whether or not he discussed with Kennedy the establishment of a commission in the Iranian situation -- Vance said, yes, he did discuss that with Kennedy. To the best of his (Vance's) recollection he indicated we were not opposed to such a commission provided it was set up right, in the proper manner as would be appropriate/proper; and that the rights of the hostages would not be interfered with as regards any questioning of the hostages.

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for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

2/18/80

Al McDonald
Jack Watson
Anne Wexler

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

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

February 15, 1980

ok. Proceed
J
(don't forget
"dis. b. l. by")

MEMORANDUM FOR THE PRESIDENT

FROM : AL MCDONALD *Al*
JACK WATSON *Jack*
ANNE WEXLER

SUBJECT: Energy Conservation Push

Secretary Duncan has provided you with a comprehensive catalog of his Department's medium to long-term energy conservation plans. Other agencies are compiling similar inventories. The multitude of activities undertaken or planned and the resources assigned are clearly impressive. This fundamental program should be encouraged and pushed ahead promptly.

The White House must also move now to support and assist Secretary Duncan with energy conservation. To do this, we propose to develop with him an intensive, near-term energy conservation push to supplement ongoing DOE activities. This effort would be designed as a highly visible, highly selective and concentrated thrust involving you and several Cabinet members. We would seek to reach out in a visible fashion to each American citizen to assist him or her individually to conserve energy. This would be a heavy awareness building and educational program aiming for maximum citizen participation.

Here is a brief description of the supplemental program we would seek to work out with Secretary Duncan.

Objectives

Our objectives for the supplemental effort are:

- (1) To raise public understanding of and active participation in energy conservation on an individual basis.
- (2) To make measurable progress short-term (during this spring and summer) in reducing oil consumption.
- (3) To instill a new public receptivity for and interest in changing energy consumption habits.

Characteristics

Characteristics of the supplemental program would be high visibility achieved by marshaling the maximum means available, education of individual citizens on how they can contribute to our nation's conservation program, and use of measures of national progress to indicate as specifically as possible the results being accomplished. Its focus would be on major energy consumption areas, individual transportation and residential usage. Paid advertising would be used to the extent available. Until the advertising appropriation is approved, other approaches, including public service ads, mailings and personal appeals, would move ahead. Results would be carefully monitored, both by activity and accomplishments.

(Performance measures will be less specific than desired since we do not have reliable end-use figures. Nevertheless, we can use gross measures of imported oil, transportation and residential usage, etc., that should serve our purposes, often expressing improvements in percentages rather than precise quantities.)

Approach

The high visibility program would be geared as a Presidentially-launched, Cabinet-led supplement to DOE's longer term program. Selected Cabinet members would be asked by the President to take the lead in a narrowly-focused, high priority conservation effort, aiming for maximum near-term exposure and early results. Each participant would be assigned a program objective within the overall timetable. With DOE staff assistance, they would then develop their own program elements and execution plans.

The Cabinet officers and their programs would be:

1. Secretary Goldschmidt: DOT would aim its push at gasoline conservation during the spring and summer driving months. It might include such program elements as (a) driveless days, (b) education of drivers on fuel-efficient driving habits, and (c) car pooling plans.
2. Secretary Klutznick: Commerce would take the lead with an immediate, direct program to individual businesses. This thrust would aim for the development of the maximum number of company programs within the next 90/120 days to encourage and sponsor ridesharing among employees. This might involve changes in working hours, parking regulations, assistance in putting together ridesharing clubs, among others. Field offices would be utilized to get maximum, rapid exposure at the local community level. Local clubs (e.g., C of Cs and Junior C of Cs) would be encouraged to sponsor complementary campaigns.
3. Secretary Bergland: Agriculture would aim a near-term effort toward providing guidelines for individual farmers on how

they can save costly fuel charges by practicing conservation. It would emphasize the strong economic incentives for farmers to act now. Included in this program could be approaches by the various farm organizations (e.g., the three million families of the American Farm Bureau), as well as use of agricultural field officers in contact with county agents throughout the country. Local outreach efforts (e.g., 4-H clubs and Future Farmers of America) would also be encouraged.

4. Secretary Landrieu: HUD would concentrate on near-term residential conservation programs. These might include spring and summer surveys of homes to prepare weatherization programs for next fall as well as guidelines for reduced use of air conditioning, hot water heaters or other home appliances.

In all of these programs, we would count on using the maximum amount of departmental resources already in place to carry out each Secretary's priority assignment. In most instances energy conservation will be a major departmental objective. Consequently, this concentrated emphasis to get the country aware and moving clearly warrants marshaling of existing resources for these near term aims.

All of these programs would be supported by staff efforts from DOE, many of which are already underway.

Organization

DOE and Secretary Duncan would continue with the responsibility for the fundamental program as well as taking the Administration lead for the near term visibility effort. A special subcommittee of the ECC would be charged to oversee the energy conservation program. We would then interlink our coordinating unit within the White House to the ECC subcommittee and to the designated program leaders at DOE and the other Departments. We would also, along with Secretary Duncan and Deputy Secretary Sawhill, assist in shaping the overall plan and timetable and monitoring the results. In addition to scheduling periodic reviews of activities by the ECC subcommittee, the President would call for personal reports on a regular basis at Domestic Policy Breakfasts by Secretary Duncan and participating Cabinet members.

At the working level, the special ECC Subcommittee on Energy Conservation could be used as a mechanism to extend involvement as needed, coordinate the near-term campaign with the fundamental program and marshal resources wherever available throughout the Administration.

Within DOE, to make sure the near-term visibility program gets appropriate attention, a special program director would be designated to report directly to Deputy Secretary Sawhill and Secretary Duncan with responsibility for this project alone.

This effort would then clearly supplement and be differentiated from the longer term and more comprehensive programs under Assistant Secretary Tom Stelson.

White House Role

Within the White House, we would organize a parallel visibility program, emphasizing the same selected themes, tying together our efforts in a cohesive outreach plan to utilize fully our external and media contacts. This will build heavily on the Wexler group, the Watson office, press and media liaison, speechwriting and the operations of seven other Presidential Assistants with special interest group responsibilities.

We would develop a program of high-level involvement, beginning with the President, the Vice President and the First Lady, and extending to Senior Staff members. It would include speeches, awards and other events as appropriate and timely.

Recognizing our limited resources, the White House efforts would concentrate on only one or two of the above programs at a time so that these could be given maximum visibility and public relations attention.

If you approve, we will work with Secretary Duncan to complete the proposal and get it launched next week.

THE WHITE HOUSE
WASHINGTON

2/18/80

Jack Watson
Dick Moe

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

Rick Hutcheson

Hamilton Jordan



OFFICE OF THE VICE PRESIDENT

WASHINGTON

February 13, 1980

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON
RICHARD MOE

SUBJECT:

FEDERAL RESERVE BOARD APPOINTMENT

Due to the expiration of Phillip Coldwell's term, you have an opportunity to appoint a new governor to a full 14-year term. Bill Miller, Charlie Schultze and Dick Moe have worked closely with Chairman Volcker in screening and interviewing a large number of candidates.

There is an important difference in perspective between Chairman Volcker and the others regarding the kind of person we need. Volcker would like someone preferably with a banking background who could help him with the internal management and supervision of the Federal Reserve System. He would like someone who could also contribute sound judgment to monetary policy and who would be well received in the business and financial communities. He does not believe the Fed needs another economist (see Volcker memorandum attached at Tab 5).

Bill Miller, Charlie Schultze and we believe that the paramount factor should be the candidates' views on monetary policy and their compatibility with the Administration's economic goals. They also believe that whatever needs exist for improving the management of the Fed system could be met in other ways (see Miller and Schultze memoranda attached at Tabs 6 and 7).

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MEMORANDUM FOR THE PRESIDENT
February 13, 1980

Page 2

Everyone agreed that the screening and interviewing to date produced only two names worthy of your consideration:

W. Liddon McPeters, 57, President of the Security Bank of Corinth, Mississippi. Ph.D. in Economics from Harvard. Former president of the Mississippi and American Bankers Association. Resume attached at Tab 1.

Lyle E. Gramley, 53, Member of your Council of Economic Advisors. Ph.D. in Economics from Indiana University. Spent most of his career in a variety of staff positions at the Fed, most recently as Director of the Research and Statistics Division. Resume attached at Tab 2.

Volcker strongly recommends McPeters; Miller and Schultze strongly recommend Gramley (comments from them and others appear at Tab 3 for McPeters and at Tab 4 for Gramley). Their disagreement obviously represents a basic difference in approach which only you can resolve.

While both men appear to be well qualified, we tend to agree with Miller and Schultze for these reasons:

- Of the three governors (excluding chairmen) that you have appointed thus far, two have had banking backgrounds (Emmett Rice and Frederick Schultz), and only one has been an economist (Nancy Teeters). This was done in part to satisfy Bill Miller's desire to broaden the representation of the Fed.

- Volcker's desire for management help is no doubt valid, but we don't view it as compelling. Fred Schultz was appointed largely to fill this need. McPeters, who ran a small bank, hasn't had that much management experience. Moreover, Gramley's experience as a senior administrator at the Fed should be of considerable value.

MEMORANDUM FOR THE PRESIDENT
February 13, 1980

Page 3

● Because this is a key appointment given the present composition of the Board and because it is for a 14-year term, we believe the candidates' views on monetary policy deserve the strongest consideration. McPeters has very little experience or familiarity with monetary policy; he would require an extensive learning period. Gramley is very knowledgeable in the subject, his basically moderate views are compatible with the Administration's goals, and his reputation for pragmatism and independence should serve well the Administration's long as well as short-term interests.

* * * * *

_____ I will appoint McPeters.

_____ I would like to interview McPeters.

✓ _____ I will appoint Gramley.

_____ I would like to interview Gramley.

_____ I would like to consider additional names.



W. LIDDON McPETERS
P. O. Box 1439
Corinth, Mississippi 38834
Office: (601) 287-3121
Residence: (601) 286-6372

BUSINESS CAREER

THE SECURITY BANK, Corinth, Mississippi
Officer and director 1947-
President 1962-

CORINTH BRICK COMPANY, Corinth, Mississippi
President and director 1948-52

BANK ASSOCIATION ACTIVITIES

AMERICAN BANKERS ASSOCIATION
President 1976-77
Chairman of Governing Council 1977-78
Chairman and member numerous committees and task forces

MISSISSIPPI BANKERS ASSOCIATION
President 1967-68

EDUCATION

HARVARD UNIVERSITY
A. M. - Economics - 1945
Ph.D. - Economics - 1947

VANDERBILT UNIVERSITY
B. A. (magna cum laude) 1943
Member Phi Beta Kappa

OTHER ACTIVITIES

Served for many years as Trustee and Chairman of City/County Hospital, Chairman of Regional Library Board, President of Area Chamber of Commerce, appointed by Governor of Mississippi to Mississippi Research and Development Council, member of Tennessee-Tombigbee Waterway Bridge Committee, currently member Executive Committee of Men of Mississippi, member Banking, Monetary and Fiscal Affairs Committee of Chamber of Commerce of the U. S., Committee for the Arts of the Governor of Mississippi, and First Vice President Friends of the Arts in Mississippi, Inc. Member Official Board of First United Methodist Church of Corinth. Participant in numerous civic and social organizations.

PERSONAL

Age: 57
Born Corinth, Mississippi. Married to Margery Everett,
one daughter.

VITA

Name: Lyle E. Gramley

Birthdate and Place: January 14, 1927
Aurora, Illinois

Marital Status: Married--two children: ages 21 and 20.

Colleges, Degrees,
etc.

Aurora College, Aurora, Ill. ---- 1948-49

Beloit College, Beloit, Wisc. ---- 1950-51
B. A., 1951

Indiana University, Bloomington, Indiana
M. A., 1952; Ph. D., 1956

Positions Held:

Financial Economist - Federal Reserve Bank of Kansas City-----1955-62

Associate Professor of Economics, University of Maryland-----1962-64

Senior Economist, Board of Governors of the Federal Reserve System----1964-65

Associate Adviser, Division of Research and Statistics
Board of Governors of the Federal Reserve System----1965-67

Adviser, Division of Research and Statistics
Board of Governors of the Federal Reserve System----1968-69

Associate Director, Division of Research and Statistics
Board of Governors of the Federal Reserve System----1969-73

Deputy Director, Division of Research and Statistics
Board of Governors of the Federal Reserve System----1973-74

Director, Division of Research and Statistics-----1974-77
Board of Governors of the Federal Reserve System

Member, Council of Economic Advisers, Executive Office of
Publication: the President-----1977 to Pres.

Essays in Commercial Banking (coauthor), Federal Reserve Bank of
Kansas City, 1962.

Scale Economies in Banking, Federal Reserve Bank of Kansas City, 1962

Publications. (continued)

The Maryland Tax Study (Associate Director), Bureau of Business and
Economic Research, University of Maryland, 1965

"Time Deposits in Monetary Analysis" (with Sam B. Chase),
Federal Reserve Bulletin, October 1965

"The Informational Content of Interest Rates as Indicators of Monetary Policy,"
May 1968, published by the Federal Reserve Bank of
Minneapolis.

"Guidelines for Monetary Policy--The Case Against Simple Rules," February 1969,
unpublished paper delivered at the Financial Conference
of the NICB.

Ways to Moderate Fluctuations in Housing Construction, (Director),
Federal Reserve Staff Study published by the Federal
Reserve Board, 1972.

Professional Affiliations:

American Economic Association

American Finance Association

National Economists Club

Honors and Awards:

Phi Beta Kappa

Fellowship received from Indiana University, 1951.

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3

COMMENTS ON W. LIDDON MCPETERS

Charles Zwick, Chairman of Southeast Bancorporation, Former OMB Director under President Johnson, made a number of calls to bankers around the country. He reported "Mr. McPeters is universally well regarded and received very strong support."

Fred Deming, Undersecretary of the Treasury in 1960's, former President of the Federal Reserve Bank of Minneapolis, reported: "He's a solid, sensible fellow -- I was very much impressed by the way he understood our objective and helped us get support for tax legislation when I first met him on a visit to Mississippi when I was in office."

George McKinney, Executive Vice President of Irving Trust Co., New York: "I worked with him over a period of years on the ABA Economic Policy Committee and I can tell you he knows what he's arguing about. He understands the issues and isn't swamped by the small bank viewpoint. He sees the broad picture."

Paul Volcker, Chairman of the Federal Reserve Board: "I have had no previous acquaintanceship with Mr. McPeters. He was, however, strongly recommended to me by people inside and outside the Federal Reserve whose judgment I trust. He strikes me as a man of solid judgment, conservative in instinct, but certainly free of strong doctrinal views. He appears to be well and favorably known by a succession of Mississippi and other political leaders, including Senator Stennis and Representative Whitten, and has recently been pressed to take state office by the Governor. He is known as an early and consistent supporter of yours."

"The decision rests, of course, on what kind of an 'image' you wish to convey with the appointment. My own sense, at a critical time psychologically, clearly is that someone of Mr. McPeters' background will inevitably be more 'reassuring' in terms of 'stick-to-itiveness' in the anti-inflationary effort. At the same time, his background and the personal assessments I have received, strongly suggest he is a man of breadth, with strong sympathy for your programs and approach."

G. William Miller, Secretary of the Treasury: "Liddon McPeters is a fine person with an excellent reputation. He was educated as an economist, but his experience has been in management of a relatively small bank in Mississippi with particular emphasis on agricultural clients. This background, plus his service as President of the American Bankers Association, would make him an asset to the Federal Reserve. However, he would not bring the experience and strength on monetary policy which should be given priority at this time."

Charles Schultze, Chairman of the Council of Economic Advisors: "Whatever Liddon McPeters' qualifications as a potential manager -- and his experience at a small bank gives no real grounds for evaluating this -- his knowledge of monetary policy is very low. In our interview, he was unable to discuss this subject with any degree of familiarity. We believe he would tend to follow Chairman Volcker very closely on monetary policy votes."

In addition, McPeters is supported by Senator Stennis, former Senator Eastland and Congressman Whitten, all of Mississippi.

You will recall that Bert Lance also recently sent you a note supporting McPeters, indicating that he would be an "excellent and outstanding choice."

COMMENTS ON LYLE E. GRAMLEY

Arthur Okun: "Lyle is eminently qualified. He deserves it in part because of his enormous efforts on behalf of the Administration. The financial community would not applaud but they'd accept him. It would be a damn good appointment. None could be better."

Arthur Burns, former Fed Chairman: "I give him very high marks. It would be an excellent appointment. He knows the Federal Reserve System thoroughly and gained valuable experience as director of research at the Fed. He should be very well received by the financial community."

Paul Volcker, Fed Chairman: "Lyle has been a friend and colleague of mine for 10 years and more, so I know directly of his high professional competence and character. I need not elaborate on those strengths."

"What does concern me is that his talents and experience broadly duplicate what we have on the Board. Our need for someone familiar with the "innards" of banking and financial markets would be left unfilled, as would our internal need for someone with executive instincts to exercise surveillance over the operating arm of the Federal Reserve System -- the Federal Reserve Banks."

Stu Eizenstat: "I very strongly support Lyle Gramley for membership on the Fed. During the three years that I have had the pleasure of working with him I have found him to be sensible and extremely able. He is a first-rate economist."

"At a time when monetary policy will be so critical, it will be very important to have a person such as Lyle in whom we can have confidence but who will at the same time provide an informed, independent judgment."

G. William Miller, Secretary of the Treasury: "The principal issue faced now and in the foreseeable future by the Federal Reserve is monetary policy. While regulatory matters, supervision of the financial structure, and operation of the Federal Reserve system continue to be important, they are overshadowed by monetary policy in view of the continued threat from inflation."

"For this reason, in my view, Lyle Gramley should be the preferred candidate. His experience with the Federal Reserve system, as a practicing economist, and as a member of the CEA, well qualify him. In my opinion, he is a person of high character and quality whose views on responsible monetary policy would be consistent with the Administration's economic strategy."

Charles Schultze, CEA Chairman: "Lyle Gramley, as you know, spent a large part of his professional life at the Federal Reserve. He was seven years at the Kansas City Federal Reserve, and knows the problems of the District Banks. At the Board of Governors he became Director of Research and Statistics in 1974 -- the top professional position. In that job he supervised a staff of about 300 people, and did it well. Gramley knows monetary policy backwards and forward. In addition, he has a lot of common sense, is hard-headed and practical, and not a captive of either 'liberal' or 'conservative' ideology. He will bring an independent but not a stubborn mind to the problems of monetary policy."



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

PAUL A. VOLCKER
CHAIRMAN

February 7, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: Paul A. Volcker *Paul A. Volcker*

SUBJECT: Appointment of Federal Reserve Governor

I have reviewed a sizable number of potential candidates for the vacancy on the Federal Reserve Board, and discussed the top names with some of your White House staff who have also been reviewing names.

In approaching this appointment, I would stress the importance of a balanced makeup of the Board in the light of the range of our responsibilities. The six continuing members include five professionally-trained economists, four of whom have little or no administrative experience and whose backgrounds are quite similar. Their earlier careers were essentially professional staff in the Treasury and Fed and White House bureaucracy.

Our central function is, of course, national monetary policy, and its relation to macro-economic policy generally, for which this background is appropriate. But, in practice, even more of our time is devoted to less visible but important work in financial regulation, supervision of the Federal Reserve Banks with their heavy operational responsibilities, and guidance of the development of the banking and payments system. We are frankly weak in the kind of practical banking and financial experience, personal interest, and administrative talent essential to this detailed work; the retiring member of the Board, who did have a special interest in these areas for some years, was our "point man," leaving a real gap.

My conviction is that we should seek a person potentially able to meet that need, provided, of course, that person can also contribute sound judgment to monetary policy, rather than adding another person of similar background to those we have.

I am reinforced in that belief by the thought that such an appointment would be favorably received in the financial and business community and within the Federal Reserve System, as indicative of your (and our) sensitivity to the practical implications of our work for the evolution of the banking system as well as for the broad aspects of economic policy. Put simply, I do not think the Board should be entirely a collection of professional economists, provided a new man brings sound judgment, active interest, and highly relevant experience.

In that light, I will comment on the two leading candidates that have emerged:

Liddon McPeters, Corinth, Mississippi

Mr. McPeters, 57, has spent nearly all his career in business and banking in Mississippi. He has recently sold his ownership interest in a relatively small bank, and is very interested in public service on the Board. Apart from his activity in local and regional civic and economic affairs, he was once President of the American Bankers Association, indicating his stature among his peers and something of his personal force and competence.

While he has not been a practicing economist, he does have a Ph.D. in economics from Harvard (also a Vanderbilt Phi Beta Kappa). His early interest was in rural economic development in the South, and as a "small town" banker has retained close contact with the problems of agriculture.

I have had no previous acquaintanceship with Mr. McPeters. He was, however, strongly recommended to me by people inside and outside the Federal Reserve whose judgment I trust. He strikes me as a man of solid judgment, conservative in instinct, but certainly free of strong doctrinal views. He appears to be well and favorably known by a succession of Mississippi and other political leaders, including Senator Stennis and Representative Whitten, and has recently been pressed to take state office by the Governor. He is known as an early and consistent supporter of yours.

I have checked among both bankers and economists outside of Mississippi as to his reputation and ability. Some of the flavor of their comments is attached.

Lyle Gramley, Member of the Council of Economic Advisers

Lyle has been a friend and colleague of mine for 10 years and more, so I know directly of his high professional competence and character. I need not elaborate on those strengths.

What does concern me is that his talents and experience broadly duplicate what we have on the Board. Our need for someone familiar with the "innards" of banking and financial markets would be left unfilled, as would our internal need for someone with executive instincts to exercise surveillance over the operating arm of the Federal Reserve System -- the Federal Reserve Banks.

Conclusion

The decision rests, of course, on what kind of an "image" you wish to convey with the appointment. My own sense, at a critical time psychologically, clearly is that someone of Mr. McPeters' background will inevitably be more "reassuring" in terms of "stick-to-itiveness" in the anti-inflationary effort. At the same time, his background and the personal assessments I have received, strongly suggest he is a man of breadth, with strong sympathy for your programs and approach.

One final point. The Federal Reserve Act requires each Member of the Board to represent a different Federal Reserve district. While that requirement has sometimes been interpreted quite loosely, I believe broad distribution is desirable, as a matter not just of Congressional intent but of desirable policy generally. For that reason, my inquiries have been directed to "open" districts in the West and South; Mr. McPeters has lived all his life in such an "open" district.

Therefore, much as I respect Mr. Gramley, in this particular situation I would strongly recommend Mr. McPeters.

Attachment



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

~~CONFIDENTIAL~~

February 6, 1980

MEMORANDUM

TO Dick Moe
Office of the Vice President

FROM G. William Miller *Bill*

SUBJECT Nominee for Federal Reserve Governor

Potential nominees have boiled down to two candidates:

Lyle Gramley
Liddon McPeters

The principal issue faced now and in the foreseeable future by the Federal Reserve is monetary policy. While regulatory matters, supervision of the financial structure, and operation of the Federal Reserve system continue to be important, they are overshadowed by monetary policy in view of the continued threat from inflation.

For this reason, in my view, Lyle Gramley should be the preferred candidate. His experience with the Federal Reserve system, as a practicing economist, and as a member of the CEA, well qualify him. In my opinion, he is a person of high character and quality whose views on responsible monetary policy would be consistent with the Administration's economic strategy.

Liddon McPeters is also a fine person with an excellent reputation. He was educated as an economist, but his experience has been in management of a relatively small bank in Mississippi with particular emphasis on agricultural clients. This background, plus his service as President of the American Bankers Association, would make him an asset to the Federal Reserve. However, he would not bring the experience and strength on monetary policy which should be given priority at this time.

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DETERMINED TO BE AN ADMINISTRATIVE
MARKING BY *Jan* DATE *2/20/80*

~~CONFIDENTIAL~~

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

February 11, 1980

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze

Subject: Nominee for Membership on the Board of Governors
of the Federal Reserve

The choice of candidates boils down to two people: W. Liddon McPeters, a banker from Corinth, Mississippi, and Lyle Gramley of the CEA.

Chairman Volcker respects Lyle Gramley professionally and personally, but he strongly wants McPeters for this job. He has detailed his reasons in the attached memo. Briefly they are:

- o He needs someone to take over some managerial chores, especially the supervision of the Reserve District Banks and oversight of the transition to the electronic check clearing and transfer system within the banking system.
- o There are already -- not counting Volcker -- four economists on the Board of Governors. Gramley would be the fifth. In order to give better balance to the Board the new appointee should come from the financial community.

While there is merit to these arguments, I believe they are clearly outweighed by a number of other considerations:

First, whatever Liddon McPeters' qualifications as a potential manager -- and his experience at a small bank gives no real grounds for evaluating this -- his knowledge of monetary policy is very low. In our interview, he was unable to discuss this subject with any degree of familiarity. We believe he would tend to follow Chairman Volcker very closely on monetary policy votes.

Second, the most important qualification for this 14-year appointment should be a nominee's ability to deal constructively and pragmatically with monetary policy. The internal management needs of the Fed can surely be handled in ways other than appointing someone to the Board who shows no ability or independence of thinking in the area of monetary policy, that is so critical to the nation.

Lyle Gramley, as you know, spent a large part of his professional life at the Federal Reserve. He was seven years at the Kansas City Federal Reserve, and knows the problems of the District Banks. At the Board of Governors he became Director of Research and Statistics in 1974 -- the top professional position. In that job he supervised a staff of about 300 people, and did it well. Gramley knows monetary policy backwards and forward. In addition, he has a lot of common sense, is hard-headed and practical, and not a captive of either "liberal" or "conservative" ideology. He will bring an independent but not a stubborn mind to the problems of monetary policy.

In filling the job at the Fed now held by Fred Schultz, Dick Moe, Bill Miller and I looked at a number of candidates from the financial and banking industry. We reviewed that list, as well as additional people, in trying to find a candidate for the current vacancy. We have not been able to find a first-rate candidate who fills Volcker's specifications. The bright, dynamic, younger to middle-aged financial executives do not want to cut off their own future in the industry in order to accept a long-term job, at relatively low pay, as one member of a Board of seven. Many of the candidates we have interviewed (like McPeters) are retiring, and find membership on the Fed Board an interesting way station on the road to full retirement. Paul Volcker with whom we have discussed this problem, and who is aware of our reservations, has also canvassed widely, and has come up with no promising candidates aside from McPeters.

In the short run there might be some muttering in Wall Street about the appointment of Gramley, as a person who is (a) not out of the financial community, (b) another economist, and (c) from inside the Carter Administration. But this should die down very shortly. And in a 14-year appointment, the instant reactions aren't all that important.

The Vice President, Secretary Miller, and Stu Eizenstat join in recommending Gramley, as does Arthur Burns.