

3/12/80

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/att	Henry Owen to the President. Re: Tony Solomon's Views on Steel TPM. (2 pp.) <i>opened per RAC NLC - 126-20-30-1-5 12/11/13</i>	3/11/80	A
memo w/att	Zbigniew Brzezinski to the President. Re: Jim McIntyre's Memo on '81 Defense Budget. (14 pp.)	3/6/80	A
resume	Hillary Rodham ,1p. RE: SSAN	ca. 5/7	C

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of Staff Sec.-
 Pres. Handwriting File, "3/12/80." Box 174

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THE WHITE HOUSE
WASHINGTON

March 12, 1980

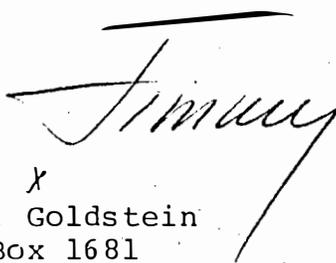
To Marvin Goldstein

Thank you for your comments about the
UN Security Council vote.

In answer to your letter I am enclosing
a copy of remarks which I made yesterday
to community and civic leaders at the
White House.

With best regards,

Sincerely,



x
Dr. Marvin C. Goldstein
Post Office Box 1681
Atlanta, Georgia 30301

9

MAR 15
CENTRAL FILES

33 UN Security Council note
8003141835



the Atlanta American MOTOR HOTEL

International Blvd. & Spring St.
P. O. Box 1681
Atlanta, Georgia 30301

Dr. Marvin C. Goldstein,
President

Telephone 404/688-8600

March 10, 1980

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

*Send same
It as to
Mann, et al
J*

Dear Mr. President:

Ever since you ran for Governor, records will show that I have supported you both from a financial and a personal standpoint. During your presidential election bid, I worked hard for you and went to a number of communities to speak in your behalf. I have written and called friends in Florida, Alabama and other places to urge them to do what they can in support of your candidacy because I am confident you are the finest man to be President of the United States for the next four years, and to continue the work you have started.

However, I do want you to understand that many of my friends throughout the country in the Jewish community have been quite upset at this latest problem with the resolution concerning the settlements. In this regard, although you forthrightly indicated that this was an error by certain people in the State Department, I do hope that even more forthright statements in support of Israel will be forthcoming as quickly as possible. One of the problems is the question of a future Secretary of State as I hear from various people. Many of our people have been concerned about the attitude of Mr. Brzezinski and would be very fearful of his becoming Secretary of State at some time in the future of your administration. Because no one is trying in any way or could tell you what you should or should not do, I just wanted to call this to your attention.

Since my dear friends, Bob Lipschutz and Ed Sanders have left the White House, I have not been involved as I was previously, but I do want you to know that you have my loyal support in every way possible and I will continue visiting all people throughout the country wherever I can be of help in your support.

With all good wishes to you.

Sincerely your friend,


Marvin C. Goldstein

MCG:ldm

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for Preservation Purposes**



the Atlanta American [★] MOTOR HOTEL

International Blvd. & Spring St.
P. O. Box 1881
Atlanta, Georgia 30301

Telephone 404 / 888-8800

Dr. Marvin C. Goldstein,
President

March 10, 1980

Miss Susan Clough
Secretary to the President
The White House
Washington, D. C. 20500

Dear Susan:

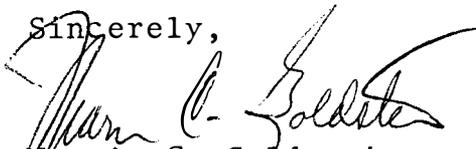
As you know I have not often bothered you much during this past year or so. However, I am getting so much personal flack at this time, I hope you can help me.

I am enclosing a letter that I would hope you see fit to give to the President if you do not think it presumptuous of me to write him in this manner.

If I can be of any service to you here in Atlanta, you know it will be my pleasure.

Thanks very much for your help.

Sincerely,


Marvin C. Goldstein
President

MCG:ldm

THE WHITE HOUSE
WASHINGTON

March 12, 1980

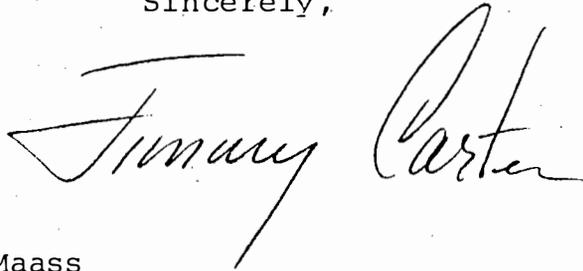
To Richard Maass

Thank you for your comments on behalf
of The American Jewish Committee about
the UN Security Council vote.

In answer to your telegram I am enclosing
a copy of remarks which I made yesterday
to community and civic leaders at the
White House.

With best regards,

Sincerely,



Mr. Richard Maass
165 East 56 Street
New York, New York 10022

9

33 UN Security Council vote
8003141835

MAR 18

CENTRAL

The American Jewish Committee



Institute of Human Relations • 165 East 56 Street, New York, N.Y. 10022 • 212/751-4000 • Cable Wishcom, N.Y.

March 7, 1980

OFFICE OF THE PRESIDENT

*cc: Richard Maass -
Thank you - Enclosed is
a statement I made
this afternoon*

The President
The White House
Washington, D.C.

Dear Mr. President:

I write you on behalf of the American Jewish Committee, prompted by the United States vote on UN Resolution 465 and out of our deep concern for the Camp David peace process created in large measure by your personal initiative.

*Letter
sent
instead*

The American Jewish Committee, may I say, has not issued any formal statements or comments these past days as we have sought to better understand how the U.S. vote came about and, more importantly, what this vote signified.

We take as a given, Mr. President, your strong personal commitment to Israel's existence and security which, as you stressed so eloquently in your address of February 25 to young United Jewish Appeal leaders, "is so closely linked to the security of the United States of America."

We are gratified, too, Mr. President, that you moved so promptly to make clear that the U.S. vote in support of UN Resolution 465 was an error, that any dismantling of settlements would not be proper in the U.S. view and that Jerusalem must remain undivided.

Our concern, however, Mr. President, goes far deeper than this particular UN vote you moved to correct or any error in communications. It goes, more fundamentally, to the following question:

Knowing the United States policy of firm commitment to the Camp David agreements, knowing the keen importance of bolstering confidence in the on-going peace negotiations, how could any one in your administration conceivably approve of a resolution so patently inconsistent with those agreements and those commitments?

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RICHARD MAASS, President ■
MAYNARD I. WISHNER, Chairman, Board of Governors ■ MORTON K. BLAUSTEIN, Chairman, National Executive Council ■ HOWARD I. FRIEDMAN, Chairman, Board of Trustees ■
GERARD WEINSTOCK, Treasurer ■ LEONARD C. YASEEN, Secretary ■ ROBERT L. HOROWITZ, Associate Treasurer ■ THEODORE ELLENOFF, Chairman, Executive Committee ■
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ANDREW GOODMAN, JAMES MARSHALL, WILLIAM ROSENWALD ■ MAX M. FISHER, Honorary Chairman, National Executive Council ■ MAURICE GLINERT, Honorary Treasurer ■
JOHN SLAWSON, Executive Vice-President Emeritus ■ Vice-Presidents: STANFORD M. ADELSTEIN, Rapid City, S.D.; DAVID HIRSCHHORN, Baltimore; MILES JAFFE, Detroit; ALFRED H. MOSES,
Washington, D.C.; ELAINE PETSCHKE, Westchester; MERVIN H. RISEMAN, New York; RICHARD E. SHERWOOD, Los Angeles; SHERMAN H. STARR, Boston; EMILY W. SUNSTEIN, Philadelphia;
GEORGE M. SZABAD, Westchester; ELISE D. WATERMAN, New York ■

■ BERTRAM H. GOLD, Executive Vice-President

March 7, 1980

I am certain, Mr. President, that I do not have to detail those elements in the UN resolution, apart from the references to Jerusalem and the dismantling of settlements, that make this resolution such a damaging document. The reference to "Palestinian and other Arab territories" prejudices sovereignty issues intended to be settled by negotiation within the Camp David framework. The reference to changes in "institutional structure or status," despite Ambassador Donald McHenry's disclaimer as he cast the U.S. vote, clearly prejudices the validity of the autonomy negotiations. There are several other negative thrusts as well, incorporated at the behest of those most outspoken in their desire to sabotage the Camp David agreements.

That such a U.S. vote can occur even as you and so many members of your administration strive faithfully to implement the Camp David agreements creates the impression of a serious division within the administration: that there are also those seeking to alter or abandon the Camp David accords and able to press their view with some success. This in turn creates the impression throughout the world that the United States may be ready to move away from the Camp David agreements and UN Resolution 242, dismaying a trusted ally, giving comfort to Israel's enemies and encouraging opposition to the peace policy you have shaped.

We would urge you, Mr. President, to take those steps necessary to demonstrate within your administration and to the world at large that you will permit no chiseling away at the foundations of America's peace policy. We know there will be many opportunities to take such steps, both in the United Nations at the end of this month and in subsequent months as negotiations proceed. We hope and trust that, in the future, United States support of the Camp David accords and Resolution 242 will be expressed not in weak explanations of sorry votes but in vigorous opposition to and veto of positions that can only endanger the significant progress you initiated towards peace and stability in the Middle East.

Respectfully yours,



Richard Maass

RM/anc

Susan
attach 5 pm
statement
re W/Isaac

J

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F.Y.I.
Suggest Marginal Note

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Meeting w/Gov. Carlos Romero Barcelo &
Interview with Puerto Rican TV 3/12/80

A

THE WHITE HOUSE
WASHINGTON

ES ^{UN} GRAN PLACER PARA MI
FIRMAR ESTA LEGISLACION
QUE ~~FIRMAR~~ CONFIRMA
EL DERECHO DE PROPIEDAD
SOBRE TERRENOS
SUMERGIDOS -- Y LOS
RECURSOS MINERALES
QUE ELLOS CONTENGAN,
ES ^{UN} HONOR TENER AQUI
MI AMIGO - ~~EL~~ GOBERNADOR
~~DE PUERTO RICO~~
CARLOS ROMERO BARCELO.
QUIERES DECIR ALGO?

County Farm Bureau Presidents
State of Ohio
Wednesday, 3/12/80

OHIO FM BUR PRES'S 3/12/80

FINALLY - T. JEFFERSON

Δ'S LAST 3 YRS -

EXPORTS - CATTLE - DAIRY -

MTN - GOVT ROLE - STORAGE

SU GRAIN > 4 MT → RES

NOW BUYING WHEAT/CORN

EXPORTS +38% 2 MOS

INFL - COMPETITIVE

COST/PRICE SQUEEZE

ENERGY - ALCOHOL

THE WHITE HOUSE
WASHINGTON

March 13, 1980

MEETING WITH DEMOCRATIC MEMBERS OF
THE HOUSE AND SENATE ON THE ECONOMY

Thursday, March 13, 1980

7:00 p.m.

The Cabinet Room

From: Frank Moore *F.M. Moore*

I. PURPOSE

To listen to Democratic Members of the Hill working group present their recommendations on components of a program to fight inflation.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: These Members are the core of the working group with whom we've worked over the past seven days.

Today much of our time with these Members has been spent discussing differences between their program and actions they believe you will be recommending. I will brief you on the specifics of this afternoon's discussions before the Members arrive.

B. Participants: See attached list

C. Press Plan: White House Photographer

III. TALKING POINTS

You should thank the Members for their tireless efforts and ask them for their recommendations.

- o Thank you for your assistance. My advisors requested your help. You have responded by setting aside parochial concerns. You have worked with us tirelessly. What we have done over the past week may in fact be unprecedented in our nation's history. Together I believe we have come up with a program which will meet our nation's economic problems.

- o Before you give me your thoughts, let me briefly outline the approach I intend to take:
 - I intend to balance the FY'81 budget with spending cuts. I will also make some revenue raising recommendations but balancing the budget will not be dependent on them.
 - I know that hours and hours of your discussions have revolved around ways to make the cuts equitable. I agree with your sentiments entirely. We have all been involved in one of the more painful processes of our political careers. We are all determined to make this program as fair as possible -- to minimize the sacrifice we will ask any one segment of our nation to make. Our program will be fair.
- o Now I would like to hear your recommendations and thoughts. I will listen and then make my final decisions this evening and tomorrow morning. As you know I will announce our program tomorrow at 4:30 p.m. I would like to have as many of you as possible join me in the East Room at that time.
- o I will continue to be out front in communicating our program to the nation. I know that you will stand with me.

Note: If the subject of budget estimates is raised, you should say you are depending on Jim McIntyre to determine the best estimates of the outlays of the non-controllable programs, and that you will stick by and defend the estimates that Jim develops.

PARTICIPANTS:

Senator Robert C. Byrd
Senator Lloyd Bentsen
Senator Alan Cranston
Senator Lawton Chiles
Senator Gary Hart
Senator Warren Magnuson
Senator Daniel Moynihan
Senator Edmund S. Muskie

Representative Richard Bolling
Representative John Brademas
Representative Thomas Foley
Representative Robert Giaimo
Representative David Obey
Representative Al Ullman
Representative Jamie Whitten
Representative Jim Wright
Representative Timothy Wright

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

9

Mr. President:

Apparently, Russell Long heard that you were meeting with this group and called us out of the meeting to take his long distance call.

He had seen on the wires that you were thinking about imposing an oil import fee (presumably the Republicans said so after they met with you.)

He wanted you to know that he has been campaigning in Louisiana for two weeks and he firmly believes that if you increase the price of gasoline with one stroke of your pen, it will cost you the election.

He says that now only 6% of the American people believe that you are responsible for high gasoline and energy prices. The polls show that 58% blame the oil companies. If you impose a fee that raises gas prices by 10¢ per gallon, that will all change. Even worse, he says, the people who are least able to cope with increasing prices are the people who are now supporting you. You will lose most of them if you unilaterally increase prices.

He also says that despite their present claims, Congressional Democrats will desert you and will try to override the fee simply to save their own necks. On the other hand, the Republicans will resist those efforts to take the fee off realizing that "the 10¢ Jimmy Carter gasoline tax" will almost insure your defeat in November.

He pleads that you not proceed with the fee. If you do not believe his prediction, he urges that you merely "float" the idea for several days and take some polls. He is confident that the polls will bear out his warning.

Frank Moore

Dan Tate

THE WHITE HOUSE

WASHINGTON

March 11, 1980

HEAD START PROGRAM 15th ANNIVERSARY RECEPTION

Wednesday, March 12th
2:30 p.m. - 2:50 p.m.
The East Room

FROM: GRETCHEN POSTON *gp*
STU EIZENSTAT *Stu*

I. PURPOSE

To greet and honor about 250 friends, supporters, staff, and beneficiaries of Head Start from across the country in commemoration of this program's 15th anniversary.

II. BACKGROUND, PARTICIPANTS, AGENDA, AND PRESS PLAN

Head Start provides comprehensive services including health, nutrition, education, mental health, and parental involvement to approximately 400,000 children in 1200 communities. Over the past fifteen years, the Head Start Program has proven to be one of the most successful of the nation's human service programs. Studies on the effectiveness of Head Start and similar comprehensive programs have been quite positive. They have shown that these children have improved health and nutritional status, score higher on cognitive and language tests, feel better about themselves, do better in mathematics and reading in the fourth grade, experience improved parental attitudes and have less need for remedial services in later years. These gains are sustained, and one study estimates that benefits of the Head Start Program (in the form of reduced need for remedial services in higher grades and increased projected lifetime earnings) outweigh program costs by well over 200 percent.

The 15th anniversary celebration offers an opportunity for you personally to congratulate all those who contributed to this success story and to impart your strong commitment to the program. Most of the attendees will be Head Start staff, parents, and community workers who have been associated with the program for a long time.

Participants

On the platform and speaking during the program will be: Stu Eizenstat, Lady Bird Johnson, and Secretary Patricia Harris.

Special guests seated in the front row of the audience and called to the platform will include: Pancho Mansera, the Head Start Child of the Year in 1965; Mrs. Clara Godbouldt, a Head Start parent who progressed to a program staff position, college, and law school; and several children currently participating in the program.

Other special guests also seated in the front row will include: Secretary Shirley Hufstедler; Henry Grennan, Pancho's Head Start teacher; current Head Start children; and Members of Congress.

Agenda

- 2:00 Stu Eizenstat makes opening remarks.
- 2:05 Lady Bird Johnson introduces a short film about Pancho, originally produced in 1966.
- 2:11 Film is shown.
- 2:17 Mrs. Johnson introduces Pancho (He is now 19 years old, graduated from high school, attended community college and is currently employed as a landscaper).
- 2:20 Stu recognizes individuals important to Head Start (e.g., Julius Richmond, Jule Sugarman, Ed Zigler, Marian Edelman, Saul Rosoff, Douglass Cater).
- 2:25 Pat Harris makes brief remarks about parental involvement and introduces Clara Godbouldt, a Head Start parent success story.
- 2:30 The President greets guests and makes remarks.
- 2:40 Head Start children present special commemorative pins to the President, Mrs. Carter (if present), and Mrs. Johnson.

Press Plan

Open White House Press and special press from early childhood, education, youth, and related publications.

III. TALKING POINTS

Being provided under separate cover by Chris Matthews.

THE WHITE HOUSE
WASHINGTON

3/12/80

rick--

used as 'speech text'

--SSC

[The names in the first paragraph will be updated no later than 10:30 A.M. on Wednesday by Harley Frankel x2995.]

Chris Matthews
Draft A-1, 3/10/80
Scheduled Delivery:
Wed., March 12, 2:30 P.M.
East Room

Head Start

~~Secretary Harris, Mrs. Johnson, Sargent Shriver,~~ ^{disinvited} members
of the Congress, Secretary Harris, and Guests:

I join with you today in reaffirming a great national
commitment, a commitment that has meant so much to so many
people, a commitment that has grown in vitality with each of
its fifteen years.

Head Start is a federal program of high objectives and
of equally high performance. When it began, in 1965, Project
Head Start was called one of the most "constructive, sensitive
and exciting" programs ever undertaken in our country. Today
Head Start is more effective -- and more popular -- than ever.

For fifteen years, Head Start has lived up to its promise.
It has been as good as its name. It has given seven and a

7 1/2 mil

half million Americans just that, a head start -- a head start in good health and nutrition, a head start in education, in self-confidence, in self-respect.

Today we are here to honor those hundreds of thousands of people who have made these "head starts" possible.

I would like to begin by saying a few words about the man whose vision and humanity brought this great Head Start program into being. I would like to repeat something that I said at the Democratic National Convention in 1976, on the night that I accepted my Party's nomination for President: Lyndon Johnson did more to advance the cause of human rights in our country than any President in this century.

Lady Bird, I am glad you could come here today. We could hardly have marked this occasion without you.

I never met Lyndon Johnson. But like so many others --

like so many of you here today -- I knew him through his work.
There was an eloquence to his work in advancing social and
economic justice in our country. It was an eloquence of clear
vision, of simple humanity, of direct action.

The success of Head Start speaks volumes about what Lyndon
Johnson saw for our country's future, about the compassion he
felt for our people, about the bold course he set to translate
that vision and that compassion into reality.

Lyndon Johnson saw that the cycle of poverty begins
early. It has to be attacked early. It is between the ages
of three and five that children form their expectations of
life. It at this age that dreams are born -- or begin to die.

Like so many of you here today, I have seen the sometimes
awful truth of Lyndon Johnson's vision. My first public
office was as a member of the local school board in Sumter
County, Georgia. I saw that many of the children entering our

schools were terribly deprived. I saw that this deprivation was all too often physical and emotional as well as educational. I saw that this deprivation set children back in school even before they started school, that it held them back through their entire lives. I saw that it affected white children as well as black children.

In 1965, the year that Lyndon Johnson began Head Start, I was serving as chairman of a planning and development commission for our region of Georgia. I saw what the new program could mean to our part of the country, not just to the children but to the entire area. So I took time off from my business and travelled around to the neighboring communities and school boards, lobbying them to join up with this vital new program. After some resistance, I finally managed to get Head Start going in ^{my part of} Georgia. I have never forgotten the experience. I have never regretted the time and work I put into that effort.

It was hard to visit one of those early Head Start centers and not come away deeply affected. I saw children so poverty-stricken that they had never had a chance to eat properly, had never seen a book, held a pencil, used a fork, had never been told a bedtime story. I saw these same children learning for the first time, becoming strong and healthy for the first time. I saw them getting a new lease on life. I saw them beginning to feel, also for the first time, that they were important in the world.

When I visited those early centers I saw what Head Start parents, workers and volunteers have seen so many times since. I saw, and felt, that magical moment when a child first opens his or her eyes to the wonders of this world.

I would like to salute the person who did as much as anyone else to make these magical moments possible, a person who shared Lyndon Johnson's vision, who travelled all across

this country, bringing encouragement and attention to Head Start centers, the person Lyndon Johnson called the program's "most ardent, most active, most enthusiastic supporter" -- Mrs. Lady Bird Johnson.

I also want to pay tribute to the man who served as the new project's first administrator, the man who awoke our nation's conscience to the needs of disadvantaged children, the man who marshalled the spirit of service and concern that is so much a part of our national character, who infused Head Start with the same excitement and vision that he brought to the Peace Corps and other programs -- Sargent Shriver.*

The best tribute you can offer people is to back them up, to encourage them in their work. That is what I intend to do this afternoon for the hundreds of thousands of Americans

* We have been informed that Sargent Shriver may not be able to attend this ceremony because he will be at Sloan-Kettering for examination and/or treatment. We assume that he and his family would not want this matter known publicly.

who have made Head Start a success over the years.

Head Start is a program that works. It works in making poor children healthier. It works in improving test scores. It works in helping young people become mature, more self-confident. It works in helping them continue to grow emotionally and intellectually as they get older. It works in creating better parents and stronger families.

I am determined to keep Head Start working.

First, I have asked the Congress to approve a major increase in Head Start funding ^{since I've been Pres.} ~~for the upcoming year~~. Our nation faces serious economic problems. We face serious fiscal challenges. I am determined that we make the best possible use of those successful, cost-effective programs such as Head Start.

*Have strengthened
~+75% (77-81)
will protect*

Second, I will ask the Congress this session to extend

the Head Start program for five more years. I will ask that the Congress retain those features of the program that have made it so successful.

Head Start has worked because it confronts in one place the educational, physical, social and emotional problems of disadvantaged young people. It confronts these problems in a comprehensive way, a way that involves the parents and that gives a special administrative role to the community. I am determined that we adhere to these key features in the years ahead.

Third, I believe we must prepare ourselves now to meet future challenges and opportunities. The Head Start program came about in 1965 when a panel of experts looked at the problems of disadvantaged children and developed a program to deal with them. I am asking Secretary Harris to meet with a similar group, to update the problems and solutions put forward in

1965, and to look at the challenges of the future, including those faced by younger parents with young children.

I would like to leave you today with a little story* that conveys the feeling that went into building the Head Start program. It is a feeling that still prevails today.

Recently, a ~~Texas~~ school teacher, familiar with the Head Start program, told the story of how ^{AT A SENIOR CITIZEN} ~~another Texan~~ -- who had also been a school teacher at one time in his life -- spent the ~~all too~~ brief years of his retirement. As part of his routine, this man would often go to visit the local Head Start project in his community, just to spend some time enjoying the youngsters there.

Each day, when he came to visit, this retired gentleman would bring a pocket full of jelly beans to share with the children. The children in the Head Start group began to

* Liz Carpenter gave us this story. It has never been told before.

look forward to these regular visits. Many of the youngsters did not know the retired man's name. After a while, all of them simply called him "Mr. Jelly Bean."

Today many of those Head Start kids in Stonewall, Texas, have come to learn that the friendly man they called "Mr. Jelly Bean" was the same former President whose vision and compassion had made their Head Start program possible in the first place.

Today it is my great honor to salute not only President Johnson and Lady Bird and Sargent Shriver, but all the fine people who have made Head Start the great and wonderful program it has been these past fifteen years. With your support, we will carry on a great, well-named program, which has become one of the beautiful things about our country.

###

U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

C

MAR 7 1980

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR

SUBJECT: Anti-Inflation Policy *Ray*

The dual issues of inflation and the Federal budget calls for a policy that addresses both problems. Most analysts agree that budget cuts alone will not bring down inflation, or even dampen its acceleration appreciably. Over the long run, a way must be found to reduce the underlying rate of inflation, which continues to accelerate as rising energy and mortgage interest costs become more and more imbedded in the wage-price spiral. In the short run, the overall policy must contain a plan for alleviating the inflationary impacts of escalating energy and mortgage interest costs. Otherwise, it will be nearly impossible to bring inflation down to a single-digit rate during this year.

I strongly recommend that the Administration investigate further alternatives to controlling inflation and that these be considered as part of the program that you will announce. The policy described below needs further review and is not a plan ready for adoption. This policy does, however, suggest a potential for cutting inflation to at least a single digit level in the next six months.

Summary

My recommendation contains a set of proposals that will:

- (1) Prevent further price increases for gasoline and home heating oil for a short period without resort to rationing or backsliding on our decision to decontrol domestic crude oil prices.
- (2) Strengthen the wage-price program. You should accept the voluntary pay-price program as just recommended but add a substantial tax penalty for noncompliance if the voluntary system is not fully effective. In my judgment, this approach represents a much more flexible way to bring down the underlying inflation rate than mandatory controls or a wage and price freeze.
- (3) Reach an Accord with the Federal Reserve to halt further discretionary increases in interest rates for a specified period of time.

It will be necessary to develop these proposals in consultation with labor and business. I believe that if a credible plan is put forward for containing inflation in energy and interest costs, and if the wage-price program is viewed as equitable by the parties a consensus can be achieved.

The following analysis suggests that had this program been in effect, last year's inflation rate would have been less than half the 13.3 percent actually recorded. Although I would be reluctant to predict that my recommended program would reduce inflation by half, I am convinced that it would substantially reduce the inflation rate, well below the double-digit level, in the second half of 1980. Beyond that, the nation needs a longer run policy to increase productivity and price performance in each of the key sectors of the economy.

Analysis

The inflation story of the last few years has been a case of special factors--energy, beef, interest and home prices--adding substantial margins to an increasing underlying inflation rate. In addition, deteriorating productivity performance further increased the underlying rate. Compensation increases remained relatively constant, presumably because the wage guidelines have been effective during the last 18 months. In any event, there has been little evidence of an overheated economy in accelerating wage inflation.

The importance of special factors in the overall inflation rate is a matter of judgment. It is simple to calculate the direct impact of energy purchased by consumers or consumer-paid mortgages. Less straightforward are the indirect effects of (a) higher energy and interest costs paid by producers of other products which increase prices of a wide variety of goods and services, and (b) higher unit labor costs as workers seek compensating wage increases and firms substitute labor for higher priced energy and capital inputs. The table on the next page is an estimate of these direct and indirect effects. The computations are based on assumptions noted on the table. The results imply that outside of energy and interest rate inflation, last year's inflation rate would have been 6 percent, not the recorded 13.3 percent. Outside of oil (instead of all energy) and interest rates the inflation rate would have been approximately 6.5 percent, less than half the recorded rate.

Oil Prices

There is ample evidence that oil refiners and service stations are enjoying substantial excess markups in the current oil pricing scheme. You should immediately freeze the price of gasoline, fuel oil, and other petroleum products until an investigation is made. Crude oil prices can continue to increase as scheduled under decontrol until markups are reduced to what they were on October 1, 1978. Markups may already be so generous that, barring a major OPEC increase, a freeze could remain in effect for six months before markups were reduced to their earlier level. After markups are shrunk to that degree, these oil and product prices should be allowed to increase at a rate of no more than the price of crude oil.

The proposal would freeze the price of petroleum products--gasoline, fuel oil, etc.--for six months at their current average local price. If, for example, the price of regular gasoline in Washington is \$1.20 per gallon that price would be retained for six months. The most recent CWPS study on petroleum product markups show an increase of 11 to 12 cents per gallon between the third quarter of 1978 to the

Percentage Changes

	<u>December 1977-</u> <u>December 1978</u>	<u>December 1978-</u> <u>December 1979</u>
CPI-U, all items	9.0	13.3
Effect of consumer energy inflation	-0.2	2.2
Effect of mortgage rate increases (1)	$\frac{0.8}{0.6}$	$\frac{1.5}{3.7}$
CPI-U less energy and effect of mortgage rate increase	8.4	9.6
Business cost effects:		
Inflation for energy bought by business (2)	-0.2	2.2
Higher interest rates paid by business (3)	1.0	1.0
Effects on unit labor costs (4)	$\frac{0.0}{0.8}$	$\frac{0.4}{3.6}$
Estimated inflation rate net of energy and interest inflation	7.6	6.0
Estimated inflation rate net of oil and interest inflation	7.6	6.5

Notes:

- (1) Includes only effects of interest rate increases, not home purchase price increases, on mortgage interest cost.
- (2) Assuming business energy consumption is approximately half of total energy consumption.
- (3) Based on estimated impact of interest rate increases on nonfinancial business costs.
- (4) Assuming 10 percent of total energy impact is translated into increased unit labor costs.

corresponding quarter of 1979. A six-month freeze to eliminate this excess margin would still allow for any increase of as much as 2 percent monthly in the price of crude oil. If the markups are overstated by CWPS or the rate of OPEC increases were more rapid the pace of decontrol would be slowed during the six-month period. After that the decontrol can either be reaccelerated or resumed with the target date postponed beyond September of 1981. If the markup is as large as CWPS estimates, however, the current decontrol schedule can be maintained.

Wages

The voluntary wage-price program is now 18 months old. While there has been general compliance with the original guidelines on the wage side there clearly has been only limited success on the price side. Even on the wage side, moreover, there are widening disparities because of the use of cost-of-living increases and in instances where particular groups have not complied with the wage guideline. Divergence from the guideline is likely to become more widespread as the current high inflation rate persists. The Employment Cost Index for the last quarter of 1979 could be showing the beginnings of an accelerating trend.

The Administration should propose that the guidelines be strengthened in the following way. If the voluntary program fails to keep wage increases to an average of 8.5 percent, a stiff penalty tax (a penalty TIP) would be applied on wage increases over the standard. The penalty could apply to a strict numerical rule with no special provisions for cost-of-living increases or any other exceptions. The accounting period should go back to the original guidelines of October 1, 1978. Assuming that the first year guideline was 7 percent and the guideline in the second year is 8-1/2 percent, the compounded rate is 16 percent over the 2 years. The exact standard could be determined in consultation with labor and business.

There should be a substantial tax approaching, or perhaps equaling, 100 percent on any wage increases that exceed the 16 percent in 1981 with the following exceptions: (1) workers in firms that are in compliance or have approved plans to come into compliance; (2) new workers; (3) workers whose hours of work have increased. The 16 percent shall be computed on a straightforward basis without any provision for any special arrangements. It should be made clear that the program will stay in effect for at least 3 years so that all tandem or other arrangements will come out in the wash. The Administration could propose that the standard will be 7 percent in 1980 and 5-1/2 percent in 1982.

The tax could be applied either to workers or to firms. It would be much simpler to apply the tax to firms because individuals are unlikely to have adequate records of hours worked in 1978. The penalty would thus require firms to pay \$2.00 for each \$1.00 of wage increase exceeding the guideline--\$1.00 in wages and \$1.00 in tax penalties.

The new tax would, of course, require legislation. The penalty tax would, however, only come into effect if average wage increases exceeded the guideline. Thus, if the voluntary program is successful in holding average wage increases to 8.5 percent then the tax would not be applied.

Strengthening the price side

A similar provision for taxing away profits made when prices exceed the guideline should also be instituted. The alternative, where 1978 prices are unknown or where raw material prices have increased significantly would be some profit margin limit.

The retroactive feature on wages and prices, (retroactive to October 1, 1978) will mean that there will be no point in preemptive wage and price increases while the new tax legislation is being considered. It might be useful to make even more prohibitive 150 percent tax rates for increases taken above the guideline during the period after announcement of the proposal.

Administration of the penalty TIP would clearly require a larger staff than CWPS now has. I believe this staff could be acquired by a personnel tax on other agencies, especially IRS.

Interest rates

In view of this anti-inflation program, you should seek an Accord between the Administration and the Federal Reserve guaranteeing no further discretionary increases in interest rates for the six-month period of the oil price freeze. It may be literally impossible to slow inflation and raise interest rates simultaneously. A 10 percent increase in mortgage interest rates add 0.8 percent to the CPI directly. When interest paid by business is also taken into account, the same increase in all rates will raise the CPI by more than one percent. If this added inflation induces further increases in interest rates, we find ourselves locked into a cycle where inflation is caused by the Fed's "anti-inflation" policy.

Under this Accord, market-determined interest rates could fluctuate, but the Fed would agree not to raise the discount rate and to prevent the Federal funds rate from rising over current levels. This Accord could contain an "escape clause" in the event of a serious decline in the international value of the dollar, an unexpected upsurge in inflation, or the need to realign disorderly financial markets. However, the oil price freeze and the more stringent wage-price policy should prevent these problems from arising.

ID 801411

THE WHITE HOUSE

WASHINGTON

DATE: 07 MAR 80

FOR ACTION: STU EIZENSTAT

FRANK MOORE

JIM MCINTYRE

CHARLIE SCHULTZE

INFO ONLY: THE VICE PRESIDENT

HAMILTON JORDAN

ANNE WEXLER

SUBJECT: MARSHALL MEMO RE ANTI-INFLATION POLICY

+++++

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

+ BY: 1200 PM MONDAY 10 MAR 80 +

+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

**Electrostatic Copy Made
for Preservation Purposes**

5
RH
U.S. DEPARTMENT OF LABOR

SECRETARY OF LABOR
WASHINGTON, D.C.

MAR 6 1980

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

066635

Dear Mr. President:

As you know, concern over the problem of inflation has caused increasing attention to be focused on the Consumer Price Index (CPI). Recently, various individuals as well as members of Congress have raised questions concerning the accuracy of the homeownership component of the CPI, and, in some cases, have expressed an interest in fixing what is perceived to be an error in the CPI. I feel very strongly that recent characterizations of the CPI as being "flawed" or "in error" are very misleading. Over-simplified or inaccurate statements concerning the CPI are producing increasing pressure for precipitous action when such action would be extremely inappropriate. Despite extensive efforts by the Bureau of Labor Statistics (BLS) to publicize and explain the CPI methodology, the incorrect notion that the CPI assumes that everyone buys a house each month is still persisting in some quarters and is being used as the basis for many of the arguments that the CPI should be changed. The index represents today's price of the house and mortgage interest contracted for by the roughly 6 percent of the families who in fact purchased a new house in the base period (not the 100 percent frequently assumed).

BLS research on and public discussion of the treatment of homeownership costs began more than 10 years ago at the beginning of the last major CPI Revision. The problem is that there is no single perfect way to construct a price index, and BLS advisory groups after extensive discussion during the last revision endorsed continuation of the historical treatment.

In my view, the BLS has responded to the current criticisms in a highly professional and open manner. Early this year, the BLS began publishing experimental measures which reflect different approaches to the measurement of homeownership costs and illustrate the complexity of the issue. The experimental indexes are of two types: (1) flow of services and (2) outlays. The flow of services approach distinguishes the asset value from the cost of shelter in the index. The outlays approach would exclude the price of the house and include only the payments actually made. The outlays approach assumes no cost at all for those who had already paid off their mortgages.

There are important differences in how these experimental measures are constructed and in the results each gives. Because of differences in relative importance and in pricing techniques, the range among the different alternatives in the overall index in 1979 was 2.5 percentage points. However, under one approach, homeownership costs rose about 28 percent while under another they advanced about 8 percent. Differences of this magnitude indicate that the issue as to what the CPI should or should not reflect is extremely important and much more complicated than the current criticism suggests.

I believe that the CPI is a good measure of changes in the purchasing power of the average family represented in the index. Historically, there is a very extensive and careful process for revising the CPI. This is a process designed to protect the integrity and credibility of the CPI as an objective and impartial measure. It involves lengthy consultation with users of the CPI, including labor and business advisory groups, as well as the Congress. The revision process also includes testing of alternatives to insure that proposed changes are fully evaluated before being incorporated in the measure. Public notification of the intent to revise the CPI would be required. Many users of the index have entered into legal agreements which extend over several years, and they would need time to reevaluate the use of a revised index on their contracts.

It has been customary to revise the CPI about once every 10 years or so after completion of a decennial census. The BLS would welcome appointment of a broad based advisory committee of competent professionals to review its work on the index as a part of a new revision process.

Meanwhile, it should be noted that the Congress in determining its policy for escalation of payments related to particular public laws--as distinct from private agreements--could request the BLS to produce special indexes for these particular legal uses. Congress could define the group whose expenditure experience is to be covered, using the existing data base, produced solely at the national level, issued only at the time required for indexation, and indicate the treatment of housing required. These indexes for special Congressional use would not, however, affect the official CPI, which should only be revised through the carefully developed historical process outlined above.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ray".

Secretary of Labor

ID 801435

T H E W H I T E H O U S E

WASHINGTON

DATE: 10 MAR 80

FOR ACTION: STU EIZENSTAT

JIM MCINTYRE

CHARLIE SCHULTZE

AL KAHN

INFO ONLY: THE VICE PRESIDENT

AL MCDONALD

FRANK MOORE

JACK WATSON

ESTHER PETERSON

SUBJECT: MARSHALL LETTER RE CONSUMER PRICE INDEX

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (455-7052) +

+ BY: 1200 PM WEDNESDAY 12 MAR 80 +

+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

**Electrostatic Copy Made
for Preservation Purposes**

3:00pm

THE WHITE HOUSE

WASHINGTON

MEETING WITH SENATOR RICHARD STONE
AND SENATOR WILLIAM V. ROTH, JR.

Wednesday, March 12, 1980

3:00 p.m. (10 minutes)

The Oval Office

From: Frank Moore *F.M.*
Dan Tate *DT*

I. PURPOSE

Senators Roth and Stone have requested a meeting with you to discuss the economy and their concern about balancing the budget.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: In a letter dated February 28 Senators Stone and Roth requested a meeting with you to discuss the "critical economic condition" and specifically a resolution which they have sponsored along with 44 co-sponsors limiting Federal spending to 21 percent of the gross national product in FY 1981.

Their resolution will be voted on by the Senate within the next two weeks. It is not legislation, and therefore if passed would only be advisory on the Senate. The Administration has not taken an official position on the resolution, though your economic advisors uniformly oppose a limitation of the Roth-Stone variety if it is to have any binding effect. Your advisors have not considered an advisory resolution of this type, but they would probably be concerned that a resolution of this type, if passed, may lead to pressures for legislation along these lines.

B. Participants: Senator William V. Roth, Jr., (R-Delaware), and Senator Richard Stone (D-Florida).

C. Press Plan: White House Photographer.

III. TALKING POINTS

1. I appreciate your concern about balancing the budget. I have been working toward that goal since I took office.

2. Over the past two weeks, we have gone through an intensive consultation process, with the Congress and others, about how we might balance the FY '81 budget.
3. The difficulty is what budget items we should cut on programmatic grounds and what budget items we can get Congress to approve. I would like your views on what specific programs should be cut.
4. I would like your support for the cuts I will be making. You have the leadership ability to convince your colleagues on these cuts.
5. At this point, I am inclined to think the best way to convince the American people of our seriousness on balancing the budget is doing it. I am not convinced yet that a spending limitation will be sufficient or helpful.

96TH CONGRESS
2D SESSION

S. RES. 380

Expressing the sense of the Senate that the first concurrent resolution on the budget for fiscal 1981 reported by the Committee on the Budget shall limit total budget outlays to 21 per centum of the gross national product.

IN THE SENATE OF THE UNITED STATES

MARCH 4 (legislative day, JANUARY 3), 1980

Mr. ROTH (for himself, Mr. DOMENICI, Mr. STONE, Mr. DANFORTH, Mr. PROX-
MIRE, Mr. ARMSTRONG, Mr. BOSCHWITZ, Mr. CHAFEE, Mr. COCHRAN, Mr.
COHEN, Mr. DOLE, Mr. GARN, Mr. HATCH, Mr. HEINZ, Mr. HELMS, Mr.
JEPSEN, Mr. LAXALT, Mr. LUGAR, Mr. MCCLURE, Mr. NUNN, Mr. PERCY,
Mr. PRESSLER, Mr. SCHMITT, Mr. SCHWEIKER, Mr. TALMADGE, Mr.
TOWER, Mr. WALLOP, Mr. WARNER, Mr. YOUNG, Mr. GOLDWATER, Mr.
HAYAKAWA, Mr. SIMPSON, Mr. HATFIELD, Mr. DURENBERGER, Mr.
THURMOND, Mr. DECONCINI, Mr. MATHIAS, Mrs. KASSEBAUM, Mr. HUM-
PHREY, Mr. HEFLIN, Mr. ZORINSKY, Mr. BOREN, Mr. NELSON, Mr.
BAKER, and Mr. HARRY F. BYRD, JR.) submitted the following resolution;
which was ordered held at the desk *Add: Mr. Stefford*

RESOLUTION

Expressing the sense of the Senate that the first concurrent
resolution on the budget for fiscal 1981 reported by the
Committee on the Budget shall limit total budget outlays to
21 per centum of the gross national product.

- 1 *Resolved*, That it is the sense of the Senate that the first
- 2 concurrent resolution on the budget for fiscal year 1981 re-
- 3 ported by the Committee on the Budget of the Senate shall

1 set forth a level of total budget outlays not exceeding an
2 amount equal to 21 per centum of the estimated gross
3 national product for fiscal year 1981.

○

12 Mar 80

Zbig Brzezinski

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

Rick Hutcheson

cc: Lloyd Cutler

~~CONFIDENTIAL~~THE WHITE HOUSE
WASHINGTON

March 11, 1980

INFORMATIONcc Lloyd-
info C

MEMORANDUM FOR: THE PRESIDENT

FROM: HENRY OWEN *yes*

SUBJECT: Tony Solomon's View on Steel TPM (U)

I called Tony Solomon, who is vacationing on the West Coast, to ask his views on the steel TPM. Here are my notes as to what he said:

-- As the guy who put all this together and who negotiated with them (the steel people) for two years, it makes no sense not to suspend TPM. (S)

-- The combination of TPM and the US Steel suits would have a significant inflationary impact. He has talked to 30-40 people on the West Coast, all of whom agree that the only issue on which you are vulnerable is inflation. Maintaining TPM in the face of the US Steel suits would make it look as though the Administration were fueling inflation. This should be the dominant consideration in your decision. You would receive strong consumer criticism if you did not suspend. (S)

-- The US Government would be in a stronger position to negotiate with the steel firms if we had suspended TPM and thus demonstrated our toughness. Suspension of TPM would put more pressure on Roderick, since the rest of the industry will want to see it restored. If we don't suspend, we will look like a paper tiger, and US Steel's terms will be that much stiffer as a result. (S)

-- The Europeans are anxious to keep TPM, in large part, in order to firm up prices in the European market. TPM suspension will not produce a much worse European reaction than the suits themselves. (S)

-- Your credibility is at stake and your image would be damaged by a reversal of our past position. The head of the National Steel Company had approached Tony two months ago to propose a deal under which US Steel would only file two suits and we would maintain the TPM. Tony replied that this didn't make sense, since Roderick could still keep the four other country suits dangling over our head, and we would encounter vigorous criticism from the US public. The head of National Steel replied: "You are right; we can't fool you, but maybe we can fool the White House." (S)

DECLASSIFIED

Per: Rac Project

ESDN: NLC-126-20-30-1-5

BY: AS NARA DATE 12/9/12

~~CONFIDENTIAL~~

Review on March 11, 1986

~~CONFIDENTIAL~~

1:30 pm

THE WHITE HOUSE

WASHINGTON

MEETING WITH COUNTY PRESIDENTS OF THE
OHIO FARM BUREAU FEDERATION

Wednesday, March 12, 1980

1:30 p.m.

Room 450 OEOB

From: Stu Eizenstat *Stu*
Lynn Daft *Lynn*

I. PURPOSE

The purpose of this meeting is twofold: (a) to provide these local Farm Bureau leaders an opportunity to hear you summarize some key elements of current farm policy and (b) to permit them to pose two or three questions to you.

II. BACKGROUND, FORMAT, PARTICIPANTS, AND PRESS PLAN

A. Background: The Ohio Farm Bureau Federation is the most important, most influential farm organization in Ohio. The 88 county Farm Bureau presidents who will attend this session are all active, full-time farmers or farm wives who are respected leaders in their local communities. In their capacity as county presidents, they devote a great deal of time to promoting citizen interest and participation in public policy. This group has visited Washington each Spring for the past 32 years. This is the third time they have asked for an opportunity to visit you. In addition to seeing their Congressmen and Senators, they will meet with various representatives of USDA, EPA, and STR during their stay in Washington. It now appears that they will not be able to meet with either Secretary Bergland or Jim Williams since both are sick with the flu. Their meeting with you will be one of their last before heading home to Ohio.

B. Format: Stu Eizenstat (or Lynn Daft) will brief the group on general economic policy prior to your appearance. Following your opening remarks, two or three designated representatives of the group will address brief questions to you. Mr. Wallace Hirschfeld, President of the Ohio Farm Bureau (and a Democrat) has been asked to pose the first question. In their request for this meeting, they expressed interest in: the Soviet grain suspension and actions to lessen its effect; reducing oil imports by conversion to coal; foreign trade; energy; and general farm and food policy matters.

C. Participants: List attached. In addition to the 88 county Farm Bureau presidents, the delegation will include representatives of the Ohio Farm Bureau staff, a few representatives of the associated farm supply cooperative (Landmark), and a small group of Ohio farm press.

D. Press Plan: Press coverage will be limited to the Ohio farm press that is accompanying the delegation in its visit to Washington. A White House photographer will be present.

III. TALKING POINTS

Attached.

TALKING POINTS FOR THE PRESIDENT'S MEETING WITH
COUNTY PRESIDENTS OF THE OHIO FARM BUREAU FEDERATION

1. I am pleased that we were finally able to get together. We have tried unsuccessfully to arrange this the past 2 years.

2. I want to thank you for going to the trouble and expense of coming to Washington to visit with those people who serve you in the Federal Government. There is no substitute for the active, spirited involvement of people in their government. Thomas Jefferson would be proud to know that two centuries later his fellow farmers are still coming to the place he once lived to register their views.

3. With regard to overall farm policy, I am pleased with the progress we have made over the past 3 years in turning around a serious slump in the farm economy. Prices are up ... perhaps not as high as we would like, but headed in the right direction. We have set new export records every year ... and will set another this year. The cattle cycle has finally bottomed-out and herds are beginning to be rebuilt. The dairy farmer has begun to see profit again. An MTN that provided American agriculture with the prospect of significant long-term trade gains was concluded. And, perhaps most important of all, we have begun to reduce governmental interference in agriculture ... to give the individual farmer greater discretion in his production and marketing decisions, with less regulatory redtape. In summary, we have not achieved all that we want but we are making good, steady progress.

4. Despite these successes, we are still faced with several important challenges. I would like to briefly comment on two or three of these:

(1) The Soviet Grain Suspension

o I have long been committed to expanded agricultural exports, and I still am. I believe in free markets, I would not lightly interfere with them, but I could not allow the Soviet armed invasion of a small, defenseless, independent nation to go unchallenged. I have sought peace in every way open to me as President. Short of military confrontation, economic action was the most effective response.

o I am also committed to seeing that the cost of this action is borne by all Americans equally. We have taken several actions. Since January 7 we have added over 4 million tons of grain (3.3. mmt corn) to the farmer-held grain reserve, as a result of changes in the terms. More is entering the reserve every day. The USDA has also begun purchase of the wheat and corn suspended from shipment. These actions have added strength to the market and will add further strength in the future.

o Neither will we lessen our efforts to expand export markets for agriculture. To the contrary, we have intensified them. Partially as a result, we will once again set a new record for the export of grain this year. Total exports of all grains and soybeans thus for this year are up 38 percent over the first two months of last year. I remain firmly opposed to using grain embargoes to cut domestic prices, as past Administrations have done.

(2) Inflation

o This nation faces another serious threat -- inflation. The root causes of inflation lie both in past actions at home and events abroad, but we must act now. I will soon announce a series of stringent actions to cut Federal expenditures. I am going to tell it to you straight -- no part of our society will be spared. That includes agriculture, but farmers will also gain a lot from the success of this effort. Agriculture is our most competitive industry. It is especially vulnerable to the cost-price squeeze. Farmers can seldom pass on increased costs. Federal programs can help support farm prices, as we have done with notable success over the past three years, but that will not suffice if farmers' costs rise even

faster. If we do not begin to get control of inflation, long-term prospects are ominous. To do that, I will need the support and cooperation of every citizen, every business, every part of government.

(3) Agriculture and Energy

o The third problem I would like to touch on is energy. It is a major cause of inflation. We must develop alternative sources of energy and reduce our dependence on imported oil. We are beginning to make progress, but we still have a long way to go. I need your help to get an effective energy security corporation and windfall profits tax so we can get on with this task.

o Agriculture is critical to our efforts to conserve energy and to develop alternative fuel sources. Agriculture is a major user of energy. It must become a major conserver of energy, as well as a producer of energy. The transition will not be easy or cheap. Fuel shortages are not an immediate problem, but they could arise in the future. Should that happen, I will see that agriculture has a priority claim on available fuel supplies.

Although it is still in the early stages of development, we are on the verge of rapid growth in alcohol fuel production. I have set a target of 500 million gallons of alcohol production capacity by the end of 1981, a six-fold increase over current levels. This alone obviously will not solve our energy problem, but it will make a significant contribution, and it will do so using renewable resources.

5. These next days and months are not going to be easy, but I believe Americans can meet these challenges. I am going to need your help in a major way.

OHIO FARM BUREAU FEDERATION

Presidents

County

James R. Lloyd, Jr.	Adams
William H. Fricke	Allen
Dennis D. Canfield	Ashland
William Robert Nye	Ashtabula
Emerson Burnfield	Auglaize
Wanda F. Stratton	Belmont
Dennis Hauke	Brown
Jerry Lee Gerber	Butler
Willis E. Bishop	Champaign
Delmar O. Augustus	Clark
Perry R. Burdsall	Clermont
John U. Doster	Clinton
William L. Woolf	Columbiana
Ronald W. Lust	Crawford
Elizabeth J. Hansen	Cuyahoga
R. Leon Bright	Darke
Carroll G. Schliesser	Defiance
Lyle W. Byers	Delaware
Robert A. Risdon	Erie
Juanita Claypool	Fairfield
Laurel F. Montgomery	Fayette
Jean A. Beaty	Franklin
Marion A. Darner	Greene
Robert A. Sage	Geauga
Jerry L. Tedrow	Fulton
Arlie D. Lydick	Guernsey
Edmond G. Motz	Hamilton
Darl E. Deeds	Hancock
Max B. Heilman	Hardin
William C. Wallace	Harrison
Waldo Gerken	Henry
Ralph B. Smith	Highland
Claude Sage	Holmes
Chester W. Opper	Huron
Earl LeMaster	Jackson/Vin.
Geno Mario Morelli	Jefferson
Myron Gene Horn	Knox
Phyllis J. Quayle	Lake
Don E. Grube	Licking
David L. Turner	Logan
Louis H. Morlock	Lorain
George E. Thompson	Lucas
L. Clinton Hutson	Madison
Jack Reel	Mahoning
Terry Hafer	Marion
Mary Joyce Mora	Meigs
Paul Eichler	Mercer
Barbara Ann Francis	Miami
Lloyd Rothenbuhler	Monroe
Donald M. Aukerman	Montgomery
Wilfred O. Hill	Morgan
Vaughn D. Tobin	Morrow

Presidents

Lynn G. Elliott
Joseph Parrish
Wayne W. Fox
Kenneth C. Hahn
Arthur D. Dick
LCDR Derwood D. Cunningham
USN Ret.
William K. Kibler
Donald E. Smith
Norbert J. Vennekotter
Richard E. Wolford
Vernon E. Alexander
Thomas L. Antesberger
Duane C. Gillmor
Robert J. Meyer
Linus Boron
Arthur Logan
Roger George
Philip H. Vollrath
Joel A. Gerdemann
John Elam
Lawrence J. Schwendeman
Fred C. Finney
Dallas H. Dick
Paul Sundermeier
Robert Lee Newell
Phillip R. Michel

County

Muskingum
Noble
Ottawa
Paulding
Pickaway
Pike
Portage
Preble
Putnam
Richland
Ross
Sandusky
Senaca
Shelby
Stark
Trumbull
Tuscarawas
Union
Van Wert
Warren
Washington
Wayne
Williams
Wood
Wyandot
Hocking

Board

David D. Gunlock
Lee E. Oswalt
Robert E. Wineland
Roger Suver
Wallace E. Hirschfeld
Ralph A. Gillmor
Marjorie Goller

Staff

C. William Swank
Samuel C. Cashman
Glenn R. Pirtle
S. Kim Wells
Ellen Strang
Dean W. Simeral
Larry E. Kandel
Ned Musselman
Paul E. Slade
Steven P. Barker

Supervisors

Dale D. Chuha
Kenneth E. Walter
Richard Conklin
David M. Pullins

Organization Directors

Keith R. Awalt
Robert B. Shanks
Patricia A. Wolff
Keith M. Stimpert
Karl R. Gebhardt

Landmark, Inc.

Robert J. DeLambo
Richard G. Weisenstein
Keith M. Lodge
Larry C. Hazen
Jack L. Fling
George A. Ratcliff
Jane A. Seger

Pres. substitute or
Additional Spokesmen

Dean E. Hartong
Ray E. Höllmeyer
John Hawkins

County

Summit
Hamilton
Cuyahoga

Press

Jack Stover
Charles R. Evers
Charles Clovis
Bill Lierman
Gary Schenkel
Andrew L. Stevens
Eldon Groves
Wayne T. Darling
Bonnie L. Linerode
Judith Ann Shore
Charles D. Schmalstig
James R. Miller
David C. Lyon
Stephen M. Pollick
Landolin G. Walter
Jane Elizabeth Gilbert
Randall E. Wynn

Miscellaneous

John M. Stackhouse

ADMINISTRATIVELY CONFIDENTIAL

THE WHITE HOUSE

WASHINGTON

March 10, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: LLOYD N. CUTLER *Inc*

SUBJECT: ANTI-INFLATION PROGRAM

I want to express some concerns about how the anti-inflation program is developing.

First, I am concerned about one part of the internal process - the absence of the Secretaries of State and Defense from Saturday's meeting, where a strong move developed to require DoD to absorb fuel cost and other inflation increases, and where AID reductions were also presented as a significant part of the package. While I have no doubt you will consult them before your final decision, I think it would be desirable for them to participate fully along with the domestic Secretaries and staff in the remaining internal discussions about the size of the budget cuts and where they should be made. While cuts in the national security areas may help develop a consensus for the cuts needed in domestic areas, they present the special problem of appearing inconsistent -- to the Soviets, to our allies and to the Third World -- with the foreign and national security policies we have been developing for the past six months. The issues go beyond how to measure 3% real growth because the 1981 DoD budget calls for more than 3%, even on an outlay basis. There are wide differences between your domestic and national security advisers about how much can be cut from the defense and AID budgets, without raising serious doubts abroad about the continuity of our international posture. I urge you to hear them debate these issues with one another before you decide.

Second, there appeared to be a drawing back Saturday from taking measures that are within your own legal power as President. The reason given is to force Congress to discharge its own responsibilities, and to avoid the political costs of taking the responsibility for drastic action yourself, rather than requiring Congress to share these costs. While I agree with the importance of consultation and consensus-building, I believe that if Congress knows its consent is

required before action will be taken, it will procrastinate or water down your proposals, or both, to the point where the braking impact of prompt and significant actions will be lost. Even on the political level, I think there are more positives than negatives in firm Presidential actions, as compared to mere legislative proposals. I therefore urge that:

- a) the major elements selected for your program should be actions you can lawfully take yourself if necessary; and
- b) if you decide to ask Congress for legislation as to any such element, you should make clear that pending Congressional action (not merely if Congress fails to take action by some deadline) you are taking immediate action yourself, e.g., by deferring expenditures in 1980 (and 1981 if necessary) until Congress acts, by imposing an oil import fee while awaiting gasoline tax legislation, and by appointing a commission to decide whether the CPI accurately measures the trend in consumer prices, reserving for now the question of directing the Secretary of Labor to follow those commission recommendations which are within his Department's discretion to adopt.

Third, I believe your final package should include three elements in addition to those discussed Saturday:

- a) an explicit statement that (1) mandatory wage and price freezes and controls are beyond your statutory power, (2) any attempt to legislate such authority would touch off a further wave of increases which could not practicably be rolled back after the law is passed, and (3) since controls cannot be permanent, they can only delay increases, not prevent them, and cannot reduce inflationary forces,
- b) a recognition of the inflationary and productivity-reducing impact of the costs imposed by health and safety regulation, coupled with a new action to reduce these costs, such as a "freeze" on any new Executive Branch regulation that imposes

additional compliance costs of more than, say, \$100 million, unless you review and approve the regulation. Your legal power to review and approve is clear, although in some cases statutory directives and timetables may require that the proposed regulation be issued; and

- c) a recognition of the need to stimulate savings, investment and productivity, coupled with some present action or plan for action in 1981 to provide this stimulation. One possibility is a commission to study the various ideas to replace at least part of the income tax with a tax on consumption expenditures, and to allow faster depreciation (or replacement cost depreciation) so long as current new plant expenditures equal the total depreciation allowed.

By recognizing these points you would put your other proposals in proper perspective with what you are rejecting (mandatory wage and price controls) and with your longer range goal of shifting the national emphasis away from current consumption and back toward savings and productivity. Virtually all of the options presented to you are negative in the sense that they are restrictions -- budget cuts, higher taxes, price and wage restraint guidelines, and credit controls. As everyone knows, they are endurable only over the short term. To change current inflation psychology, the program badly needs some near-term positives -- stimulants to saving and productivity -- together with a brighter vision of where over the long term you plan the economy to go.

There is very little time before Thursday night to take these internal steps, complete our external consultations, and draft your statement. If I can be of further help on any specific aspect, you have only to ask.

THE WHITE HOUSE

WASHINGTON

March 7, 1980

ADMINISTRATIVELY-CONFIDENTIAL

--ADMINISTRATIVELY-CONFIDENTIAL

MEMORANDUM TO FRED KAHN

FROM: Al From *Al*

SUBJECT: Our "New" Program

I am terribly concerned that the strengthened anti-inflation program we are about to announce will be doomed to failure even before it gets to the starting gate.

This morning we were hit with the third straight report -- they come about every two weeks -- of inflation approaching 20 percent. In 17 days we will be hit with another such report when the February CPI is announced. And that process of bad news twice a month will continue indefinitely with each new report adding to the expectation that inflation will get worse -- an expectation that then becomes a self-fulfilling prophecy.

Breaking that inflationary psychology is the single most important thing we can do to slow inflation -- and my greatest fear is that nothing we are now contemplating will do the job.

In my view, the only way to break the inflationary psychology is to bring the CPI down. Unless our new policies will have an immediate impact on the CPI, they stand very little chance of succeeding because the public will not believe they are working and, as a result, will not change its expectation that inflation will continue to skyrocket.

We need only to look at the experience of last year as a case in point. In October 1978, the President announced a sound and comprehensive anti-inflation program. That program contained all the right elements. The only problem with it was that the public viewed it as a failure. The reason for that was that faced with reports of 13 percent inflation month after month, people quit listening to our explanations (no matter how rational economically) and began adjusting their spending habits to adjust for and take advantage of high inflation.

Last year's experience underscores my point. If the policies we announce do not have an immediate impact on the CPI, we might as well face the fact that they will fail. In the minds of economists, inflation is a long-range problem; in the public view, as long as inflation hovers around 20 percent, it is a short-range problem. When their economic security is threatened by prices rising every day, people are going to take actions to protect themselves every day, and assurances that things will be better in 10 years will not change their habits.

To put it another way: the time of the traditional approach to inflation -- that it must be reduced gradually by traditional economic measures -- has passed. That was a reasonable approach last year before a virtual economic panic set in throughout the country. The first thing we need to do now is calm the panic. Gradualism won't do that. It's akin to telling someone drowning in 12 feet of water not to worry because we will skim a foot off the top.

So must for philosophy. Let me raise some particular concerns, I have three specific concerns:

1. We are placing far too much emphasis on a balanced budget which will likely have limited effect on the inflation rate and, as a result, not reduce inflation expectations appreciably. Even given the shortcomings of the econometric models -- with which I wholeheartedly agree -- the flood of press stories that balancing the budget will reduce inflation just .3 percent has got to reduce the psychological impact we get from offering a balanced budget.

Balancing the budget will have a positive psychological impact on what I call the "attentive" audience -- the bond markets, etc. I am dubious, however, that that psychological impact will be widespread.

And even if initially balancing the budget does have some psychological effect, that effect will soon be reduced by two factors:

- o the real impact will not be great enough to cause a discernible slowdown in the CPI, if only because of continued high mortgage interest rates, and

- o in part because of that, the balanced budget message will be muddled (as was the message of the \$30 billion deficit last year) as the economic assumptions change and compromises are necessary as specific appropriations work their way through Congress.

The one thing that is clear is that balancing the budget will result in substantial cuts in programs going to our traditional Democratic constituencies -- and as a result will both raise questions of equity and cause the President considerable political damage. It is almost certain to torpedo the National Accord with labor. The only way to mitigate that damage would be if we had a discernible decrease in inflation to show for our efforts.

For that reason, if I were convinced that because we announced a balanced budget in mid-March that the CPI announced in late April -- or the one announced in October, for that matter, would be down appreciably, I'd argue that no matter the other consequences, we ought to go that route. I happen to think balancing the budget is good public policy. But if we are not convinced that will be the result -- and I don't think even the strongest proponents of the balanced budget would in their hearts argue it would -- then balancing the budget should not be the centerpiece of our program.

In short, I fear that balancing the budget without taking additional actions to cause the CPI to fall will cause the President severe political damage without achieving its only conceivable objective -- reducing the inflation rate.

2. Unless we are prepared to take actions to drive down interest rates -- and mortgage interest rates, in particular -- I don't see much prospect of reducing inflation in the months immediately ahead.

Just because of the weight those rates have in the CPI, as long as they continue to increase as they have, the CPI will remain high. So we are faced with the ironic situation that one of our cornerstone policies to reduce inflation has the effect of keeping the inflation rate up at a level that actually fuels expectation inflation.

And that says nothing about how high interest rates keep ordinary working Democrats out of the housing market.

3. I am troubled by the whole doom and gloom approach our policy tends to exacerbate. Democrats have always accused Republicans of fighting inflation with recession -- and yet our whole approach seems to be to push the country into a recession. A recession may be a comforting thought to the same economists who run those econometric models, but it hardly makes the public stand up and cheer. And unless I'm not sure the way to calm panic about our current economic inflation is to drive the economy into a different but equally bad state.

What We Should Do

In my view we need to concentrate our efforts first on steps we can take that will bring about an immediate reduction in the CPI.

And to me that means two things.

1. Making the guidelines program strong enough to slow the inflation rate.
2. Taking whatever steps are necessary to push mortgage interest rates down.

I realize that what I have suggested is vulnerable to the charge that what I have proposed just papers over the root causes of inflation. I plead guilty. But unless we reduce inflationary expectations right now, "fundamental" solutions to inflation will be trampled in the panic.

Without claiming to be an expert on the guidelines, I do have a few thoughts about ways to strengthen them. We need to consider:

- o Adding hundreds of new monitors (one for every corporation we intend to monitor) with power to investigate and audit.
- o Bringing in a high visibility special prosecutor to run the price monitoring operation. This special prosecutor should have the power and the independence to pursue violators whoever they are.

- o Issuing a three year standard for both wages and prices. The second and third year standard should be ratcheted down so that we will show some confidence that our program will work. I realize that this could jeopardize the Accord, but if we're willing to risk it to balance the budget, which will have little effect on the inflation rate, we should be willing to risk it for a tough standards program that could have some discernible impact.
- o Toughening up the standards, and having special standards for problem areas in the economy. We might consider, for example, a standard that freezes the price of refined petroleum products as a way of squeezing the rapidly expanding margins COWPS found.
- o Using sanctions against violators on both the wage and price side. We need to be equally tough on labor and business.
- o Requiring companies intending to raise their price levels to notify COWPS 30 days before the increase goes into effect.

In short, we need to do everything we can -- short of seeking mandatory control authority -- to make the guidelines program an effective weapon. The big unions and corporation must know we're watching them and that we'll do everything in our power to see that they lose discretionary government benefits if they do not comply.

In addition, it is critical that whatever moves we decide on to strengthen the guidelines program, we have them in place, ready to go, when the President announces them. We cannot afford to spend weeks looking for a special prosecutor on building a monitoring staff. In other words, we cannot repeat last year's mistakes. We need to be off and running.

I know even less about interest rates than I do about the guidelines. But using selective credit controls or some other means, there must be a way to force mortgage interest rates down.

Conclusion

As you continue your efforts to come up with recommendations for the President, I urge you to keep in mind that whatever you suggest must slow inflation now -- and not a year from now. Anything less will simply foster the inflation expectations that have been a principal cause of the problem.

3/11/80

5: pm

Mideast statement for N.Y. briefing

Let me take just a few minutes to talk about our policy in the Middle East.

At this moment, we are engaged in crucial negotiations under the Camp David accords. These negotiations between Israel and Egypt -- in which we are a full partner -- hold out the hope of a just and lasting peace in the Middle East, which the whole world has so long sought.

In recent days, attention has been diverted from these negotiations by an incident at the United Nations. Let me talk frankly about that incident.

I run the foreign policy of this country. As the responsible officer of this government, I am in charge. In the vote at

the UN last Saturday, I saw a mistake. I corrected it. Our policy is unchanged.

The UN resolution dealt with Israeli settlements on the West Bank and Jerusalem. We have not changed our position on these two issues.

We have all along opposed the establishment of new settlements. We have said all along that the disposition of existing settlements should be decided by the autonomy negotiations.

We have also said all along that Jerusalem should remain forever undivided, with free access for all faiths to the holy places.

I stand by these positions. I have never considered changing them. I would never have the United States endorse a different position.

And when I learned that our country had voted in error at the UN, I decided that it would be better to tell the truth to the American people and the world than to let that mistake stand. The security of Israel is far more important than my or anyone else's political fortunes.

Our support for Israel's security is absolute and total. That position is morally right. It is also in the strategic interests of our own Nation.

We will not rest until Israel can live at peace with all her neighbors. That is my deepest hope and prayer. I have spent many days and weeks with Prime Minister Begin and President Sadat working toward that dream. The Camp David Accords, the Egyptian-Israeli Peace Treaty, the autonomy negotiations -- all these steps have brought us closer to our goal than any of us would have dared hope three years ago. I am absolutely determined that we will succeed.

As we walk these further steps toward a just and lasting peace throughout the Middle East, let me restate -- as clearly and emphatically as I can -- what the United States of America believes:

¶ We oppose the creation of an independent Palestinian state.

¶ We will not negotiate with the PLO, and we will not recognize the PLO, unless it first recognizes Israel's right to exist and accepts UN resolutions 242 and 338.

¶ We believe that Jerusalem can never again be divided.

¶ We have never -- and we will never -- use our aid to Israel as political pressure against her.

¶ We will never permit the politics of oil to change our commitment to Israel. That commitment is not for sale.

Israel has already sacrificed enormously -- first her sons and daughters in four wars in thirty years, and now

territory and oil and bases and borders. In the next few months, Israel will face some of the most difficult issues of her entire history as a modern Jewish state. Throughout that process -- as throughout Israel's whole existence -- the United States of America will stand by her. And we always will.

#

THE WHITE HOUSE
WASHINGTON

March 11, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*
SUBJECT: Domestic Policy Breakfast
Wednesday, March 12, 1980
8:00 a.m. (1 hour)
Cabinet Room

Participants

Bob Bergland
Patricia Harris
Moon Landrieu
Ray Marshall
Neil Goldschmidt
Shirley Hufstедler
Jim McIntyre

Al McDonald
Stu Eizenstat
Gene Eidenberg

(I will not be present because I am committed to be in New York State for the rest of the week.)

Agenda

I suggest that the discussion be devoted exclusively to the anti-inflation package under consideration (including the question of how best to implement the necessary budget cuts).

Inflation/Budget: A discussion about the meeting today with state and local officials on possible budget cuts might be useful. The concerns and opinions of the officials at the meeting are helpful in assessing the probable reaction nationwide. Neil and Moon spent considerable time with the group after you departed; you might want to ask them to share their reactions with the other Secretaries.

One of the hardest questions we are facing is how to make the necessary cuts without forcing many major local governments (e.g., New York City, Detroit, Newark, Cleveland, Chicago, etc.) into

virtual bankruptcy. I think that some of these domestic Cabinet Secretaries (especially Neil and Moon) can be helpful to you in answering that question -- asking their advice certainly cannot hurt.

Campaign: You might conclude the meeting with a general discussion of the results of Tuesday's primaries, and a look ahead to the Illinois (March 18) and New York (March 25) primaries.

cc: Hamilton Jordan

THE WHITE HOUSE
WASHINGTON

12 Mar 80

Jack Watson
Arnie Miller

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

Rick Hutcheson

THE WHITE HOUSE

WASHINGTON

March 11, 1980

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON *Jack*

ARNIE MILLER *HF*

SUBJECT:

Board of Directors, Legal Services Corporation

The Legal Services Corporation is a private, non-profit corporation established by Congress in 1974 to be the Federal funding mechanism for financial support of legal assistance in non-criminal proceedings.

The Corporation is governed by an eleven member Board of Directors. Each member must be appointed by the President and confirmed by the Senate. At least six of the Board members must be members of the bar. No more than six may be members of the same political party. By law, clients eligible for legal services assistance must be represented on the Board.

The terms of five of the members which you appointed previously expire this year. The President of the Corporation, Dan Bradley, feels strongly that, based on the excellent work they have accomplished, those five members listed below should be reappointed.

Cecilia D. Esquer (Arizona): Assistant Attorney General of Arizona. An Hispanic, Ms. Esquer was graduated from Arizona State University College of Law in 1976, where she was a member of the Committee on Legal Education Opportunity and the Chicano Law Students Association.

Steven Engelberg (Maryland): Partner in the Washington law firm of Price, Grove, Engelberg & Fried. Mr. Engelberg was Walter Mondale's legislative counsel from 1969 to 1973 and worked on legislation establishing the Legal Services Corporation.

Hillary Rodham (Arkansas): Attorney in private practice in Little Rock and Fayetteville. From 1974 to 1977, Ms. Rodham was an assistant professor of law at the University of Arkansas Law School. Her special area of interest is children's law.

Richard Trudell (California): Executive Director of the American Indian Training Program and a member of the American Indian Bar Association. From 1972 to 1973, Mr. Trudell was the Director of the Robert F. Kennedy Memorial Fellowship Program.

Josephine Worthy (Massachusetts): Activist in local legal services organizations. Ms. Worthy fulfills the requirement of client participation on the Board. She is President of the TOETFERT Housing Project Tenants Association and is Youth Director of the Bethlehem Baptist Church. From 1974 to 1976, Ms. Worthy was a family life counselor at Holyoke Street School.

RECOMMENDATION:

Appoint the above-listed candidates as members of the Legal Services Corporation Board of Directors.

_____ ✓ _____ approve _____ disapprove



R E S U M E

CECILIA D. ESQUER
1720 East Palmcroft Drive
Tempe, Arizona 85282

Home phone: (602) 966-5743
Office: (602) 271-3943

Birthdate: May 18, 1942
Married, 2 children (11, 7)

EDUCATION

Law School Arizona State University College of Law, Tempe, Arizona
J.D., May 1976

Academic Honors: American Jurisprudence Award, Family Law

Activities: Student Bar Association; Volunteer in Tax Assistance (VITA); El Grupo - Chicano Law Students Association; Council on Legal Education Opportunity (CLEO) Selection Committee; CLEO Tutorial Committee; Board of Directors, Valle del Sol, Inc.; Board of Directors, Maricopa County Legal Aid Society; Member-at-Large, Democratic National Committee; Executive Committee, National Association of Latino Democratic Officials

Graduate Arizona State University College of Liberal Arts, Tempe, Arizona
Master of Arts (Spanish), December 1965

Pima College, Tucson, Arizona. Certificate for EPDA Summer Institute in Guadalajara, Jalisco, Mexico, from June 26, 1972, to July 28, 1972, Mr. Henry Oyama, Director. (Institute for training bilingual educators)

Under-Graduate Arizona State University College of Education, Tempe, Arizona
Bachelor of Arts (Business Education), June 1963

Academic Honors: United Business Educators Association
"Outstanding Business Education Student" Award

Activities: Pi Omega Pi, National Business Education Honorary, President; Alpha Pi Epsilon, National Secretarial Honorary, Project Chairman; Business Administration Council, Secretary; College of Education Academic Council

Employment

- 8/77 - Present Assistant Attorney General, Office of Attorney General,
State of Arizona
- 3/77 - 7/77 Law Clerk, State Department of Education, temporary
appointment, David Rich, Assistant Attorney General
- 9/71 - 6/72 Faculty Associate, Arizona State University Foreign
Language Department, one-year appointment, Dr. Quino E.
Martinez.
- 9/70 - 6/71 Spanish Teacher, Mesa Community College, Evening Division,
Dean Roger Worsley
- 8/65 - 2/66
and Spanish Teacher, McClintock High School, Tempe, Arizona,
9/68 - 1/70 William Boyle, Principal
- 8/66 - 6/68 Spanish Teacher, Baker Junior High School, Tacoma Public
Schools, Tacoma, Washington, Carl Dellaccio, Foreign
Language Coordinator
- 2/65 - 7/65 Teacher of Typewriting, General Business, Spanish and
English to high school students, Arizona State Tuberculosis
Sanatorium, Tempe, Arizona, Mr. Dougherty, Head Teacher
(Part-time while attending graduate school)
- 9/64 - 2/65 Secretary, ASU Mathematics Department, part-time while
attending graduate school. Dr. Evar Nering, Chairman
- 9/63 - 6/64 Business Education and Social Studies teacher, Ray District
High School, Kearny, Arizona. Roy Woods, Principal
- 1959 - 1963 Secretary, part-time while attending undergraduate school,
Marketing Department, ASU, Dr. William A. Nielander
(deceased), Chairman
- 1959 - 1963 Various secretarial jobs during the summer including work
in law offices, engineering firms, investment company,
refrigeration company, and other types of businesses

RESEARCH AND WRITING

With Liberty and Justice for Some: Chicanos, the Immigration and
Naturalization Service and Civil Liberties

No More Good Men to Serve? The Implications of Wood v. Strickland,
95 S.Ct. 992 (1975) (Liability of individual school board members)

The Chinle School Problem: Education, Taxation, Representation
(Indian Law Paper)

Guadalupe: A Quixotic Adventure. Fighting the unbeatable foe.
(Brief history of Guadalupe, Arizona)

SPECIAL AREAS OF INTEREST

School law, poverty law, civil rights

SPECIAL QUALIFICATIONS

Fluent in Spanish

REFERENCES

Will be furnished upon request

(October 1977)

RESUME

STEVEN L. ENGELBERG

Office

2033 M Street, N.W., Suite 404
Washington, D.C. 20036
(202) 452-1930

Home

4813 Grantham Avenue
Chevy Chase, Maryland 20015
301-652-0993

Born March 15, 1942 at Memphis, Tennessee

Married, with two children

Education:

College: University of Michigan, 1959-63, A.B. with high distinction and high honors in political science.

Phi Beta Kappa; Phi Kappa Phi; vice-president of Pi Sigma Alpha, National Political Science Honorary; William Jennings Bryan Prize, 1963, given to outstanding student in political science, Angell Scholar.

Legal: Harvard Law School, 1963-66, LL.B., Cum Laude.

Project Chairman, Harvard Civil Liberties Research Service; Study of Parole Revocation Procedure of the U. S. Parole Board for Professor James Vorenberg, then Chief of Office of Criminal Justice, U.S. Department of Justice; Represented Harvard Law School as student assistant at Middlesex County (Mass.) District Attorney's Office.

Georgetown University Law Center, 1966-68, LL.M. and Certificate of Proficiency in Trial Advocacy (E. Barrett Prettyman Fellow in Georgetown Legal Intern Program)

Member of Committee planning the D.C. Bar's Criminal Practice Institute (1967 and 1968)

Employment Experience:

September, 1974 - present

Partner--Price, Grove,
Engelberg & Fried, P.C.

February, 1973 - August, 1974

Attorney, Washington, D.C.
Law firm of Anram, Hahn &
Sandground.

January, 1969 - January, 1973

Legislative Counsel to
Senator Walter F. Mondale.

July, 1968 - January, 1969

Assistant to Under Secretary
of Transportation, Hon. John
E. Robson.

September, 1966 - July, 1968

Represented indigents in cr
nal and civil matters in the
District of Columbia courts
Georgetown Legal Intern.

Summer, 1965

Student Assistant, U.S. Att
Office, Southern District of

Summers, 1963, 1964

Student Assistant, Civil Ri
Division, U.S. Department of
Justice

Teaching Experience:

Fall, 1968 - present

Adjunct Professor, Georgetow
University Law Center (Semin
in Poverty and Administratio
of Civil Justice)

Admitted to Practice:

U.S. District Court for the
District of Columbia (December
1966)

U.S. Court of Appeals for th
District of Columbia Circuit
(January, 1967)

Publications:

Law and Tactics in Exclusionary Hearings, Coiner Publishing
Co., 1969, (one of six authors).

Pre-Trial Criminal Commitment to Mental Institutions: The
Procedure in Massachusetts and Suggested Reforms, 17
Catholic University Law Review 163 (No. 2, Winter 1967)

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
emo w/att	Henry Owen to the President. Re: Tony Solomon's Views on Steel TPM. (2 pp.)	3/11/80	A
emo w/att	Zbigniew Brzezinski to the President. Re: Jim McIntyre's Memo on '81 Defense Budget. (14 pp.)	3/6/80	A
resume	Hillary Rodham ,1p. RE: SSAN	ca. 5/77	C

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of Staff Sec.-
Pres. Handwriting File, "3/12/80." Box 174

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.

Name: Hillary Rodham

Address: 5419 L Street
Little Rock, Arkansas 72205

Personal Background: 977 MAY 25 PM 1 15
Born October 26, 1947; Chicago, Illinois
Age: 29

Education: B.A. with High Honors, 1969
Wellesley College, Wellesley, Massachusetts
President, College Government; Vida Dutton Scudder
Scholarship for Graduate Studies

J.D., 1973
Yale Law School, New Haven, Connecticut
Barristers' Union Prize Trial; Director, Barristers'
Union; Original Board of Editors, Yale Review of Law
and Social Action; Yale Legal Services; Participant
in Special Program in Law and Psychiatry sponsored by
the Yale Law School, the Yale Child Study Center and
the Yale Medical School; Law Clerk for New Haven Legal
Assistance Association; Research Assistant for Prof.
Joseph Goldstein, Yale Law School, for book he authored
with Drs. Anna Freud and Al Solnit, Beyond the Best
Interests of the Child.

Professional Experience:

2/1/77-present Associate in Litigation Division of Rose, Nash,
Williamson, Carroll, Clay, & Giroir, Little Rock,
Arkansas.

8/74-1/31/77 Assistant Professor of Law, University of Arkansas
School of Law; Director, University of Arkansas Legal
Aid Clinic, Texarkana Prison Project and Cummins Prison
Projects, Fayetteville, Arkansas.

8/74-present Private Practice of Law, Fayetteville, Arkansas.

9/75-present Reporter for the Federal Court of the Eastern District
of Arkansas Speedy Trial Planning Group.

1/74-8/74 Counsel, Impeachment Inquiry Staff, House Judiciary
Committee.

6/73-1/74 Staff attorney with Children's Defense Fund, Cambridge
Massachusetts and Washington, D.C.; Legal Consultant to
the Carnegie Council on Children, New Haven, Connecticut
funded by the Carnegie Foundation, New York City.

12/72-6/73 Staff member, Carnegie Council on Children.

6/72-8/72 Legal staff of the Washington Research Project, a
public interest law firm in Washington.

9/71-6/72 Law Clerk, New Haven Legal Assistance Association.

6/71-9/71 Law Clerk, Treuhaft, Walker and Burnstein, Oakland, California.

6/70-9/70 LSCRRRC intern, Washington Research Project and Center for Community Change, Washington, D.C.

Publications:

"Children Under the Law", Harvard Educational Review, January, 1974.

Book Review, The Children's Cause by Gilbert Steiner, Yale Law Journal, (to be published in next issue).

Report of Panel on Justice, Southern Regional Conference on Humanities and Public Policy, May, 1976.

Handbook on Women's Legal Rights under Arkansas and Federal Law, (in progress).

Affiliations:

Organizer and Board Member, Northwest Arkansas Legal Services, Inc.

Founder and Board Member, Arkansas Advocates for Child and Families.

Institute of Judicial Administration, Juvenile Justice Standards Project, National Drafting Committee on Pre- and Non-court Handling of Juvenile Problems.

Governor's Commission on the Status of Women.

Arkansas ERA Coalition.

Political Experience:

8/76-11/76 Carter/Mondale Campaign Staff, Director of Field Operations, Indiana.

1/76-6/76 Bill Clinton's Attorney General Campaign Staff, Campaign Co-Manager, Arkansas.

8/74-11/74 Bill Clinton's Congressional Campaign Staff, Campaign Co-Manager, Arkansas.

8/72-11/72 McGovern/Shriver Campaign Staff, Director of Voter Registration, Texas.

Josephine Worthy
15 North Summer Street
Holyoke, Massachusetts
413/532-4956

DATE OF BIRTH: February 22, 1954

MARITAL STATUS: Separated

CHILDREN: 5 (Ages 23, 21, 19, 18, 14) and
1 grand child

HEALTH: Excellent

EDUCATION: 20 credits towards a Masters Degree
in Psychology, attending Springfield
College part-time.

EMPLOYMENT: Currently unemployed

1974-76 Worked as Family Life Counselor
at Holyoke Street School, an alternative
high school for low income students who
are unable to cope with normal high
school.

For 5 years worked with the community
action program as a neighborhood
organizer.

For 1 year worked with youth groups and
Welfare Rights organizations for the
State Department of Community Affairs,
a VISTA type organization.

COMMUNITY ACTIVITIES

Currently: Youth Director, Bethlehen Baptist Church
President, TOETFERT Housing Project
Tenants Association
Member, Advisory Board of the Office of
Children's Services of the State
Department of Social Services

Formerly: Member, Board of Directors of the YMCA
Board of Directors of the Western
Massachusetts Legal Services Program
1972-74
President of the Holyoke City-Wide
Tenants Association
Volunteer with the Tenants Services
Division of the Holyoke Housing
Authority, assisting Spanish speaking
tenants.

RESUME OF RICHARD ALLAN TRUDELL

319 MacArthur Boulevard
Oakland, California 94610

415/834-9333

Age: 34

Birthplace: Sioux City Iowa

Marital Status: Married

Tribal Affiliation: Santee Siou

Military Service: Honorable
Discharge

EDUCATIONAL BACKGROUND:

J.D., 1972, Catholic University School of Law
B.S. (Accounting), 1969, San Jose State University

PROFESSIONAL ACTIVITIES:

Member, Nebraska State Bar Association

Member, American Indian Bar Association

Member, American Bar Association

Presently a council member of ABA's Section of
Individual Rights and Responsibilities

Member, National Legal Aid and Defender Association

Served as a vice-president on Executive Committee

EMPLOYMENT EXPERIENCE:

July, 1973 through present: I have been employed as the Executive Director of the American Indian Lawyer Training Program, Inc. (AILTP) which has offices in Oakland, California and Washington, D.C. The Oakland office is its principal office. AILTP was founded in 1973. I am one of its two founders. AILTP was established to achieve three primary goals: (1) to help facilitate the orderly development of Indian law through a comprehensive, periodic reporter service presenting current developments in the field of Indian law; (2) to provide opportunities for Indian lawyers and law students to work with Indian communities on legal issues of major import; and, (3) to provide continuing education seminars for Indian lawyers and law students on the unique and complex principles of Indian law. Since its inception, AILTP has more than realized its goals. Its accomplishments are represented by its projects, which include: the establishment of the INDIAN LAW REPORTER which will begin its fourth year of publication in 1977 and has 750 subscribers; the establishment of an Indian Law Seminar and Intern Project for Indian Law Students, which has accommodated 70 students during the past three years; the establishment of a Fellowship Program for Indian Attorney which is providing financial and practical support to ten Indian attorneys who have established private practices on or near Indian reservations and communities; the establishment of a Paralegal Project for Tribal Court Advocates, which is providing training and support to 24 trainees; a comprehensive survey of tribal courts to assess their status

and needs; the establishment of a Research and Writing Program in Indian Law; and, the establishment of the American Indian Bar Association. As AILTP's Executive Director, I have been involved in every facet of its operation. I have helped conceptualize projects, raise the necessary funding, and supervise project implementation. Presently, AILTP has a staff of eight professionals and nine non-professionals.

January, 1972 through June, 1973: I was employed as the Director of the Robert F. Kennedy Memorial's Fellowship Program which focused on the educational rights of the disadvantaged. My responsibilities included: administering the operation of the Program; selecting Fellows; coordinating their work in the field; and, making on-site visits as often as possible. During my employment as Director, the Program selected and placed approximately 40 Fellows who worked with and for disadvantaged communities across the United States.

May, 1971 through August, 1971: I was employed as a summer associate with the law firm of Covington and Burling in Washington, D.C. My principal duties consisted of preparing memoranda and related legal materials in the areas of anti-trust, immigration, and food and drug law.

Prior to 1971 I worked as a consultant to the National Council on Indian Opportunity in Washington, D.C. and as a structural steel worker for Kaiser Steel in Oakland, California.

REFERENCES:

Dean Frederick Hart
School of Law
University of New Mexico
Albuquerque, New Mexico

Brooksley Landau, Esquire
Arnold & Porter
1229 Nineteenth Street, N.W.
Washington, D.C.

John Douglas
Covington & Burling
888 Sixteenth Street, N.W.
Washington, D.C.

Peterson Zah, Director
DNA Legal Services
Navajo Reservation
Window Rock, Arizona

(Additional references furnished upon request.)

THE WHITE HOUSE
WASHINGTON

12 Mar 80

Secretary Bergland

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

Rick Hutcheson

J.Y.I.
B.B. White House



Bob -
assess for
me -
JC

State of North Carolina

Department of Agriculture

Raleigh

March 10, 1980

JAMES A. GRAHAM
COMMISSIONER

Honorable Bob S. Bergland, Secretary
U. S. Department of Agriculture
Washington, DC 20250

Dear Mr. Secretary:

I have just learned that the position of Chief of the Farmer Programs, GS-13 in the North Carolina Farmers Home Administration State Office is vacant because of the recent retirement of the former incumbent. In my opinion, this is one of the most important positions in all of the U. S. Department of Agriculture programs in this state and it is essential that the most capable North Carolinian be selected to fill the job.

The person I strongly feel to be best qualified for this position is John Soles who is now a GS-12 Community Programs Specialist in the North Carolina State Farmers Home Administration office. John is an honor graduate of N. C. State University and attended graduate school there. He has performed outstanding service in the Farmers Home Administration at the county, district, and state levels. Also, John has an exceptionally high degree of professional ability in addition to possessing good judgement necessary to solve difficult problems and direct and inspire those with whom he works.

Mr. Secretary, the economic conditions affecting North Carolina farmers at this time are the most serious of anytime during my professional career. The high costs of production have caused extremely serious financial problems for many of our farmers. Farmers Home Administration can be of invaluable service to them with John Soles directing the loan program here in North Carolina.

Because of the complexities in filling a job of this type, I ask that you involve yourself personally in the selection of John Soles for this important position.

Cordially,

Jim Graham

James A. Graham
Commissioner

Job -
P.S. This request is NOT a perfunctory one -
but that is needed - Very important, to a
lot of people Respectfully Jim -

I will explain if contacted -

Electrostatic Copy Made
for Preservation Purposes

APPROVED
MAR 12 1980

C

THE WHITE HOUSE
WASHINGTON
March 11, 1980

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON *Jack*

SUBJECT:

Omnibus Territories Bill Amendments

You will shortly be receiving recommendations from OMB that you veto this bill. There are four policy issues that cause Jim to make this recommendation. I join Stu in recommending that you sign the bill and agree with Stu's arguments on the merits.

In addition to those arguments, I thought you should be aware of a very important political aspect of the situation.

I have worked with Tim Kraft and others for months to develop a political relationship with Governor Carlos Barcelo-Romero. To do so, we had to move Franklin Delano Lopez from his position of power within the Democratic Party in Puerto Rico. We finally established that relationship and have the Governor's support in Sunday's primary. Without his support, there is serious doubt as to the outcome of the vote. With it, we are virtually assured of a victory because of the Governor's strong organization.

The bill contains a proposal to give Puerto Rico control over submerged lands within approximately 10 miles of the coast of Puerto Rico. It is a matter of paramount importance to the Governor. If you veto the bill, we will significantly compromise the effectiveness of his help. In my opinion, even granting OMB's arguments on the merits, the issues are not so troublesome that they outweigh the clear and present political danger associated with a veto.

I urge that you sign the bill while at the same time issuing a statement specifying areas of concern within the bill for which you will seek changes.

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE

WASHINGTON

March 11, 1980

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Omnibus Territories Bill

Attached is an enrolled bill memo on H.R. 3756. I want to stress my strong support for your approval of this measure. While a few of the provisions in the omnibus bill prompt legitimate agency concern, on balance the bill warrants signature as it incorporates a number of worthwhile minor territorial items. Many of the problems cited can be corrected by further Congressional action. If you so direct, we will follow-up immediately on our informal requests to key sponsors who have indicated a willingness to cooperate for such action in the event of an approval.

I know that you are aware of the serious political implications of your action on this measure and I will not reiterate the political imperatives for a signature. I should note, however, that approval is probably essential to accomplishment of our overall territorial policy goals as outlined in your message to Congress of February 14. Additionally, a veto may have spinoffs on other Congressional initiatives as well due to the strong view on this bill held by Senators Jackson, Johnston and others and key Representatives such as Phillip Burton. Further, a veto might result in adverse international publicity and an exacerbation of Federal-territorial tensions.

Finally, the budgetary impact of the measure on the FY 81 budget is minimal and probably none of the disputed provisions will have an adverse budgetary impact.

THE WHITE HOUSE

WASHINGTON

March 11, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*

SUBJECT: Omnibus Territories Bill Amendments and Possible Meeting with Governor Romero of Puerto Rico

Following our meeting this morning regarding the Territories Bill amendments, I talked with Governor Romero. I conveyed your message to him and asked that he delay his trip to Washington until later this week.

The Governor reported that he had built so much public expectation around his Wednesday trip and had so committed himself to a Thursday-Friday-Saturday campaign schedule for Carter/Mondale that he could not defer the trip. (Between Thursday morning and Saturday night, the Governor has scheduled personal visits on behalf of the Carter/Mondale ticket to 15 Puerto Rican cities and towns. His wife is covering an additional 12 towns -- all before the Sunday primary.) For his own, and your, political benefit he told me that he had to come to Washington, whether there was a bill signing or not.

He further said that if you were unable to sign the bill on Wednesday, a brief meeting with you would permit him to tell the press in Puerto Rico of your support for the Three Marine League portion of the bill and your efforts to clear-up language in other sections of the legislation so that the signing could occur later in the week.

I am advised by Stu's staff that negotiations with the Hill are unlikely to produce agreement to the changes we seek in the legislation before the end of the week. We have two choices:

1. Go ahead and sign the legislation tomorrow with a strong statement outlining your problems with the bill and stating your determination to have those problems resolved;
2. Continue the negotiations on the Hill for an additional day or two to see how much more can be worked out before the bill is signed on Friday.

If you decide to sign, the Governor is in town and we can proceed as originally scheduled. If you decide to wait, I recommend a brief meeting with the Governor along the lines suggested above.

Stu and I recommend that you sign the legislation tomorrow (Wednesday): (1) because we doubt that another two days of negotiations will resolve the outstanding issues (although OMB's views on the bill are unchanged, Jim does not think we will get any closer to an agreement by waiting another day or two); and (2) because a signing on Wednesday would assure the maximum political benefit for Sunday's primary in Puerto Rico.

Finally, I understand that a television station representing Puerto Rican TV will be doing a ten-minute interview with you tomorrow. I suggest you permit that crew to get some footage of you and the Governor if you decide to delay the signing and simply meet with the Governor.

Approve Wednesday signing with accompanying statement _____

Disapprove Wednesday signing _____

If disapproval of Wednesday signing, approve five minute meeting with the Governor

Disapprove meeting with the Governor _____

Approve TV photo opportunity of meeting with the Governor

Disapprove TV photo opportunity of meeting with the Governor _____



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MAR 11 1980

MEMORANDUM FOR: THE PRESIDENT

FROM:

James T. McIntyre, Jr.
Director

(Signed) James T. McIntyre, Jr.

SUBJECT:

Enrolled Bill H.R. 3756 - Omnibus
Territories Legislation

The enrolled bill contains numerous authorities affecting the U.S. territories and the Trust Territory. Several provisions are sufficiently objectionable from a policy or budgetary standpoint that I join Justice, Defense, Energy and Treasury in recommending that you veto H.R. 3756. The most significant provisions are discussed in this memorandum.

First, H.R. 3756 extends jurisdiction by Puerto Rico over submerged lands, including mineral rights, to a distance of 3 marine leagues (approximately 10 miles). This is objectionable because:

- The outright grant of 3 marine leagues to Puerto Rico would be inconsistent with long established Federal policy toward other territories and the States. Comparable treatment could be sought by the coastal States with potentially substantial effects on Federal Outer Continental Shelf receipts.
- The language of the provision is poorly drafted and raises serious ambiguities as to rights and authorities retained by the Federal Government. According to Defense, continued use of Vieques Island for ammunition storage and amphibious combat training could be seriously compromised. In addition, title to portions of the U.S. Naval Base at Roosevelt Roads, acquired by the Navy through condemnation in 1941 and 1942, could revert to the government of Puerto Rico.

Second, the enrolled bill authorizes the payment of interest on judgments arising out of land claims in Guam affecting some 37,000 acres purchased by the U.S. Government primarily in the late 1940's and early 1950's. A 1977 statute authorized the district court of Guam to award compensation in cases where the United States had paid less than fair market value as a result of duress or other unfair advantage. This is objectionable because:

- Payment of interest, as determined by either the presiding judge or jury in the Guam district court, would be unprecedented and wholly inconsistent with U.S. policy not to pay interest in similar cases involving Native American and other claims.
- Assuming that local juries follow recent tendencies to award extremely high judgments in property cases involving the territorial government, the interest awards could result in several hundred million dollars in outlays over the next several years.

Third, it would direct the Secretary of the Interior to establish a comprehensive program of health care and environmental monitoring for residents and their descendants of the Northern Marshall Islands and of any other atolls which may have been affected by U.S. nuclear testing in the 1940's and 1950's. This is objectionable because:

- It would involve a drastically expanded Federal commitment to the administration of generalized medical care in the Northern Marshall Islands and elsewhere, far exceeding a level reasonably required to monitor and treat radiation-related injury and illness.
- It would introduce significant new complexities to the consideration of an equitable Federal program for compensation of U.S. residents in several western States who have allegedly suffered harmful health effects arising from nuclear testing in the continental United States.
- In the absence of this legislation, the existing program of medical surveillance and radiological monitoring (including, where appropriate, specialized treatment in mainland hospitals) will continue for residents of the few atolls in the Northern Marshalls presently known to have been directly exposed to radiological contamination.

Finally, the bill would prohibit the transportation to, or storage of, spent nuclear fuel on any U.S. territory or possession in the Pacific unless specifically authorized by an Act of Congress. This is objectionable because:

- The Nuclear Nonproliferation Act of 1978 already assures extensive congressional oversight of proposed project plans through various special reporting and approval requirements.

- Overlay of an additional approval provision would not significantly enhance congressional control over the program but could place in doubt U.S. willingness to enter into, or ability to fulfill, international storage agreements.

Additional background on these and other seriously objectionable provisions is contained in the attached memorandum and agency enrolled bill letters which I recommend that you read.

In sum, the bill would establish troubling precedents (Northern Marshall Islands medical program and Puerto Rico submerged lands), expose the Federal Treasury to potentially substantial liability (interest on Guam land claims), and cast doubt on continued support of previously announced Administration initiatives (restrictions on nuclear waste storage).

Further, it continues the piecemeal approach to solving territorial problems which you publicly rejected in disapproving legislation enacted during the 95th Congress authorizing Federal payments to offset income tax adjustments affecting Guam and the Virgin Islands and more recently in your February 14, 1980, message to the Congress on territorial policy. We believe that such ad hoc legislative solutions to territorial problems have, in the past, not only failed to achieve their ostensible purposes but have cumulatively tended to foster increasing territorial dependence on Federal programs and administration. We believe that a fundamental shift in approach is required toward more comprehensive and coherent policies and programs designed to enhance the economic, social and political self-reliance of the territories.

Although not disagreeing with the need for a more comprehensive legislative approach to the problems of the territories, Interior believes that the objectionable provisions of the bill are outweighed by its benefits and, accordingly, recommends approval.

Disapproval of H.R. 3756 will not significantly affect any ongoing Federal programs applicable to the territories. Should you elect to veto the bill, the Administration would resubmit legislation authorizing 1981 appropriations for the Trust Territory. However, I should note that a veto will not be well received by the principal sponsors of H.R. 3756, Rep. Burton and Sen. Johnston, who may attempt an override effort. A draft veto message is attached for your consideration.

Your last day for action is Saturday, March 15, 1980.

Attachment



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MEMORANDUM FOR THE PRESIDENT

MAR 11 1980

Subject: Enrolled Bill H.R. 3756 - Omnibus Territories
Legislation
Sponsors - Rep. Burton (D) California and 17
others

Last Day for Action

March 15, 1980 - Saturday

Purpose

Provides numerous authorities affecting the U.S. territories
and the Trust Territory of the Pacific Islands.

Agency Recommendations

Office of Management and Budget	Disapproval (Veto message attached)
Department of Energy	Disapproval (Veto message attached)
Department of Justice	Disapproval
Department of Defense	Disapproval (Veto message attached)
Department of the Treasury	Disapproval
Department of State	Cites concerns
Office for Micronesia Status Negotiations	Cites concerns
Arms Control and Disarmament Agency	No objection (Informally)
General Services Administration	No objection
Department of Commerce	No objection
Nuclear Regulatory Commission	Approval
Department of the Interior	Approval
Office of Personnel Management	Approval
Department of Health, Education, and Welfare	Defers to Interior
National Security Council	No comment

Discussion

The enrolled bill contains numerous provisions affecting
Guam, the Virgin Islands, American Samoa, the Northern
Mariana Islands, the Trust Territory of the Pacific Islands
and Puerto Rico. Several are sufficiently objectionable from
a policy or budgetary standpoint that we join Justice,
Energy, Defense, and Treasury in recommending a veto.

1. Comprehensive Health Care for the Northern Marshall
Islands. A comprehensive program of health care and
environmental monitoring would be mandated for

residents and their descendants of the Northern Marshall Islands and of any other atolls which may have been affected by U.S. nuclear testing in the 1940's and 1950's. The program would be administered by Interior, but funded by Energy, in accordance with a plan to be developed in consultation with other Federal agencies and local residents. It would supercede current monitoring and treatment activities conducted by Energy.

Energy, Defense and Justice strongly object to this program on grounds that it would involve a drastically expanded Federal commitment to the administration of generalized medical care in the Northern Marshall Islands and elsewhere, far exceeding a level reasonably required to monitor and treat radiation-related injury and illness. It also would introduce significant new complexities to the consideration of an equitable Federal program for compensation of U.S. residents in several western States who have allegedly suffered harmful health effects arising from nuclear testing in the continental United States. It may further limit the policy choices available with respect to claims linked to low-level emissions from mine tailings or nuclear power plants. Because the language of the statute read in the context of certain statements by Rep. Burton on the House floor would be subject to extremely broad interpretation and because the agency assigned to administer the program would not be responsible for funding, consistency with overall Federal policies could be difficult to ensure.

These concerns, however, do not reflect any lessening of the U.S. commitment to provide necessary medical care to citizens of the Trust Territory injured as a result of U.S. nuclear tests. In the absence of this legislation, the existing program of medical surveillance and radiological monitoring (including, where appropriate, specialized treatment in mainland hospitals) will continue for residents of the few atolls in the Northern Marshalls presently known to have been directly exposed to radiological contamination. Disapproval of the bill, however, would facilitate development, where possible, of a consistent U.S. policy with respect to all radiation-induced illnesses arising out of Federal nuclear activities applicable to the mainland as well as the Trust Territory.

2. Interest on Guam Land Claims. The payment of interest would be authorized on judgments arising

out of land claims in Guam affecting some 37,000 acres purchased by the U.S. Government primarily in the late 1940's and early 1950's. A 1977 statute authorized the District Court of Guam to award compensation in cases where the United States had paid less than fair market value as a result of duress or other unfair advantage. We join Justice in strongly objecting to this new provision on several grounds:

- Payment of interest in these cases would be unprecedented and wholly inconsistent with U.S. policy not to pay interest in similar cases involving Native American and other claims (This argument is amplified in Justice's attached enrolled bill letter);
- Assuming that local juries follow recent tendencies to award extremely high judgments in property cases involving the United States Government, the interest awards could result in several hundred million dollars in outlays over the next several years;
- Injecting substantial sums of money into the Guam economy over a short period of time could cause serious economic dislocation and would probably require additional Federal involvement.

3. Puerto Rican Submerged Lands. The bill would extend the jurisdiction of the government of Puerto Rico over adjacent submerged lands (including the natural resources underlying such lands) to a distance of 3 marine leagues (approximately 10 miles) seaward of the line of mean high tide. Under current law, similar jurisdiction is limited to 3 miles in the case of Guam, the Virgin Islands, American Samoa, and all but two of the States.

Justice and Defense object to this provision on several grounds:

- The outright grant of 3 marine leagues to Puerto Rico would be inconsistent with long established Federal policy toward other territories and the States. Although the Submerged Lands Act permits the Gulf Coast States to establish historic rights to submerged lands beyond the normal 3-mile territorial sea,

only Texas and Florida have satisfactorily demonstrated such claims in court. Similar claims by Louisiana were rejected.

- The language of the provision is poorly drafted and raises serious ambiguities as to rights and authorities retained by the Federal Government over the submerged lands. Of specific concern is retention of rights to lands occupied or used for Federal programs. According to Defense, continued use of Vieques Island for ammunition storage and amphibious combat training could be seriously compromised. In addition, title to portions of the U.S. Naval Base at Roosevelt Roads, acquired by the Navy through condemnation in 1941 and 1942, could revert to the Government of Puerto Rico. In its enrolled bill letter, State supports this provision noting that it "...has been of fundamental interest to Puerto Rico."

4. Restrictions on Nuclear Waste Storage. The Secretary of the Interior would be required to submit to the Congress a detailed report on any proposed transportation or storage project involving spent nuclear fuel or other high-level radioactive waste on any U.S. territory or possession in the Pacific. The subsequent issuance of any Federal permit, license or authorization for such projects would be prohibited unless specifically approved by an Act of Congress.

State, Energy and Defense cite several serious concerns with this provision. The Nuclear Nonproliferation Act (NNPA) of 1978 authorizes the President to seek agreements with other nations for the storage of spent nuclear fuel. In the absence of such storage facilities, premature commercial reprocessing of spent fuels would produce increased quantities of plutonium in advance of power production needs and before adequate international safeguards could be available to ensure its safe management. Diversion of even small amounts of plutonium for military use by other nations or subnational groups would pose a significant threat to world peace.

The NNPA and other statutes already assure extensive congressional oversight of proposed project plans through various special reporting and approval requirements. For example, section 104(f)(1) of the NNPA requires congressional approval prior to entering into any binding international undertaking concerning the establishment of repositories for the storage of spent nuclear fuel. Thus, overlay of an additional approval provision would not significantly enhance congressional control over the program but could place in doubt U.S. willingness to enter into, or ability to fulfill, international storage agreements.

Other seriously objectionable provisions with which one or more agencies cite concerns and which cumulatively add further weight to a veto recommendation include:

- Termination of Programs Applicable to the Trust Territory. Termination of benefits under any Federal health or education program currently applicable to the Trust Territory would be prohibited except as authorized by Congress. The Office for Micronesian Status Negotiations (OMSN) and Interior cite several concerns with this provision. It would frustrate implementation of a desirable policy aimed at gradually conforming certain discretionary Federal programs to levels likely to continue following termination of the trusteeship agreement. This problem would be exacerbated by the apparent intent that the provision apply to successor governments under the proposed Compact of Free Association, although as OMSN points out in its enrolled bill letter, eventual ratification of the Compact by the Congress could supercede this provision. (In December 1979, you concurred in the decision to negotiate the compact with the Micronesians on the basis that only a limited number of Federal health and education programs would apply in the post-trusteeship period.)

- Administration of Territorial Revenue Collection. The bill would require the Secretary of the Treasury, at the request of the Governor of American Samoa, to administer any customs duties imposed by the local government, without cost to the American Samoa government. It would also authorize the Secretary, at the request of the government of the Northern Mariana Islands, to administer tax

collections for the Northern Marianas without cost to the territorial government. In carrying out this responsibility, the Secretary would be authorized to employ and train local citizens without regard to civil service laws or any personnel ceilings imposed upon the department for a period not to exceed 3 years. Finally, it would repeal existing authority for the costs of Treasury collections of certain customs duties for the Virgin Islands to be reimbursed to the department. Treasury estimates the total cost of these provisions to be approximately \$5-6 million in 1981.

In general, the Administration has objected to similar proposals affecting other territories. While we do not object to providing technical assistance and training to local tax personnel, we believe that long-term administration of strictly local revenue collection activities by Federal agents is inconsistent with the objective of increasing territorial self-reliance. We particularly object to the waiver of personnel ceilings in the case of the Northern Marianas program. (You recently decided that the Administration would propose to the Congress, IRS administration of the Federal income tax system in all the territories, along with the direct application of the Internal Revenue Code to the territories--a fundamentally different approach than authorized in the enrolled bill.)

Other provisions of the enrolled bill which are viewed as less objectionable but still troublesome include:

- authorization of \$24.4 million for the provision of health care facilities on the Northern Mariana Islands (Although HEW, in its enrolled bill letter, indicates a need to replace existing facilities in the Marianas, we and Interior believe the funding level authorized is excessive.);
- forgiveness of interest on Federal loans made to Guam to assist in the rehabilitation of the island in the aftermath of Typhoon Karen in 1962;
- waiver of matching requirements on (a) all grant programs which are administered by Interior and are applicable to any U.S. territory, and (b) any requirement for a local match of less than \$100,000 on any grant program administered by any other Federal agency or department and which is

applicable to American Samoa or the Northern Mariana Islands; and

- repeal of the reservation of oil, gas and other minerals from interests in submerged lands previously granted to Guam, the Virgin Islands and American Samoa. (Because this provision was added on the House floor without debate or prior committee hearings, no firm estimates are available as to the potential value of the mineral interests conveyed.)

Finally, Justice raises an additional technical point relating to the provision on the collection of customs duties in the Virgin Islands. The bill would repeal the authority of the Secretary of the Treasury to deduct the cost of collecting certain taxes, duties and fees administered by the United States from revenues paid into the Virgin Islands treasury. However, he would temporarily retain such authority with respect to customs duties collected on petroleum products through January 1982. Justice is concerned that certain inadvertent floor remarks by Senator Johnston could prejudice pending litigation between the United States and the Virgin Islands on a related issue. Accordingly, the department recommends that should you decide to approve H.R. 3756, that you clarify the Administration's understanding of the intent of this provision in a signing statement. Draft language for this purpose is incorporated in the department's attached enrolled bill letter.

Remaining provisions of the bill which the Administration either supported or did not oppose are summarized in an attachment to this memorandum.

Agency Views

In their attached enrolled bill letters, Justice, Defense, Energy and Treasury recommend that you veto H.R. 3756. In support of its recommendation, Justice cites as seriously objectionable, provisions relating to medical care in the Northern Marshall Islands, payment of interest on Guam land claims, and extension of jurisdiction by Puerto Rico over submerged lands. Defense also cites the medical care and Puerto Rico submerged lands provisions, as well as restrictions on storage of nuclear waste in the Pacific. Energy cites the medical care and nuclear waste storage provisions. Treasury cites various provisions relating to territorial tax and customs collections.

State also cites serious reservations concerning the nuclear waste storage provisions but supports extension of jurisdiction over submerged lands by Puerto Rico. Interior

recommends approval arguing that a majority of the provisions of the bill are of immediate importance to the territories and that they "clearly outweigh the disadvantages of the few objectionable provisions in the enrolled bill."

Conclusion

H.R. 3756 contains a number of provisions which we and other agencies view as seriously objectionable. It would establish troubling precedents (Northern Marshall Islands medical program and Puerto Rican submerged lands), expose the Federal Treasury to potentially substantial liability (interest on Guam land claims), and cast doubt on continued support for previously announced Administration initiatives (restrictions on nuclear waste storage). Further, the bill continues the piecemeal approach to solving territorial problems which you publicly rejected in disapproving legislation enacted during the 95th Congress authorizing Federal payments to offset income tax adjustments affecting Guam and the Virgin Islands and more recently in your February 14, 1980, message to the Congress on territorial policy. We believe that such ad hoc legislative solutions to territorial problems have, in the past, not only failed to achieve their ostensible purposes but also have cumulatively tended to foster increasing territorial dependence on Federal programs and administration. We believe that a fundamental shift in approach is required toward more comprehensive and coherent policies and programs designed to enhance the economic, social and political self-reliance of the territories.

Disapproval of H.R. 3756 will not significantly affect any ongoing Federal programs applicable to the territories. Should you elect to veto the bill, the Administration would resubmit legislation authorizing appropriations for 1981 for the Trust Territory. A draft veto message is enclosed for your consideration.

The bill passed both Houses of the Congress by voice vote.

(Signed) James T. McIntyre, Jr.

James T. McIntyre, Jr.
Director

Enclosures

Other Provisions of H.R. 3756

In addition to the authorities cited in the body of this memorandum, H.R. 3756 contains a number of other provisions which the Administration either supported or did not oppose.

- Authorizes open-ended appropriations for administration of the government of the Trust Territory for 1981 and subsequent years.
- Repeals appropriation authority of \$50 million to offset anticipated deficits by the government of the Virgin Islands in 1979 through 1981.
- Authorizes the Secretary of the Interior to make additional, special compassionate payments to persons suffering injuries as a result of the 1954 atomic test at Bikini Atoll.
- Mandates payment of the salary and expenses of the government comptrollers for the Northern Mariana Islands and American Samoa from funds appropriated to the Secretary of the Interior.
- Authorizes the Secretary, with the concurrence of the Secretary of the Treasury, to guarantee for purchase by the Federal Financing Bank, special 10-year obligations issued by the Guam Power Authority to refinance prior Federal loans for capital and equipment.
- Authorizes the transfer of certain Federal properties to the government of the Virgin Islands.
- Prohibits any modification of a development lease on Water Island (located in the Virgin Islands) without an Act of Congress.
- Permits any excise taxes levied by the Virgin Islands on articles, merchandise or other goods to be collected upon entry of such goods into the territory.
- Extends through 1984, the authority of the Secretary of the Interior to guarantee certain economic development bonds issued by the government of the Virgin Islands.

- Authorizes the Secretary of the Treasury to delay application of Federal income tax laws to the Northern Mariana Islands until 1981 and to further delay such application until 1982 if certain changes are made to the local tax code.
- Authorizes Federal departments and agencies to provide services, facilities and equipment to U.S. territories on a reimbursable basis (or where otherwise authorized by law, on a nonreimbursable basis).
- Extends certain archaeological and historical resource protection authorities to the U.S. territories.
- Makes the Trust Territory and the Northern Mariana Islands eligible to receive funds for outdoor recreational programs from the Land and Water Conservation Fund.

TO THE HOUSE OF REPRESENTATIVES

I am returning, without my approval, H.R. 3756, a bill "To authorize appropriations for certain insular areas of the United States, and for other purposes."

The bill contains numerous authorities affecting the U.S. territories and the Trust Territory of the Pacific Islands. In my view, a number of provisions are seriously objectionable from a policy or budgetary standpoint.

First, H.R. 3756 extends jurisdiction by Puerto Rico over submerged lands to a distance of 3 marine leagues (approximately 10 miles) from the line of mean high tide. Such an outright grant of jurisdiction beyond the traditional territorial sea boundary of 3 miles is inconsistent with long established Federal policy toward the States and other territories. In addition, the language of the bill could adversely affect continuation of vital national defense activities in the area. However, assuming appropriate clarification of its effects on existing national defense operations, the Administration would support early reenactment of legislation affording Puerto Rico the same right to establish historic claims to submerged lands out to a distance of 3 marine leagues as has been granted to the Gulf Coast States under the Submerged Lands Act.

Second, the bill authorizes interest payments on judgments arising out of certain post war land claims on

Guam. Payment of interest in such cases would be unprecedented and inconsistent with longstanding U.S. policy not to do so in similar cases involving claims of Native Americans and others.

Third, it expands ongoing United States radiation monitoring and treatment of residents of the Northern Marshall Islands potentially to include nonradiation-related illnesses of all residents and their descendants of this area or other islands which may have been affected by U.S. nuclear testing. The United States is firmly committed to providing necessary medical and other services to persons actually injured as a result of U.S. nuclear activities. However, conversion of the program to one of generalized health care for all residents of the area will not significantly enhance our ability to meet this commitment. Establishment of a consistent policy toward all persons injured as a result of U.S. nuclear activities, including weapons testing and other operations, must be considered on a comprehensive rather than a piecemeal basis.

Fourth, H.R. 3756 restricts transportation to, or storage of spent nuclear fuel on, any U.S. territory or possession in the Pacific. The Administration is strongly committed to achieving the goals of the United States Nuclear Nonproliferation Policy. To ensure proper congressional oversight of proposed nuclear waste storage and other activities contemplated by the Policy, various statutes, including the Nuclear Nonproliferation Act of 1978, already

impose strong safeguards to ensure adequate review of proposed plans. Imposition of additional specific approval requirements, however, will not significantly enhance such safeguards but could be interpreted to signal a lessening of the U.S. commitment to this important Policy.

Fifth, the bill would mandate continuation of all Federal health and education programs applicable to the Trust Territory or any successor Micronesian government unless specifically terminated by an Act of Congress. Under the U.N. Trusteeship Agreement granting jurisdiction over the Trust Territory to the United States, the Federal Government has a responsibility to assist the citizens of the Territory to assume an increasing measure of economic and political independence. This provision would frustrate efforts to gradually conform some discretionary programs to levels likely to continue following termination of the trusteeship agreement. It is also potentially inconsistent with the agreements the United States is now negotiating with the Micronesian governments to end the trusteeship in 1981 and establish a new political relationship of free association.

Finally, it provides numerous additional authorities designed to deal with the troubled finances of the territories. These approaches (such as overly costly capital improvement projects, Federal services unnecessarily provided free of charge, mandatory waiver of matching fund requirements for certain categorical grant programs, and Federal collection of local taxes) represent a continuation of backdoor, ad hoc subsidies for the territories that do not address fundamental, underlying fiscal problems.

Although I am returning this legislation to the Congress, I remain fully cognizant of the urgent need to review and, where appropriate, revise U.S. policies affecting the territories. However, as I stated in November 1978 in disapproving legislation authorizing Federal payments to offset income tax adjustments affecting Guam and the Virgin Islands, and more recently in my February 14, 1980, message to the Congress on territorial policy, I strongly believe that the time for piecemeal legislative solutions to territorial problems has passed. In the past, such ad hoc solutions often have not only failed to correct the specific problems for which they were designed, but also have cumulatively tended to foster increasing territorial dependence on Federal programs and administration. I believe that a fundamental shift in approach is required toward more comprehensive and coherent policies and programs designed to enhance the economic, social and political self-reliance of the territories.

Accordingly, in returning this bill to the Congress, I reaffirm the commitment of the Administration to close cooperation with the Congress in developing overall policies and programs to meet the fundamental needs and aspirations of the territories and the Trust Territory.

THE WHITE HOUSE
WASHINGTON

3/12/80

Mr. President:

Jody feels that if you could answer one to two questions in spanish it would be a great help in Puerto Rica. You do not need to answer all these questions.

Phil

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

March 11, 1980

MEMORANDUM FOR: THE PRESIDENT
FROM: RAY JENKINS *Ray*
SUBJECT: Interview with Puerto Rican television
for Wednesday, March 12

This interview was set up chiefly by Evan Dobbelle, who suggested that it be in Spanish. Attached are English and Spanish versions of the Q and A's.

The interview is to be conducted by Boby Rexach (Bobby Re-sock), who submitted the questions in advance.

Evan suggests a couple of things: (1) that you greet the Governor of Puerto Rico warmly, possibly with an embrace, and (2) that you use as many gestures as possible during the interview. He says gesturing is a political way-of-life in Puerto Rico.

Q: Mr. President, what motivated you to learn Spanish, and what in your opinion, is the significance of the Hispanic community in the United States?

A: Of course, I am very interested in history, and anyone's sense of history is broadened by a knowledge of another language -- particularly one of the classical Romantic languages. And Spanish is such a beautiful language that it is a joy to study. And, of course, Spanish is the second most utilized language in the country. Some of our cities have become almost fully bilingual, and our Hispanic population is the fastest growing ethnic group in our country -- now numbering more than 12 million. A knowledge of Spanish gives me a certain sense of kinship with the Hispanic community of our country.

Q: Senor Presidente, que lo motivo a usted a aprender el idioma Espanol y que importancia le concede a usted a la comunidad Hispana en los Estados Unidos?

A: Por su puesto estoy sumamente interesado en la historia, y el sentido historico de qualquer persona se engrandece con el conocimiento de otro idioma, particularmente una como esta que es parte del idioma romance clasico. Y el Espanol es un idioma tan hermosa que es un placer estudiarlo. A demas de ser el segundo idioma mas usado en esta nacion. Algunas de nuestras ciudades se han convertido casi totalmente bilingues, y nuestra poblaciona Hispana es el grupo etnico de mas rapido crecimiento numerico en nuestra nacion -- actualmente con un total de mas de 12 millones de personas. El conocimiento de el Espanol me da sierto sentido de hermandad con la comunidad Hispana de nuestra Nacion.

Q: Mr. President, what opportunities has your administration offered the Hispanic community for participation in the political and government processes? What changes have taken place in the socio-economic conditions of the Hispanic community in the United States under your administration? That is, in terms of employment, income, and educational opportunities.

A: My Administration is deeply committed to a partnership with the Hispanic community. We have appointed more Hispanics to high positions than any administration in history -- some 180 Presidential appointments, all told. We have created the first office of Hispanic affairs in the White House. Employment of Hispanics throughout the whole economy is now at the highest level in history -- 4.5 million altogether, which is 700,000 more than when I took office. Also, the unemployment rate has dropped by almost a third during that time, and I of course signed into law the Humphrey-Hawkins Full Employment Act. In the bilingual field, we have made great strides by providing funds for bilingual education for an additional 126,000 children. I would also note that through the Department of Justice, we have worked to facilitate bilingual police departments and courts in areas with high Hispanic population. I think that the record indicates a continuing commitment to the fullest opportunity for Hispanic people.

Q: Senor Presidente, que oportunidades le ha brindado su administracion a la comunidad hispana para participar en los procesos politicos y los procesos de gobierno? Que cambios se han advertido en la condicion socioeconomica de la comindad hispana en los Estados Unidos bajo su administracion? Esto es, en terminos de empleo, de ingreso, en terminos de oportunidades de educacion?

A Mi administracion esta bondamente comprometida a mentener nuestra asociacion con el pueblo Hispano. Hemos nombrado mas Hispanos a placas de alto nivel que ninguna otra administracion anterior -- mas de 180 nombramientos presidenciales, en total. Hemos creado la primerá oficina de asuntos Hispanos en la Casa Blanca. El porciento de empleados Hispanos a legado al nivel mas alto en su historia -- o sea a un total de 4.5 millones de empleados, lo cual es un total de 700,000 mas que cuando yo asumi la presidencia. Ademas de esto el porciento de desempleo entre Hispanos a disminuido una tercera parte durante esta perido, y yo, por supuesto, tambien firme a ley el proyecto Humphrey-Hawkins de Plen Empleo. En al area bilingue, hemos hecho grandes avances proveyendo fondos para expandir programas de educacion bilingue que sirven a un total adicional de 126,000 ninos. Deseo a puntar que atraves del departamento de Justicia, hemos laborado por establecer departamentos bilingues de policia y cortes en areas de alto taca de poblacion Hispana. Concidero que los logros de mi administracion endicaco mi continuo compromiso al desarrollo del maximo del potencial de pueblo Hispano.

Q: Mr. President, in your opinion, what interest does the United States have in its relation with Puerto Rico? Is it commercial interest, political interest, or is it because of the geopolitical position that Puerto Rico has in the Caribbean, or is it due to emotional ties? What benefits has the United States derived from its relationship with our country?

A: The United States has long valued its rich cultural, political, and economic ties with the people of Puerto Rico. Puerto Rico has greatly contributed to the U. S., culturally, economically, politically, and strategically. Puerto Ricans have worked with me in important positions in my Administration; they have fought in the armed forces; they have served in the civil and foreign service of the U. S.

Because of the diversity of Puerto Rico, there is much that interests Americans about the island. I, myself, value the culture -- the art, music, food. The open and free political process and the great economic advances are two additional reasons why Puerto Rico has so much to contribute to the U. S. and the world.

Q: Señor President, a su juicio, que interes tienen los Estados Unidos en su relacion con Puerto Rico? Se trata de un interes comercial, de un interes politico o mas bien geopolitico por la posicion que Puerto Rico tiene en el area del Caribe, o se trata de una relacion de afectos? Que beneficios ha derivado los Estados Unidos en su relacion con nuestro Pais?

A: Los Estados Unidos siempre han valorado la riqueza cultural del pueblo de Puerto Rico y los lazos politicos y economicos que nos unen. Puerto Rico ha hecho grandes contribuciones a los Estados Unidos en las areas culturales, economicas, politicas y estrategicas. Puertoriquenos han trabajado conmigo en puestos importantes en mi administracion; han luchado en las fuerzas armadas; han servido en puestos diplomaticos y civiles de los Estados Unidos. Debido a la diversidad de Puerto Rico hay mucho que nos interesa sobre la isla. Yo mismo valoro la cultura, las artes, la musica y la comida. El sistema politico libre y los grandes adelantos economicos de la isla son dos razones adicionales por las cuales Puerto Rico tiene tanto que ofrecer a los Estados Unidos y al mundo en general.

Q: The Congress has never legislated to directly assign a limit of 10.35 marine miles to any state. Florida and Texas obtained it by judicial decision. Why was an exception made for Puerto Rico's case? In other words, what does President Carter think justifies the decision of Congress to assign this 10.35 mile limit?

A: Puerto Rico's longstanding claim to ownership of submerged lands to a distance three marine leagues from the Island's coastline is based both on Spanish law and Congressional action earlier this century. The legislation I will sign later this week merely confirms that ownership of submerged lands -- and the minerals and resources they contain -- was conferred to Puerto Rico in 1917 when the island was granted control of the submerged lands. I see no reason to hold up the potentially valuable development of Puerto Rico's natural resources while a costly and time-consuming legal process repeats litigation required of the Gulf States in 1953 which resolved the claims of Texas and Florida by resulting in three marine league jurisdiction.

Q: El Congreso de los Estados Unidos nunca ha legislado asignando directamente un límite marítimo de 10.35 millas a ningún estado. Florida y Texas lo consiguieron a través de decisiones judiciales ¿Porque en el caso de Puerto Rico se hace una excepción? En otras palabras, qué es lo que a juicio del señor Carter justifica que directamente el congreso norteamericano le asigne un límite de 10.35 millas?

A: La demanda del pueblo Puertorriqueno poseer sus terrenos sumergidos en un radio total de tres leguas nauticas desde la costa se basa no solo en ley Espanola sino tambien en accion del Congreso Americano temperano en esta siglo. La legislacion que firmare mas tarde en esta semana solamente confirma este derecho de propiedad sobre terrenos sumergidos -- y los recursos minerals que ellos contengan -- que fue cotorgado a Puerto Rico en el 1917 cuando a la isla se le dio control sobre sus terrenos sumergidos. No veo razon para retrasar el valioso potencial de desarrollo de los recursos naturales de Puerto Rico mientras un costosa y largo proceso legal repite litigacion requerida en los estados del golfo en 1953 que resolvió las demandas de Texas y Florida resultando en el establecimiento del radio de leguas nauticas.

Q: To what do you attributed your victory in Maine and New Hampshire, which are the sister states of Senator Kennedy of Massachusetts, and an area that the political analysts assured would be won by Kennedy. To what to you attribute your victory in Iowa, after having ordered the grain embargo that affected farmers in that area? What do you think motivates the North American electorate to vote for a candidate, which in this case is the President, who has made a decision contrary to their interest?

A: From the outset it was our intention to run a national campaign, not just a regional campaign, and always to tell the American people the truth, even when the truth might not always be easy or comforting. Of course, Iowa farmers were very uneasy over the grain embargo, but Iowa farmers are no less patriotic than other Americans, and they realized the necessity of taking the most forceful steps to protest the brutal invasion of Afghanistan, a defenseless independent neighbor. So I think the vote in Iowa reflected this. In general, I think all American voters are willing to make sacrifices -- and the very meaning of sacrifice is an action not in one's immediate self-interest -- if they clearly understand the issues and, more importantly, understand that the burden of sacrifice will be equitably borne by all.

Q: A que le atribuye su triunfo en Maine y New Hampshire que son el patio del Senador Kennedy de Massachusetts y un area que segun los analistas habria de ser ganada por el senor Kennedy. A que le atribuye su triunfo en Iowa a raiz de haber decretado el embargo de granos que afecto a los agricultores de esa area, que es lo que mueve a unos electores norteamericanos a votar por un candidato, en esta caso un presidente, que toma una accion que menoscaba su interes?

A: De un principio fue nuestra intencion elevar a cabo una campana nacional, no tan solo regional, y siempre desirle al pueblo Americano la verdad, a un quando la verdad no fulse simple o agradable. Por supuesto, los agricultores en Iowa se sienten intranquillos por el embargo de granos, pero los agricultores en Iowa no son menos patriota que el resto de los Americanos y se dan cuanta de la necesidad de tomar las mas fuertes medidas para protestar la brutal invacion de Afghanistan, un indefenso e independiente vesino. Yo considero que el voto en Iowa reflejo este hecho. En total, yo creo que todo el pueblo electoral Americano esta dispuesto a hacer sacrificio -- siendo el verdadero significado de sacrificio la accion que no refleja intereses inmediatos ya que ellos comprenden los prolemas envueltos.

Q: Mr. Carter, as Governor of Georgia, you visited Puerto Rico when the Governor's Conference was held there. What memories do you hold of our island during that visit? What impressed you the most?

A: I remember that visit with so much fondness that it is hard to know where to begin. Certainly the sheer beauty of the island, its rich culture, the gayety of its people, were most memorable. And, of course, there was the history -- dating back to the time Columbus discovered the Western World -- that was so visible in so many forms. I will never forget El Moro, there in Old San Juan, which has protected the island for centuries. It was a marvelous visit, and I certainly hope to go there again some day.

Q: Senor Carter, Siento gobernador de Georgia, usted visito Puerto Rico con ocasion de celebrarse alli la conferencia de gobernadores ?Que recuerdos tiene usted de nusestra Isla cuando nos visito? ?Que fue lo mas que le impresiono?

A: Recuerdo mi visita con tanto placer que me es dificil saber donde empear. Definitiveamente, la gran velleca de la isla, su rica cultura, la alegria de su gente es inolviabile. Y por supuesto esta su historia -- que se extiende a los tiempos del descubrimiento de America por Cristobal Colon -- que es tan visibles en tantos diversas formas. Nunco me olvidares de El Moro en el viejo San Juan, que por siglos protegia la isla. Yo tube una visita maravillosa y espero poder regresar pronto atra vez.

THE WHITE HOUSE
WASHINGTON

12 Mar 80

Hugh Carter

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

Rick Hutcheson

THE WHITE HOUSE

WASHINGTON

March 10, 1980

Hugh
C

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *HC*

SUBJECT: Proposal per your request to Eliminate Waste of Water and Improve White House Electric System

In September 1978 I submitted a plan proposed by GSA and National Park Service to increase the White House primary electric service and provide full emergency backup generators. You returned the plan and indicated that it appeared to be overdesigned and too costly. A new study has been undertaken under the direction of the White House Military Office to revalidate the requirements and reduce the design proposal to the absolute minimum. This study includes the replacement of the shelter air conditioning plant to eliminate the tremendous waste of water which you observed in May 1979. The following was determined by this study:

1. The present air conditioning system serving the shelter Presidential communications facility is 18 years old and requires replacement in the near future. This system has a water cooled plant which wastes from 60 to 100 million gallons of city water annually. In order to eliminate this waste and assure reliability of Presidential communications, the air conditioning system should be replaced with an air cooled plant. This would require new underground vault space adjacent to the shelter and additional electrical power.
2. The residence primary electrical vault, which supplies power to the Residence, the East Wing and the shelter, is potentially unsafe since it could be overloaded under certain conditions. The most cost effective and efficient solution is to construct a new primary electric switchgear vault to provide power to the East Wing, the shelter, the new shelter air conditioning plant, with a limited cross-connecting capability for the entire complex.
3. The West Wing primary electric power supply is adequate for present and near term future needs. However, an adequate emergency back-up capability is required. The redesign eliminates the West Wing vault with switchgear, new primary commercial service, and generators from the plan previously proposed in 1978.

4. The White House complex has very limited emergency power cross connect capability. This would not be adequate to supply all of the vital loads in the event of a total outage. It is recommended that two emergency generators be provided to operate in parallel with the two generators presently in the shelter. This would provide an emergency back-up power capability to meet vital load requirements under all conditions.

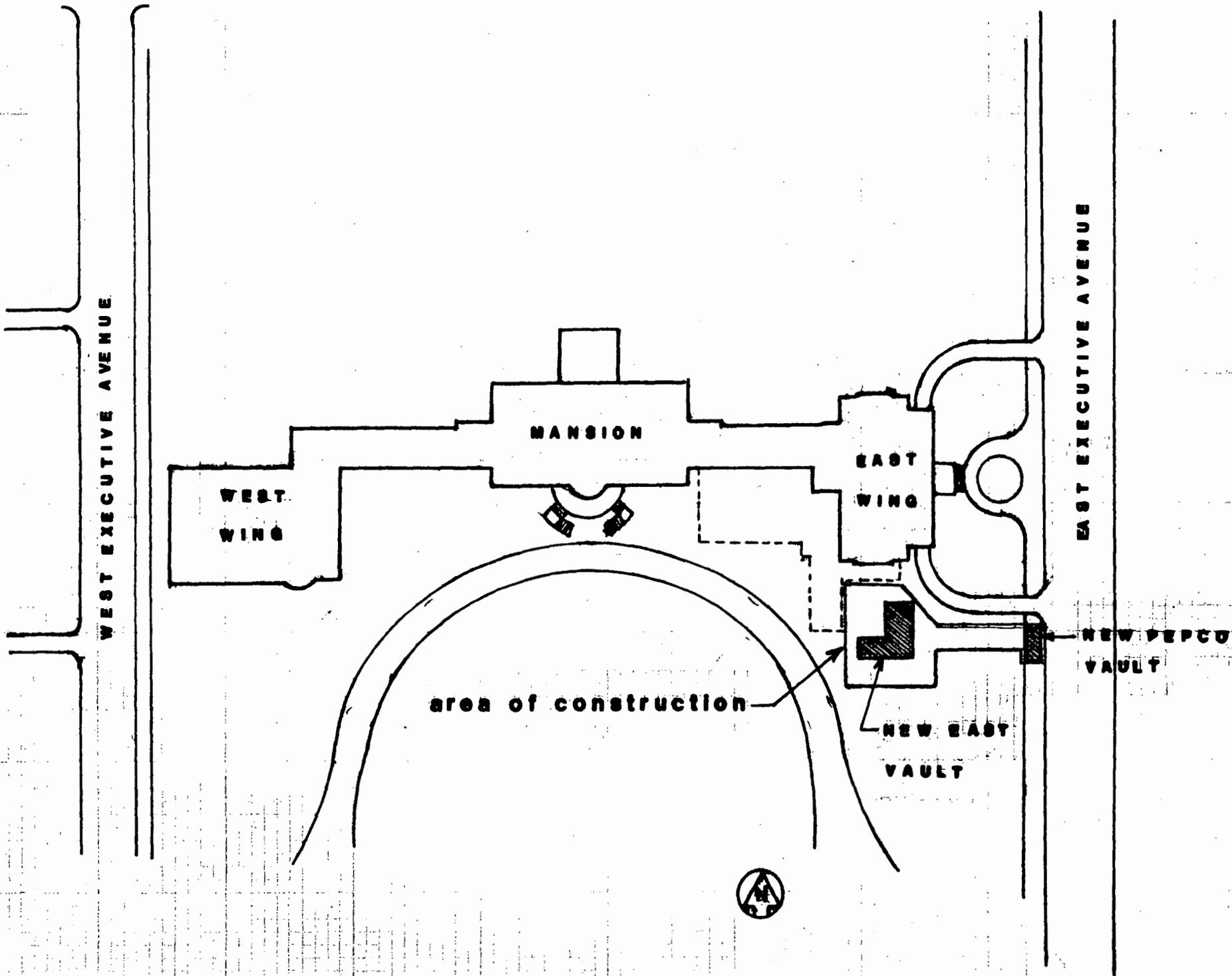
It is proposed that an underground vault be constructed adjacent to the shelter mechanical room that would house the air conditioning plant, the primary switchgear and the emergency generators. PEPCO would provide new commercial service from East Executive Avenue. This plan provides a much more flexible and reliable system than the previous proposal, resolves the existing electrical and water waste problems, and reduces the ultimate cost of the 1978 plan by approximately 36%.

This project would be jointly funded by GSA and the National Park Service. The necessary funds have been budgeted and approved by Congress. The project is estimated to cost \$2.5 million. Construction would be planned to provide minimum interference with White House activities and disruption of the South Lawn landscape. The attached sketch depicts the area that would be affected, which would be protected by a construction fence, and of course the National Park Service would insure that the landscape, trees, and other plantings are protected. The construction would begin in the spring of 1981 and be complete and operational by the summer of 1982.

I recommend that you approve this revised plan.

Approve _____

Disapprove _____



3/12/80

Frank Moore/Ev Small

The attached letters were returned
in the President's outbox today
and are forwarded to you for
appropriate handling - delivery.

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

March 10, 1980

MEMORANDUM FOR THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*
FRANK MOORE *FM*

SUBJECT:

LETTERS FROM SENATOR JOHN CULVER
AND SENATOR HOWARD BAKER

Senators Culver and Baker have written you suggesting that you convene a bipartisan domestic summit conference. We suggest that you respond with the attached letters.

(TWO SIGNATURES REQUESTED)

United States Senate

WASHINGTON, D.C. 20510

February 29, 1980

ALJ FM/SE
CONGRESSIONAL
LIAISON

MAR 7 1980

001993CL

cc: Tate, CEA

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

Dear Mr. President:

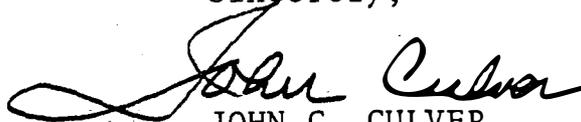
No American can fail to appreciate the enormity of the burden you are under in dealing with the persisting and seemingly intractable inflation our country is experiencing. In my state and elsewhere in the country, I find that people have reached a point of anxiety at which they are now ready to consider stringent measures for dealing with inflation that they previously felt unnecessary and unacceptable.

Against this background, I would like to suggest that you consider convening at the earliest possible time a bipartisan domestic summit conference of national leaders in both the public and private sectors to develop a strong, comprehensive set of proposals to bring the inflationary spiral to a halt. I recognize that one of the main difficulties the Administration has faced in its economic policies is that of getting a public consensus. I believe that the time has now come that such a consensus can be obtained, and I believe that a summit conference of this nature could be the means of achieving it.

I know the intensity of your personal commitment and hope that you may find the domestic summit an appropriate vehicle for mounting a full-scale assault on the nation's number-one domestic problem.

I am taking the liberty of sending a copy of this letter to the Majority Leader and the Minority Leader of the Senate and to the Speaker and Minority Leader of the House of Representatives.

Sincerely,


JOHN C. CULVER

JCC:mn

SU/SE

THE WHITE HOUSE
WASHINGTON

March 10, 1980

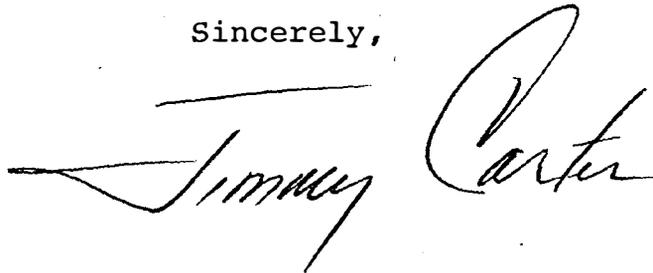
Dear John:

I appreciate your letting me know of your support for a bipartisan economic summit. I want to thank you personally for your counsel and support in making the painful but necessary decisions to deal with our economic problems.

Certainly, the issue of inflation transcends partisan political considerations. I have already instructed my economic advisers to consult closely with both Democrats and Republicans. We will continue to intensify this bipartisan involvement.

Again, thank you for your help and cooperation.

Sincerely,

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

The Honorable John C. Culver
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE
WASHINGTON

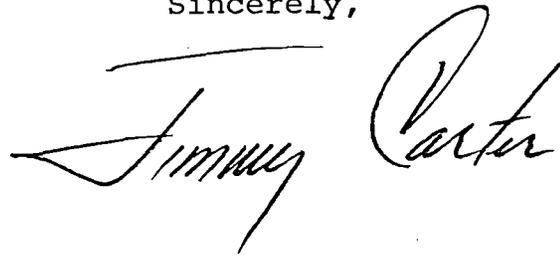
March 10, 1980

Dear Howard:

I appreciate your letting me know of your support for a bipartisan economic summit. Certainly, the issue of inflation transcends partisan political considerations. I have already instructed my economic advisers to consult closely with both Democrats and Republicans. We will continue to intensify this bipartisan involvement.

Thank you for your counsel and cooperation.

Sincerely,

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

The Honorable Howard H. Baker, Jr.
United States Senate
Washington, D.C. 20510

United States Senate

OFFICE OF THE MINORITY LEADER

WASHINGTON, D.C. 20510

February 29, 1980

Ack FM/SE
CONGRESSIONAL
LIAISON

MAR 4 1980

001924CL

cc: Tate

The President
The White House
Washington, D.C.

Dear Mr. President:

The January consumer price index projects an annual inflation rate of 18.2 percent in 1980. There is a growing feeling in the country that we are approaching, or have already entered, a time of economic crisis.

It may be difficult in a presidential election year to put partisan politics aside for a moment to discuss these matters dispassionately and constructively, but that is what I propose we do.

I respectfully suggest that you take the initiative and call at the earliest possible date a bipartisan economic summit meeting to address the Nation's urgent economic problems and to devise the most effective means of alleviating those problems in the short term and solving them in the longer term.

Having worked with you on matters of overriding national concern in the past, I believe a similar bipartisan approach is essential to the relief of our national economic distress, and I look forward to your early reply.

Sincerely,


Howard H. Baker, Jr.

HHBJr:lnt

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THE WHITE HOUSE
WASHINGTON

①

March 12, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: BILL CABLE *B.C.*

SUBJECT: Recommitment vote on WPT

My assessment of the recommitment vote on WPT is as follows: we will probably lose 140 Republican votes, 5 or 6 votes from them is the best we can possibly do; we will also lose 15 out of 20 of the Texas democrats, all of the Oklahoma democrats, most of Louisiana and a smattering of conservative democrats throughout the South. My feeling now is that the motion to recommit will be defeated--but only narrowly.

If you want to do something visible you should call Jim Wright and ask him to say something on the floor about the bill. Wright is not openly leading the fight but if he would take the floor and describe the tax as giving recognition to the special contributions that independent producers make, it would be extremely helpful to us.

ZB - Christopher changes in red.

Draft B-2

3/11/80

WFM and other comments in blue.

Strauss

Mideast statement for N.Y. briefing

Let me take just a few minutes to talk about our policy in the Middle East.

At this moment, we are engaged in crucial negotiations under the Camp David accords. These negotiations between Israel and Egypt -- in which we are a full partner -- hold out the hope of a just and lasting peace in the Middle East, which the whole world has so long sought.

In recent days, attention has been diverted from these negotiations by ~~an~~ ^{the voting} incident at the United Nations. Let me

talk frankly about [that incident.] ^{our policy.}

[I run the foreign policy of this country. As the responsible officer of this government, I am in charge. ^{After weekend} ~~In~~ the [^] vote at

ZB would omit this IP. He feels strongly that it is demeaning and adds to an impression of weakness and defensiveness. Mondale feels just as strongly that you should say this. So does Strauss.



that was contrary to my directions.

the UN, ~~last Saturday~~, I saw a mistake, I corrected it. Our policy is unchanged.

The UN resolution dealt with Israeli settlements on the West Bank and Jerusalem. We have not changed our position on these two issues.

Like every American Administration since 1967, we have opposed the establishment of new settlements. We have never called for the dismantling of existing settlements. We have said all along that their disposition should be decided ⁱⁿ ~~by~~ *course of* the ~~autonomy~~ negotiations.

We have also said all along that Jerusalem should remain forever undivided, with free access for all faiths to the holy places.

I stand by these positions. I have never considered changing them. I would never have the United States endorse a different position.

for a resolution that went beyond our policy,

And when I learned that our country had voted ~~in favor~~

at the UN, I decided that it would be better to tell the truth to the American people and the world than to let that mistake stand. *and the integrity of our position are* The security of Israel ~~is~~ far more important than ~~my or anyone else's~~ ^{the} political fortunes *of anyone.*

Our support for Israel's security is absolute and total. That position is morally right. It is also in the strategic interests of our own Nation.



THE WHITE HOUSE
WASHINGTON

We will not rest until Israel can live at peace with all her neighbors. That is my deepest hope and prayer. I have spent many days and weeks with Prime Minister Begin and President Sadat working toward that dream. The Camp David Accords, the Egyptian-Israeli Peace Treaty, the autonomy negotiations -- all these steps ~~have brought~~ *are bringing* us closer to our goal than any of us would have dared hope three years ago. I am absolutely determined that we will succeed.

Bob Strauss would end the statement right here, and just add:

"As I view the world in which we live today, I know how important it is that we now continue on with the business of successfully completing the autonomy talks between Egypt and Israel, with the U.S. as a partner."

He hopes you will stick as close as possible to the words here so that he and Mondale can quote you directly.

Rick

As we walk these further steps toward a just and lasting peace throughout the Middle East, let me restate -- as clearly and emphatically as I can -- what the United States of America believes:

do not favor

¶ We ~~oppose~~ the creation of an independent Palestinian state.

¶ We will not negotiate with the PLO, and we will not recognize the PLO, unless it ~~first~~ *and* recognizes Israel's right to exist ~~and~~ accepts UN resolutions 242 and 338.

¶ We believe that Jerusalem can never again be divided.

¶ We have never -- and we will never -- use our aid to Israel as political pressure against her.

¶ We will never permit the politics of oil to change our commitment to Israel. That commitment is not for sale.

Israel has already sacrificed enormously -- first her sons and daughters in four wars in thirty years, and now

ZB and Christopher want this change. WFM violently opposes it. Strauss would say: "WE HAVE CONSISTENTLY OPPOSED"

territory and oil and bases and borders. In the next few months, Israel will face some of the most difficult issues of her entire history as a modern Jewish state. Throughout that process -- as throughout Israel's whole existence -- the United States of America will stand by her. And we always will, *as we work together for a genuine peace.*

#

THE WHITE HOUSE

WASHINGTON

March 12, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: MICHAEL CARDOZO *MC*

SUBJECT: Investigation of G. William Miller

Attached is Judge William Gunter's report to you of his analysis of the various investigations of G. William Miller. Judge Gunter concludes that "G. William Miller has not committed perjury and has not committed a violation of any other Federal criminal law." (TAB A)

Yesterday, the Attorney General responded to letters from four Republican members of the Senate Judiciary Committee, Congresswoman Elizabeth Holtzman and Senator William Proxmire, all of whom had requested the appointment of a Special Prosecutor to investigate charges of perjury and obstruction of justice by Miller. The Attorney General advised that:

1. The Special Prosecutor provision of the Ethics in Government Act ("Act") does not apply to Miller because Justice's investigation of Miller was initiated prior to the effective date of the Act.
2. Even if the Special Prosecutor provision of the Act did apply, the Attorney General has "very serious doubts" that specific information sufficient to trigger the Act has been developed indicating that Miller has violated any criminal law.
3. The Department of Justice's investigation into this matter continues, however.

Although Justice's investigation continues, the Attorney General's response to these Congressional requests for the appointment of a Special Prosecutor is reassuring. And, Judge Gunter's report to you is consistent with the Attorney General's response to the above mentioned members of Congress.

At Judge Gunter's suggestion, I am attaching a copy of one of the letters sent by the Attorney General to a Republican member (Strom Thurmond) of the Senate Judiciary Committee (TAB B).

A

KILPATRICK & CODY

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2033 K STREET, N.W.
WASHINGTON, D. C. 20006

To: The President

COPIES: Michael Cordoza, Esq.
Joseph W. Dorn, Esq.

FROM: William B. Gunter

DATE: March 12, 1980

RE: Investigations of G. William Miller,
Secretary of the Treasury

At your request I have spent considerable time and effort independently examining these investigations and the reasons for them.

I have carefully reviewed the following:

1. Proceedings in January and February, 1978 before the Senate Banking Committee on the nomination of G. William Miller to be Chairman of the Board of Governors of the Federal Reserve Board.
2. Testimony of G. William Miller before the Securities and Exchange Commission on January 23, 1979.
3. Report of the Special Committee of the Board of Directors of Textron, Incorporated relating to alleged illegal or improper operations and dated July 24, 1979.
4. Securities and Exchange Commission Staff Report of investigation of Textron, Incorporated transmitted on July 26, 1979.

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5. Complaint and final judgment in the case of Securities and Exchange Commission v. Textron, Incorporated, Civil Action 80-0326 in the United States District Court for the District of Columbia.

6. Testimony of G. William Miller before the Senate Banking Committee on February 8, 1980.

7. Other documents and press clippings relating to the Textron investigations and the Senate confirmation hearings on G. William Miller's two nominations.

Having made this careful review, I conclude that G. William Miller has not committed perjury and has not committed a violation of any other federal criminal law.

If I can provide you with further information with regard to this matter, I will be pleased to do so.

WBG:emg

A handwritten signature in cursive script that reads "William B. Guntel". The signature is written in dark ink and is positioned above a horizontal line that spans the width of the signature.

B



Office of the Attorney General

Washington, D. C. 20530

March 11, 1980

Honorable Strom Thurmond
Committee on the Judiciary
United States Senate
Washington, D.C. 20510

Dear Senator Thurmond:

By letter of February 8, 1980, you and three other Republican members of the Senate Judiciary Committee requested that I apply for appointment of a special prosecutor under the Ethics in Government Act of 1978 to investigate allegations against Treasury Secretary G. William Miller. I must respectfully decline this request.

The Criminal Division of the Department of Justice has been conducting an investigation since early 1978 into whether Mr. Miller and others committed perjury or obstructed justice in the course of February 1978 Senate Banking Committee hearings on Mr. Miller's confirmation as Chairman of the Federal Reserve Board. The information cited in your letter, and all other material information received in this investigation relative to Secretary Miller, was known to the Department of Justice either prior to the effective date of the Ethics in Government Act of 1978 or prior to the completion of the 180-day statutory transition period of the Act. 28 U.S.C. 591 note. Section 604 explicitly states that the Special Prosecutor provisions of the Ethics in Government Act "shall not apply" where information is received during or prior to the transition provision. Since all relevant information was received prior to the completion of the 180-day period, I am without statutory authority to appoint a special prosecutor.

We have received the SEC complaint filed January 31, 1980 and the SEC staff report, as well as the testimony before the Committee on Banking, Housing and Urban Affairs during the 1978 confirmation hearing and that Committee's staff report. Throughout the course of the SEC investigation, attorneys for the Criminal Division were kept informed of

the nature of the material developed by the SEC, and they are, as nearly as we can tell, familiar with the evidence that formed the foundation for the SEC action. We have also had the attorney in charge of the investigation attend the testimony before the Committee on Banking, Housing and Urban Affairs in February. In light of all of the above, even if the Ethics in Government Act of 1978 were applicable, I have very serious doubts that specific information sufficient to trigger the Act has been developed indicating that Secretary Miller has violated any criminal law.

I can assure you that our investigation into this matter has been, and will continue to be, impartial, thorough and vigorous. The evidence gathering process in a foreign payments case is necessarily cumbersome, in that it involves seeking evidence abroad. In this connection, we have sought, and continue to seek, the assistance of foreign governments and unfortunately, due to the nature of the requests, all could not be made simultaneously.

Your letter states that "a number of Textron executives . . . invoked their Fifth Amendment privilege . . ." leaving "a significant gap in the factual record of the Textron investigation." From the above, it may be inferred that you believe we should have, by now, immunized the persons in the above category.

It might be useful to clarify the factual situation. The Fifth Amendment privilege was invoked by only one Textron official and this was on a matter unrelated to foreign payments. Also, one Bell Helicopter official refused to testify. The balance of the Fifth Amendment invocations was by sales agents and lower-level employees of Bell Helicopter. Of this latter group, to date we have given immunity to six. I anticipate that virtually all of the persons to whom you refer will be called before the grand jury, and where necessary, their testimony compelled.

The continuing investigation of the Criminal Division has not revealed evidence that Mr. Miller was informed by anyone of improper payments by Textron and Bell Helicopter, or that Mr. Miller learned about such payments in any other way. There is some evidence that certain Textron and Bell Helicopter officials who reported to Mr. Miller were told of information relating to some payments. However, all but two of them have denied under oath any recollection of being told. Of the remaining two, each has testified that he did

not believe the information and, in any event, did not tell Mr. Miller. In fact, none of the assertions that Secretary Miller has committed a criminal violation has been substantiated by the investigation conducted since early 1978.

This investigation has taken longer than we would like; however, thorough criminal investigations in matters such as this take time. I have directed the Criminal Division to proceed with all possible speed. Should substantial new evidence be developed which makes the provisions of the Special Prosecutor Act applicable, please be assured that I will have no hesitancy in invoking its provisions.

Sincerely,

Benjamin R. Civiletti
Attorney General