

5/19/80 [1]

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo	Zbigniew Brzezinski to the President. Re: Proposals for Post-Venice stopovers. (2 pp.) <i>opened per RAC NLC-126-21-28-1-7 12/17/13</i>	5/14/80	A
memo w/att	Lloyd Cutler to the President. Re: Japan's Olympic participation. (2 pp.) (2 pp.) <i>opened per RAC NLC-126-21-28-2-6 12/17/13</i>	5/19/80	A
memo	Harold Brown to the President. Re: NATO Defense Planning Committee. (2 pp.)	5/16/80	A
memo	Zbigniew Brzezinski to the President. Re: Visit by former Egyptian Prime Minister Mustafa Khalil. (1 p.) <i>opened per RAC NLC-126-21-28-3-5 12/17/13</i>	5/19/80	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of Staff Sec.-
 Pres. Handwriting File, "5/19/80 [1]." Box 186

RESTRICTION CODES

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THE WHITE HOUSE
WASHINGTON

JW dexed to
CID on 5/17.

THE WHITE HOUSE

WASHINGTON

May 17, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*

SUBJECT: Love Canal

I want to apprise you of a situation which has arisen during the last few days and will no doubt gain national attention.

As you may recall, Love Canal is the site in upper state New York where chemical wastes, buried in the canal years ago, became a significant problem in 1977. As a result of your August, 1978 emergency declaration, we temporarily relocated people living closest to the canal enclosed the area by a fence. During the last two years, however, the low- and middle-income residents who were not moved by the government, have continually complained of various health problems.

This week, the Justice Department informed me that they had received rather alarming results of a study conducted in the course of their lawsuit against Hooker Chemical Company. While the results must still be validated, health experts who have reviewed the data within the last couple of days claim that if the study is accurate, residents' health is in danger and they should leave the area as soon as possible. Justice lawyers are attempting to get Hooker to pay for temporary relocation of the residents by threatening to ask the Court for a temporary injunction if they refuse to assume responsibility voluntarily. In the meantime, however, it appears that the residents face an imminent health hazard that demands speedier response than litigation.

Specifically, the study concludes that of 36 individuals whose blood was sampled, 11 have chromosomal damage; in the normal population, the range is one in 100-1,000. This type of damage is thought to be closely linked with cancer, genetic abnormalities and various reproductive problems. Justice expects to receive this morning an additional study which will confirm peripheral nerve damage in residents who have remained in the area.

Yesterday afternoon I convened a meeting of the appropriate officials from Justice, EPA, FEMA, Health and Human Services, and the Council on Environmental Quality to discuss the government's response.

The course of action we chose is the following:

- o Participants of the study are being informed today of the results. Although results of the preliminary study cannot be confirmed until Wednesday, residents and the press knew the study was completed, and Justice and I did not feel we could conceal the information we already have until then. I directed EPA to send a team of qualified scientists and medical personnel to Niagara Falls, NY personally to brief the residents in an effort to allay fears and prevent panic. That briefing began this morning at 8:30.
- o I have asked HHS, under the leadership of Dr. David Ralls, immediately to send a team of medical and scientific experts to validate the study. By Wednesday of this week we expect to have enough answers to determine whether or not the data substantiate an imminent health hazard.
- o If we are faced with such an emergency, people will have to be moved. I have asked the General Counsels of Justice, EPA, HHS, and FEMA to determine what authorities, if any, we have to relocate persons in a health emergency. Justice's Office of Legal Counsel notified me this morning that we do have authority under the Public Health Services Act to relocate people in an emergency. I am exploring with OMB the possibilities for funding, probably through a reprogramming of existing funds.
- o I have asked Barbara Blum of EPA to brief the press today at noon. Other EPA and HHS officials will brief community leaders, state and local officials, and local press in Niagara Falls at the same time. Congressman John LaFalce has agreed to participate in those briefings.

The state has been characteristically uncooperative, and I anticipate problems with Governor Carey in defining state and federal responsibilities. In our negotiations with them, I will insist on a strong state role but will attempt to avoid a lengthy public battle resulting in no action and growing hysteria among Love Canal residents.

Jack sends this today because he said
it might be on the news — *from*

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WASHINGTON

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for Preservation Purposes

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THE WHITE HOUSE

WASHINGTON

May 17, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *JW*

SUBJECT: Brief Greeting with Newly Selected
White House Fellows, Class of 1980-81
The Cabinet Room, Monday, 12:20 p.m.

Purpose. The purpose of this brief greeting is to allow you to congratulate the 1980-81 class of White House Fellows, who have just been selected over this weekend.

Background. Last year you greeted the newly selected Fellows and they were deeply appreciative of your time and interest. Over this past year, we have invited them to Cabinet meetings, ceremonies in the East Room and other events as appropriate. We will continue this practice with the new class.

As you know, the White House Fellows, past and present, represent an outstanding group of talented and able men and women; they are a tremendous asset to us.

Participants. The new Fellows, the current Fellows, and a few of the Commissioners of the White House Fellows Association will attend. I will meet briefly with the group before you greet them.

Press. Only a White House photographer will cover the event.

Talking Points. No formal remarks are necessary. Simply congratulate them on their selection and welcome them to the White House. We look forward to having them here for many meaningful occasions in the next year.

An individual photograph with each one would be good if you have time; otherwise, we will get a group picture.

THE WHITE HOUSE
WASHINGTON

19 May 80

Lloyd Cutler

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

Rick Hutcheson

cc: Hedley Donovan
Jody Powell
Zbig Brzezinski

ADMINISTRATIVELY CONFIDENTIAL

THE WHITE HOUSE

WASHINGTON

ADMINISTRATIVELY
CONFIDENTIAL

May 16, 1980

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MEMORANDUM FOR THE PRESIDENT

FROM: LLOYD N. CUTLER

LNC

SUBJECT: BIRCH BAYH'S LETTER ON INTELLIGENCE LEAKS

Zbig, Hedley, Jody and I have discussed Senator Bayh's letter to you dated May 9, expressing the SSCI's concern over recent press stories on the rescue plans and the disagreement between CIA and DIA on the intelligence assessments of the U.S.-Soviet strategic military balance.

We doubt that additional efforts by the FBI, as Senator Bayh requests, will do much good. We do think that the situation could be greatly improved if you instructed all White House, State, Defense and CIA personnel with intelligence and national security responsibilities to follow the procedure currently in force for the NSC staff - a daily report to Zbig by each section of all press contacts on intelligence and national security matters, with the name of the reporter and the subject matter of the discussion. In other departments and agencies, the report would be to the department or agency head.

When television or press stories are published, this will at least provide leads as to which staff members talked with which reporters about the subject of the story. It will also have a certain cautioning effect on the staff member.

While the imposition of such a requirement would itself leak and be subject to press criticism, we can readily defend it. No one holding a position of government trust is entitled to be an anonymous source of news - especially a national security secret - without the knowledge of his superiors.

In our judgment such a procedure would be preferable to the present intolerable situation.

cc: Dr. Brzezinski
Jody Powell
Hedley Donovan

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United States Senate

SELECT COMMITTEE ON INTELLIGENCE

(PURSUANT TO S. RES. 400, 94TH CONGRESS)

WASHINGTON, D.C. 20510

ROBERT C. BYRD, W. VA., EX OFFICIO
HOWARD H. BAKER, JR., TENN., EX OFFICIO

WILLIAM G. MILLER, STAFF DIRECTOR
EARL C. EISENHOWER, MINORITY STAFF DIRECTOR

May 9, 1980

IN REPLY PLEASE
REFER TO N# 2969

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

Dear Mr. President:

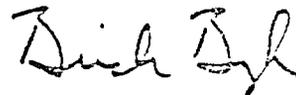
Yesterday I spoke with FBI Director Webster to express my shock at the continuing series of leaks of extremely sensitive information which have been appearing in the press concerning our intelligence operations. I voiced my particular concern about the recent series of articles which have purported to provide details of our Iranian rescue effort which, if true, would undoubtedly endanger the lives of some of our people and make virtually impossible any additional rescue efforts. I have asked Director Webster to mobilize whatever resources he needs to put an end to this continuing problem.

I know you share my concern. This morning's newspapers, as I am sure you are aware, contain detailed information concerning our intelligence assessments of the U.S.-Soviet strategic military balance, and there are now repeated news accounts on the radio of an alleged second Iranian rescue effort.

As I told Director Webster yesterday, our country cannot have a foreign policy, we cannot defend ourselves against our adversaries, if information of the most sensitive nature is disclosed to the world by officials who have every reason to know the damage they are doing to our country. I am convinced, as I am sure you are, that with the proper dedication and commitment to putting a stop to this unconscionable practice, we can work together to find a responsible solution.

Our entire Committee shares my concern and distress, and we stand ready to help you in any way we can.

Sincerely,



Birch Bayh
Chairman

COMMITTEE SENSITIVE

THE WHITE HOUSE
WASHINGTON

5/19/80

Jack Watson ←

The attached was received in
our office and is forwarded
to you for your information.

Rick Hutcheson

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

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

ACTION
FYI

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

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

THE WHITE HOUSE

WASHINGTON

May 16, 1980

Jack
J

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON *Jack*
ARNIE MILLER *AM*

SUBJECT:

Chairman, Council on Wage and Price Stability (COWPS)

We have discussed with Fred Kahn and the other members of the Economic Policy Group the idea of bringing into the Administration a person of national stature to assume the Chairmanship of COWPS. Such an individual would assume full-time responsibility for strengthening the management of the wage and price program and for generating public support for the program. He or she would also serve as a member of the EPG.

We are in agreement that bringing in an individual of stature at this juncture would strongly underscore your determination to draw upon the best talent in the country to deal with the nation's inflation and other economic problems. Bringing in someone with stature from the business community would also improve our credibility with business and enhance our ability to make the anti-inflation program work. We must, of course, ensure that the individual we choose is (1) acceptable to labor and (2) sufficiently independent-minded to take a tough stance with business whenever necessary.

The following, in order of priority, is a list of candidates whom we believe are strong prospects for this role.

Richard Shinn

Shinn is the Chief Executive Officer of the Metropolitan Life Insurance Company in New York City. He is 62 years old, a Democrat, active in the Business Roundtable and the Committee for Economic Development. He serves on the boards of Allied Chemical Co., Sperry Rand Corp., Chase Manhattan Bank and Norton-Simon, among others. Shinn is very much a part of the New York business establishment and greatly respected by the business community generally. He is very public-service oriented and played a key role on the emergency management team during the New York City fiscal crisis. His performance during this period gets high marks from both business and labor. He remains very active in New York City affairs and currently serves on Mayor Koch's Management Advisory Board.

Shinn is gregarious, politically adept, tough, practical-minded and has easy access to the business community without being tied to the "club". He is our first choice for this position.

Charles Zwick

Zwick is the Chief Executive Officer of the Southeast Banking Corporation in Miami. He is 54 years old, a Democrat, recently chaired the President's Commission on Military Compensation. Zwick succeeded Charlie Schultze as LBJ's Budget Director. He holds a Ph.D. in Economics from Harvard and serves as an advisor to the Congressional Budget Office.

While not nationally known, Zwick is considered to be a "rising star" in the business community. His prior government service and economics background, in addition to his business experience, give him a broad base. He is supportive of the Administration's economic goals. His would be a solid appointment, well received on the merits.

Fletcher Byrom

Byrom is the Chief Executive Officer of the Koppers Company in Pittsburgh, which is a diversified chemicals, forest products and metal fabricating Fortune 500 firm. Byrom is 61 years old, serves on the boards of Ralston Purina, North American Philips Corporation and the Mellon National Corporation, among others. He is active on the Business Council and serves as Chairman of the Committee for Economic Development.

Byrom is widely respected in the business community as an excellent, creative manager with a keen analytical mind. In the last decade in which he has served as Chairman of Koppers, the firm's per share earnings have increased over six-fold. He is thoughtful, articulate, widely read and has been active in public service, participating in numerous regional governmental groups.

Byrom has an inquisitive mind and tremendous energy and seems eager to take on new challenges. His appointment as head of COWPS would have a very positive impact on the business community.

Don Perkins

Perkins is the Chief Executive Officer of the Jewel Tea Company in Chicago. He is 51 years old and has indicated he would like to step down from the head of Jewel to take on new challenges. Perkins serves on the boards of a number of companies, is a trustee of the Ford Foundation, is active in the Business Roundtable and on the Committee for Economic Development.

Perkins has great appeal to the business community. He is enormously well liked and respected as an able, imaginative manager. Jewel Tea is unionized with an independent union in

Chicago and the United Food and Commercial Workers in the rest of the Midwest and in the Northwest. Perkins is in good standing with the unions.

Perkins is a Republican who has not been generally supportive of the Administration's policies. In spite of this, he is well-liked by those in the Administration who know him (Bill Miller, Esther Peterson, Phil Klutznick, among others). If we were to approach him, we would have those who know him, particularly Bill Miller, fully explore his willingness to work closely with the Administration.

Kenneth Mason

Mason recently retired as President of Quaker Oats in Chicago, at the age of 56. He is a Democrat who is supportive of the Administration.

Mason is well regarded in those business circles where he is known, particularly advertising and marketing, but he is not nationally known. He is not a part of the Roundtable "club" and is not of quite the same stature as some of the other names on our list. However, he is regarded as an able, imaginative manager, very bright and particularly good with people. He has been especially helpful to Esther Peterson on the children's advertising issue. Mason might make a good back-up candidate if we were unable to get the others on this list.

We would like your approval to start to approach these candidates, in the order we have listed them. We would ask Bill Miller, as Chairman of the EPG, to help us on this. We would also like to know if there are any names on the list whom you do not want considered.

RECOMMENDATION

That you allow us to begin to approach the following candidates, in the order in which they are listed, with Bill Miller's help.

- | | | |
|-------------------|---|-------------------------------------|
| 1) Richard Shinn | <input checked="" type="checkbox"/> approve | <input type="checkbox"/> disapprove |
| 2) Charles Zwick | <input checked="" type="checkbox"/> approve | <input type="checkbox"/> disapprove |
| 3) Fletcher Byrom | <input checked="" type="checkbox"/> approve | <input type="checkbox"/> disapprove |
| 4) Don Perkins | <input checked="" type="checkbox"/> approve | <input type="checkbox"/> disapprove |
| 5) Kenneth Mason | <input checked="" type="checkbox"/> approve | <input type="checkbox"/> disapprove |

Comments and brief bios on each of the candidates are attached.

*I know Zwick, & he is a good man.
Don't know others. Check carefully with
Bill, Lloyd, et al. J*

RICHARD SHINN

Irving Shapiro: Good man; lots of respect in business community; broad based; just completed a major study for Business Roundtable on welfare and what should be done about it; has been actively involved in NYC fiscal problems.

Frank Pace: Imaginative, well-regarded, comes close to a "9" in both reputation and ability. Has exposure to politics. Knows almost everyone. Think he will be hard to get. Rate him very high on talent, low on availability.

Phil Klutznick: Have a very high regard for him; knows how to handle a bureaucracy; very able.

Bill Miller: Great stature, outstanding, not clubby, independent, near retirement so might be available. He'd be firm and strong in the job without being a bull in a china shop.

Hedley Donovan: I don't know him very well. Would be less doctrinaire than Perkins and is close to retirement so might be available.

Reubin Askew: Excellent choice. Have very high regard for him.

Jim McIntyre: Good man. I don't know if the President knows him.

CHARLES J. ZWICK
Florida

EXPERIENCE

1969 - Date Southeast Banking Corporation
1979 - Date Chief Executive Officer
1969 - 1979 President
1969 - Date Director
1968 - 1969 Director, U. S. Bureau of the Budget
1965 - 1968 Assistant Director, U. S. Bureau of the Budget
1963 - 1965 Member, Research Council, RAND Corporation
1956 - 1963 Head, Logistics Department, RAND Corporation
1954 - 1956 Instructor, Harvard University
1951 Instructor, University of Connecticut

OTHER ACTIVITIES

Director: Johns-Manville Corporation
Member: Conference Board
Florida Council of 100
President's Commission on Military Compensation
(Former Member & Chairman)
Panel of Advisors to Congressional Budget Office
Trustee: RAND Corporation
Carnegie Endowment for International Peace

EDUCATION

1954 Harvard University, Ph.D.
1951 University of Connecticut, M.S.
1950 University of Connecticut, B.S. (Phi Beta Kappa)

PERSONAL

White Male
Age 53
Democrat

CHARLES ZWICK

Irving Shapiro: Don't know him.

Frank Pace: First class, well known in southern business community, was Director of the Budget under LBJ, has a lot of talent.

Phil Klutznick: Was very good in government; I have heard he is doing a first class job in Miami, but I doubt he would have national name recognition. Is very able.

Bill Miller: Outstanding, but can't imagine he'd do it. He turned down an offer to be Vice Chair of the Fed. He told me he doesn't want to leave his company after becoming CEO so recently.

Hedley Donovan: He is sympathetic to the Administration's policies, a Democrat, President knows him fairly well; just became CEO of bank within last year and doesn't want to leave; I asked him to serve on 80's Commission and he declined.

Jim McIntyre: Very good. Ran the Military Compensation Commission for the President. The President knows him. I don't know how broad are his ties to the business community, but his prior Government service is a plus.

Clark Clifford: Tops. I rank him very high on ability.

FLETCHER LAUMAN BYROM
Pennsylvania

EXPERIENCE

1947 - Date Koppers Company, Inc.

1970 - Date Chairman
1968 - Date Chief Executive Officer
1960 - 1967 President, Director,
 Chief Administrative Officer
1958 - 1960 Vice President, General Manager

Tar Products Division, Koppers Company, Inc.

1955 - 1958 Vice President and
 Assistant General Manager
1954 - 1955 Assistant Vice President,
 Manager of Operations
1947 - 1954 Assistant to General Manager

1942 - 1947 Procurement and Administrative Coordination,
 Naval Ordnance Laboratory,
 Bureau of Ordnance and Research Planning Board,
 U. S. Navy Department

1940 - 1942 Sales Engineer,
 American Steel and Wire Company

OTHER ACTIVITIES

Director: Ralston Purina
 Continental Group, Inc.
 North American Philips Corporation
 Mellon National Corporation
 ASARCO (formerly American Smelting and Refining Co.)

Member, Board of Directors:
 Regional Industrial Development Corporation
 Pittsburgh Regional Planning Association
 Allegheny Conference on Community Development

Member: The Conference Board
 Committee for Economic Development (Chairman)
 Business Council

EDUCATION

1940 Pennsylvania State University, B.S. (Metallurgy)

PERSONAL

White Male
Age 61

FLETCHER BYROM

(Taken in connection with Chairmanship of Energy Security Corporation)

Graham Claytor: Knows him well as a supplier and a customer from Southern Railway days. Very strongly recommended. A truly outstanding man.

Sol Linowitz: Very good. Should be high on our list.

Bob Strauss: B+. May not be interested.

Frank Pace: Very bright, very able. May lack political sophistication.

Hedley Donovan: Very vigorous. Very bright.

Al McDonald: First class. Very public spirited.

Bill Miller: Outstanding. Would be a very good choice.

Phil Klutznick: Should be considered seriously. Excellent.

DON PERKINS
Illinois

EXPERIENCE

<u>1953 - Date</u>	<u>Jewel Companies, Inc.</u>
1965 - Date	Chief Executive Officer
1963 - 1965	President
1961 - 1963	Executive Vice President, Operation
1960 - 1961	Vice President, Routes Department
1953 - 1960	Vice President, Growth and Development

OTHER ACTIVITIES

Director:	Inland Steel Company Corning Glass Works Eastman Kodak Company
Member:	Business Roundtable Yale Development Board Visiting Committee, Harvard Business School
Trustee:	Committee for Economic Development Ford Foundation

EDUCATION

1951	Harvard University, M.B.A.
1949	Yale University, B.A.

PERSONAL

White Male
Age 53

DON PERKINS

Irving Shapiro: Good man; I think Hedley Donovan knows him; wants to stay in Chicago; I gave his name to Civiletti for a job he had and Perkins turned it down; wants to stay in Chicago.

Frank Pace: He's tough. I serve on a board with him; he is most imaginative; appointing a prominent Republican (like Perkins) would not do the President any harm. I rate him "8" on reputation and "9" on talent.

Phil Klutznick: He's a lovely man; lots of energy; I've seen him operate and he has talent. I don't know whether it's applicable to this job; has not had prior government service.

Bill Miller: He'd be good, very able. I just don't know if he'd be interested; has said he has wanted to leave Jewel and pursue other careers. I don't know how he views the Administration's policies now.

Hedley Donovan: He has been very critical of the Administration, is very conservative.

KENNETH MASON
Minnesota

EXPERIENCE

1962 - 1979 The Quaker Oats Company
1977 - 1979 President
1975 - 1977 Executive Vice President,
 Grocery Products
1968 - 1975 Vice President, Grocery
 Products
1966 - 1968 Vice President, Product
 Management
1963 - 1966 Director, Product Management
1962 - 1963 Director of Advertising

Prior to 1962 Creative Director
 Kenyan & Echhardt

 Vice President
 Earle Ludgin & Company

 Vice President
 Cunningham & Walsh, Inc.

 Vice President
 Hill, Rogers, Mason & Scott, Inc.

OTHER ACTIVITIES

Director: Quaker Oats Company

 Chairman of the Board
 Chicago Public Television

EDUCATION

1945 Yale University, B.A.

PERSONAL

White Male
Age 58

KENNETH MASON

Esther Peterson: I am very high on him; was very helpful on children's advertising issue; Mike Pertschuk knows him.

Bill Miller: I don't know him but have heard good things about him.

Sam Flint, Conrail Board Member and Former Executive at Quaker Oats: Is a top-notch thinker and a doer. Has tremendous intellect, fine sense of humor, appreciation of people, knows business; he and I were the only Carter supporters at Quaker Oats. He is politically savvy, very public-service oriented; very well-known among advertising and marketing people, not known to Business Roundtable types.

Mike Pertschuk, FTC: He gets very high marks as a businessman, an administrator and a "charmer" -- good with people. He has an advanced sense of social responsibility. I don't know how sophisticated he would be about understanding the relationship between government and industry. He is part of the "old school" that feels government should not tell business what to do, but he is not rigid or inflexible. He is progressive on consumer issues and is not doctrinaire.

Friendship Force/OAS building 5/19/80

THE WHITE HOUSE
WASHINGTON

(REGINA)

DR PEREIRA LOPEZ - MEDICAL DOCTOR
" " INDUSTRIES

A FOUNDER UNIV SAO CARLOS

PRES BRAZILIAN CONGRESS

" COM ON FINANCE

PERNAMBUCO
1972 - VISIT - BELÉN - SAO PAULO -
BRAZILIA - RIO DE JANEIRO
FOR REL COMM AMERICANA - MANAUS
RECIFE

MAGNIFICENT RECEPTION - PRAYER

COLUMBIA - BOGOTÁ

~~CONFIDENTIAL~~

1 PM
5/24/80
22

THE WHITE HOUSE
WASHINGTON

SCHEDULE PROPOSAL
Date: May 19, 1980
FROM: Zbigniew Brzezinski
VIA: Phil Wise

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MEETING: Call on you by former Egyptian Prime Minister Mustafa Khalil

DATE: May 21, 22, or 23

PURPOSE: To review the status of the autonomy talks and the way forward

FORMAT: -- The Oval Office
-- Khalil, Dr. Zbigniew Brzezinski, Ambassador Ashraf Ghorbal
-- 20 minutes

CABINET PARTICIPATION: None

SPEECH MATERIAL: The NSC will provide a briefing paper

PRESS COVERAGE: The meeting will be announced; White House photographer only

STAFF: Dr. Zbigniew Brzezinski

RECOMMEND: State, NSC

OPPOSED: None

PREVIOUS PARTICIPATION: You last met with Khalil in March 1979 during the signing of the Arab-Israeli Peace Treaty.

BACKGROUND: Although Khalil is no longer Prime Minister, as Deputy head of Sadat's party he will continue to be involved indirectly in the autonomy talks, remains one of the few senior Egyptians committed to completing the Camp David process, and retains influence with Sadat. Khalil has asked to see you, and will also see Sol Linowitz and probably Secretary Muskie. This would be a useful occasion -- following Sol's meeting with Khalil -- to help get the autonomy process back on track, including any thoughts you might want conveyed to Sadat.

old J

DECLASSIFIED
Per: Rac Project
ESDN: NLC-126-21-28-3-5
BY: KS NARA DATE 12/17/13

Approve _____ Disapprove _____

~~CONFIDENTIAL~~
Review May 19, 1986

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THE WHITE HOUSE
WASHINGTON

May 19, 1980

Zbig Brzezinski
Phil Wise
Fran Voorde

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

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

5/18/80

Mr. President:

Phil Wise has no comment.

Rick

MEMORANDUM

~~CONFIDENTIAL~~

THE WHITE HOUSE

3019

WASHINGTON

May 14, 1980

~~CONFIDENTIAL~~

INFORMATION

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *ZB*
SUBJECT: Proposals for Post-Venice Stopovers (U)

As a result of our discussion at breakfast on Friday, State has drawn up a proposal for several possible stopovers after the Venice Summit. (C)

YUGOSLAVIA

At Tab A is a proposal for a stopover in Yugoslavia. You have a standing invitation to Yugoslavia dating back to Tito's visit to the US in March 1978, and as Ambassador Loncar reiterated to you on May 5, the Yugoslavs would welcome a visit to Belgrade by you. The Venice Summit presents a unique opportunity to make such a trip, which would serve to underscore our strong and continued support for Yugoslavia's independence. It would also help to offset some of the adverse media criticism for your failure to attend Tito's funeral. (C)

The visit could be accomplished in a day. You could fly from Venice to Belgrade Monday evening (June 23) after the conclusion of the Summit and stay overnight at the Old Palace. Tuesday morning you would motorcade to Tito's grave to pay your respects (good photo opportunity) and hold substantive talks as well as a luncheon with the new Yugoslav leadership. In the afternoon you would make a visit to selected public sites, which would provide another photo opportunity, and meet with Vladimir Bakaric and a number of other leaders. You could then leave at 6:00 p.m. that evening (June 24) or stay on for a State dinner and leave the next morning (June 25). (C)

SPAIN

At Tab B is a proposal for a stopover in Spain. The Spanish are extremely anxious to have you visit Madrid. Since 1975 King Juan Carlos has been here on State and private visits, and Prime Minister Suarez has made two working visits to Washington. A visit by you would help move Spain closer to the Western alliance and pave the

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ESDN: NLC-126-21-28-1-7

BY KS NARA DATE 12/17/13

~~CONFIDENTIAL~~

way for Treaty negotiations which are scheduled to begin in the fall and which cover our overall relations, including base rights. (C)

A 24-hour visit would include a call on Prime Minister Suarez for substantive discussions and a subsequent lunch, a visit to the Cortez (Parliament) and call on Congress President Levilla, a call on Juan Carlos and a State dinner hosted by the King. Alternatively, you could make a short, six-hour stopover which would allow for a meeting with Suarez, a meeting with the King and Queen, and a State dinner at Zrzuela Palace. (C)

Ambassador Todman and the State Department believe that the visit should be as close to 24 hours as possible to achieve our purposes. Anything short of that, in their view, would have to be billed as a working visit. However, the activities included on the longer schedule are not absolutely essential, and you could leave early the next day if you wanted to include a short stopover in Portugal. (C)

PORTUGAL

At Tab C is a proposal for a stopover in Portugal. The main justification for including Lisbon is that recent press stories have suggested you might make a stopover in Spain and Portugal. A visit to Spain which did not include Portugal would be taken badly by the Portuguese, who have been very helpful to us on a number of issues and with whom we have important pending negotiations for access to military facilities. However, while the Portuguese would be obviously disappointed if you did not make a stopover, there would not be a serious adverse reaction. (C)

In my view, Yugoslavia is by far the most important of the three possible stopovers. State concurs. Spain is second, and Portugal third. I recommend including a one-day stopover in Yugoslavia (long version) and a one-day stopover in Spain (long version) but leaving off Portugal. This would give you a full day in each country and get you back to Washington by early afternoon (around 2:30) on June 26. (C)

RECOMMENDATION:

That you make a one-day stopover in Yugoslavia and Spain following the Venice Summit. (C)

APPROVE

DISAPPROVE

J

THE WHITE HOUSE
WASHINGTON

19 May 80

Lloyd Cutler

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

Rick Hutcheson

cc: Zbig Brzezinski

THE WHITE HOUSE
WASHINGTON

Lloyd - Expedite
J

May 19, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: LLOYD N. CUTLER

LNC

SUBJECT: OLYMPICS - JAPAN

Attached is a draft of the message to Prime Minister Ohira. It has been approved by Warren Christopher and Dick Holbrooke, but has not yet been seen by Secretary Muskie. Christopher recommends including the bracketed sentence on Iranian sanctions.

Holbrooke urges that Ambassador Mansfield be given discretion to deliver the message either in oral or written form. He says that one argument used against Ohira in the "no confidence" vote was that he has been too subservient to the Americans. Holbrooke is concerned that a written message would leak and embarrass Ohira in the coming election.

Holbrooke also recommends we rely on Mansfield's discretion as to approaching Miki and Fukuda. Dick's concern is that, at this moment, they would do anything to defeat or embarrass Ohira.

Holbrooke is raising these points with Secretary Muskie who will discuss them with you before the message is sent.

cc: Dr. Brzezinski

Chow
25.

Attachment

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BY 163 NARA DATE 12/17/13

MESSAGE FROM PRESIDENT TO PRIME MINISTER OHIRA

~~I regret circumstances that have made it necessary~~
~~for your Government to call for new elections. Meanwhile,~~
I hope, ^{The Japanese} your Government will continue to exert maximum
influence with Japanese Olympic Committee which is scheduled
to meet May 22 to make its decision on Moscow Games. If
other major free world Olympic Committees do not follow
West Germany's courageous example, this will gravely weaken
perception of allied resolve and unity not only in the Soviet
Union, but throughout the entire world. ~~I have asked~~
~~Secretary Muskie and Ambassador Mansfield to urge Mr. Miki~~
~~and Mr. Fukuda to support the Government's efforts with~~
~~the Japanese Committee. [I hope your Government will~~
~~also be able to move promptly on Iranian sanctions~~
~~along lines of EEC decision yesterday].~~

Sec Muskie

Tell Mike to deliver
message to Ohira, Miki, &
Fukuda - Oral is ok, but
forcefully -

J

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Per: Rac Project
ESDN: NLC-126-21-28-26
BY: KS NARA DATE 12/17/13

Out box Monday, May 19, 1980

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6 BILLS - NOT PASSED
180 FOR AID APPRO
MDB AUTH (2X)
C AMER SUP
181 FOR AID AUTH
IDASSO VI
81 APPR

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Out box Monday, May 19, 1980

THE WHITE HOUSE
WASHINGTON

CONT RES SINCE 10/1
FY80 For AFS Appo. Cont Rep
MIL - ECON SUPPORT - DEVELL -
REFUGEE - DISASTER - NARCOTICS -
MDB - PEACE CORPS - EX IM
ADOPT > 3rd Budget Res.

CENT AMER SUPP AUTH
NICARAGUA -

1980 AUTH N 1/2 MID E PEACE
INT SUPPORT FOR US re Iran, Afghan
TURKEY, GREECE, IS, EG, SPAIN, PAUL,
US TRADE L DEN C's > EUR, E EUR, SU
DEV FOOD, ENERGY
CARIB HURICANES, ITALY EARTHQ \$ 73m → 20

Meeting w/Secy of State Muskie
Monday, May 19, 1980

THE WHITE HOUSE
WASHINGTON

Muskie mtg 5-19-80

Sanctions - poor

Castro talks refugees

Gromyko Mem Con

Giscard / Brezhnev

Mid East - Linowitz

Canada

Hodding

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Out box Monday, May 19, 1980

THE WHITE HOUSE
WASHINGTON

Compete = SU in Africa/SW Asia
Meet Cuban challenge in Caribbean
Compete = Communism - SE Asia

Development Banks - All ^{dev.} nations
pledge

Conf report
MDB '80
IDA VI
\$412 MIL

Failed 2 times - house floor - AUST
1st time in 35 years - US
default on commitment -
Bank in home town - 6 mos

Asia - Africa - Amer Hemisphere
\$1 = \$3 GNP ^{WOR} \$50 loans

Poverty - starvation - hum. b. - equity

C/M Hgts . 5-19-80

TN. ACTIVE

NATIONWIDE - ISSUES

EXCEEDED EXPECTATIONS

INCUMBENT - NOT WORDS,

SLUGANS, BUT ACTIONS

5/19/80

visit

headquarters

visit

AFGHAN - NATO - IRAN -

ENERGY - INT - INFL

DEMO. PARTY OF PEOPLE

END 2 STRONG DRIVE/PARTY

LOOK FWD, NOT BACK

TIME TO HEAL WOUNDS,

NOT CREATE NEW ONES

IDEAS - BOND - PRINCIPLE

THE WHITE HOUSE

WASHINGTON

May 19, 1980

MEETING WITH SENATOR GEORGE MITCHELL (D-Maine)
HIS WIFE, SALLY, AND DAUGHTER, ANDREA

Monday, May 19, 1980
3:30 p.m. Oval Office
(5 minutes)

From: Frank Moore *F.M.*

I. PURPOSE

Courtesy call.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

Background

Senator George Mitchell is being sworn in today as Senator Muskie's replacement. He had been serving as a Federal judge; his resignation was effective last Friday. Prior to serving as a Federal judge, he was a U.S. Attorney to Maine. Senator Mitchell was the 1974 Democratic nominee for Governor of Maine. He lost that race to Governor Longley. In 1972, Senator Mitchell was the campaign manager for Secretary Muskie's Presidential campaign.

Senator Mitchell has not taken any position on the Presidential race and probably will not.

Participants

The President
Senator George Mitchell
Sally Mitchell, his wife
Andrea Mitchell, his daughter (10 years old)

Press Plan

Maine press

THE WHITE HOUSE
WASHINGTON

19 May 80

Stripping

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling and delivery. Rosalind Solomon is the wife of Jay Solomon who is with GSA.

Rick Hutcheson

Solomon's View of Washington

By Joy Billington
Washington Star Staff Writer

At many parties during the first two years of the Carter administration, there was one regular guest who looked like a tourist. She'd stand near the receiving line at White House receptions and State Department lunches, shooting pictures from a camera hanging around her neck, peering down quietly, capturing whatever was reflected in her lens — a visiting head of state, Max Cleland wheeling into a lunch, Rosalynn Carter greeting guests in the East Room.

Always, she'd stand sufficiently apart from the news photographers for it to be clear she was not among them. For Rosalynn Solomon had a unique status. As the wife of the General Services Administration (GSA) chief Jay Solomon she was a senior wife...invited everywhere.

The fact that she wore a camera around her neck and actually worked the parties seemed a bit bizarre, but it didn't inhibit the invitations — perhaps because Washingtonians find the camera's eye in her camera rather than the pen's point.

The news — Solomon's view of Washington — opened at the Corcoran Tuesday evening with a reception and shifted next day to the Sander Gilman until June 28.

And despite the bitterness of Jay Solomon's departure from GSA a year ago after a run in the Carter forces in House Speaker Thomas (Tip) O'Neill over Solomon's attempt to impeach his deputy Robert Griffin, an O'Neill protégé, Jeff Carter and his wife Annette turned out to see Roz Solomon's work, as did Joan Mondale.

Jeff, an amateur photographer, mirrored the presidential view of his father and rare horseback pose astride an Appaloosa at Chattanooga, Tenn., on a visit with the Solomons. "We used to have a horse before we moved to Plains," Jeff said wistfully.

Annette was amused at the White House Rosalynn Carter in her Plains kitchen in 1976 — one which sharply points up the metamorphosis from dark-haired, tight-curl country matron into a blond, light-haired, well-dressed lady of 1980.

"She loves her kitchen and when she's there she won't take any of us help," Annette said. "But she'll clean up," Jeff added.

Roz Solomon explained that most of her Washington party pictures in fact didn't turn out well, and the portraits of Chief Justice Warren, Sen. Jennings Randolph and Howard Callahan, Rep.



Rosalynn Carter, Plains, Ga., 1976.

Jack Brooks, Joan Mondale, LaBelle Lance taken at special sittings had turned out best.

"I always felt awkward with the camera in social situations, particularly when people started to recognize me," she said.

Among her photographs — and she lets Washington officialdom off lightly by comparison to earlier pictures of some Tennessee society figures — is a still-life of Frank Moore's tennis shoes with flowers and family photograph in the background. "I tell you some of those fellows in the White House have big heads," Metzgerbaum gaped at it. "Frank's got big feet."

Jay Solomon declared he's not really bitter about the way he left town, but reacted with a decisive "no" when asked if he will campaign for Carter.

And the photographer away from being photographer's son: "You can't present with my pictures," the photographer said. "I don't want to be involved in political things."

Turkish-Americans are only about 80,000. We're non-political," said Mehmet, president of the American Organization of D.C. ready to lobby yet like Greece but at least we've voiced our truth. The other side's presentation of history is often one-sided that's not correct."

Faced with a highly organized American community of sons including several powerful American legislators like Brademas and Sen. Paul...

Solomon's view of Washington
on a horseback
at Chattanooga
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before we moved to Plains
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Warren
Sen. Jennings
Randolph
and Howard
Callahan
Rep.

FBIS 56

ITALIAN CABINET: NO OFFICIAL PARTICIPATION IN MOSCOW OLYMPICS

RU191535 ROME ANSA IN ENGLISH 1530 GMT 19 MAY 80

(TEXT) ROME, MAY 19 (ANSA)--THE ITALIAN CABINET DECIDED TODAY THAT ITALIAN ATHLETES WILL NOT TAKE PART OFFICIALLY IN THE MOSCOW SUMMER OLYMPICS.

BUDGET MINISTER GIORGIO LA MALFA DISCLOSED THAT THE GOVERNMENT DECISION TO NOT TAKE PART IN THE OLYMPIC GAMES IS AUTONOMOUS, LEAVING THE NATIONAL OLYMPIC COMMITTEE (CONI), SCHEDULED TO MEET TOMORROW, FREE TO DECIDE IN AN EQUALLY AUTONOMOUS MANNER.

LA MALFA ADDED, HOWEVER, THAT CONI WILL HAVE TO TAKE INTO ACCOUNT THAT EVENTUAL ATTENDANCE OF ITALIAN ATHLETES AT THE MOSCOW GAMES CAN IN NO WAY BE OFFICIAL.

AFTER THE CABINET MEETING, FOREIGN MINISTER EMILIO COLOMBO EXPLAINED THE MEANING OF THE DECISION: ITALY WILL NOT ATTEND THE GAMES UNDER OFFICIAL SYMBOLS.

"THIS IS A POLITICAL ASSESSMENT. CONI, HOWEVER, IN ITS MEETING TOMORROW IS FREE TO DECIDE AUTONOMOUSLY. CERTAINLY", COLOMBO ADDED, "THE COMMITTEE WILL HAVE TO BE AWARE OF THE REASONS BEHIND THE GOVERNMENT DECISION. SHOULD CONI DECIDE DIFFERENTLY, ITALIAN ATHLETES COULD GO TO THE GAMES WITHOUT OFFICIAL SYMBOLS. IF DEVELOPMENTS PRODUCE A NORMALIZATION OF THE SITUATION (IN AFGHANISTAN IN THE WAKE OF THE SOVIET INTERVENTION ED.) WHICH INDUCED ITALY TO TAKE THIS POSITION--BUT NOT PARTIAL DEVELOPMENTS--THE DECISION COULD BE REVERSED", COLOMBO CONCLUDED.

OTHER GOVERNMENT MINISTERS AFTER THE CABINET MEETING ALSO STRESSED THE LINK BETWEEN THE OFFICIAL OLYMPIC BOYCOTT AND THE SOVIET INTERVENTION IN AFGHANISTAN.

19 MAY 1615Z NB/DW

THE WHITE HOUSE

WASHINGTON

MAY 16, 1980

C

MEMORANDUM FOR THE PRESIDENT

FROM:

ANNE WEXLER *AW*
AL MCDONALD

SUBJECT:

INFLATION ACTIVITIES --- WEEK OF MAY 12, 1980

Attached for your information are this week's summary of activities and Inflation Report.

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SUMMARY OF ANTI-INFLATION ACTIVITIES

Week of May 12, 1980

Congress

First Budget Resolution - After the Senate passed the first budget resolution on Monday, conferees began their work on resolving their differences. They are expected to approve a compromise measure close to the President's proposals by the end of next week.

Defense Authorization - The House began consideration of the fiscal year 1981 defense authorization this week. The Administration's amendment to delete the B-1 bomber was defeated.

Oil Import Fee

Court Action - The District Court granted an injunction on Wednesday, May 14, against the imposition of the gasoline conservation oil import fee. The Administration is appealing the decision, and the Court of Appeals is expected to hand down its decision in two to four weeks.

Congressional Action - The tax-writing committees in both Houses reported resolutions disapproving the President's gasoline conservation fee. Floor action is expected in both Houses after Memorial Day. If the resolution of disapproval is passed, the President may veto it as with any joint resolution, and the Congress may override the veto with votes of two-thirds of both Houses.

Outreach

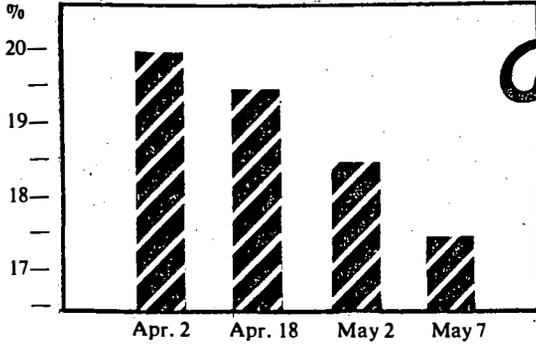
Briefings - Anti-inflation actions were included in most White House briefings -- 9 briefings, covering approximately 1100 people, 6 with Presidential participation.

Meetings - The President met with leaders of March for Jobs on Friday and with leaders of the auto industry and the UAW on Wednesday. Secretary Goldschmidt was designated to coordinate Administration activities dealing with auto industry problems.

Continuing Actions

Mortgage Rates - The Administration reduced the interest rates in FHA and VA-backed mortgages from 13% to 11.5%. The one-and-one-half point drop was the largest drop in history.

Prime Interest Rate Charged by Banks on Short-Term Business Loans



Inflation Report

Government Appeals Conservation Fee Ruling

The Federal government is appealing to overturn a decision by a U.S. district judge here that blocks the gasoline conservation fee from going into effect today.

In filing at the U.S. Circuit Court of Appeals for the District of Columbia and the Temporary Emergency Court of Appeals, government attorneys are arguing that the President has the authority to impose the fee on crude oil imports and to target that fee on gasoline.

U.S. District Judge Aubrey E. Robinson Tuesday ruled the President did not have the authority to apply this fee to gasoline alone.

Based on consultations with Congress, the President imposed the fee to reduce U.S. dependence on foreign oil. The fee—adding 10¢ a gallon—was scheduled to start showing up at the pumps today and should cut U.S. oil imports by 100,000 barrels a day in one year.

The judge ruled yesterday, however, that oil firms must still keep records required by the program so the fee may be imposed immediately if higher courts uphold it.

In related action, the Senate Finance Committee and the House Ways and Means Subcommittee on Trade voted yesterday to stop the fee's implementation.

Before the vote, Secretary of the Treasury G. William Miller told the House subcommittee that U.S. security is threatened by excessive oil imports. "For

WHY A FEE?

Oil imports are a threat to the U.S. national security and to its economic security. Heavy use of oil leaves the economy vulnerable to price and supply decisions of a group beyond our control.

Thus, reducing oil imports is critical to the anti-inflation program.

The oil import fee will reduce oil imports.

See Why a Conservation Fee? next page

COMPARATIVE GASOLINE PRICES AND CONSUMPTIONS

(All prices are for regular gasoline)

	U.S.	U.K.	Japan
January 1978			
Price	.62	1.26	2.19
Taxes	.14	.65	.87
January 1980			
Price	1.15	2.05	2.80
Taxes	.14	.89	1.01
1979 Per Capita consumption (bbls)	11.7	2.8	1.9

too long, it has been assumed that the U.S. lacks the basic political discipline to recognize and act on its own clear self-interest in limiting its consumption and importation of foreign oil," he said.

"Without this discipline, our prospects

for economic security, and for a vigorous and independent foreign policy, would be very poor. Our prospects for exercising world leadership in any area of policy would be compromised.

"Leaving aside the legal question for the moment, for the Congress to reject this measure to reduce our oil import dependence could only be interpreted as a flight from the hard economic realities faced by the nation."

Miller said high payments for oil imports are fueling the nation's inflation. He

See Miller next page

Congress Aiming at Compromise Balanced Budget

Senate Budget Would Draw Upon Gas Fee

House and Senate conferees continued this week to work toward a compromise balanced budget resolution for Fiscal Year 1981.

The Senate Monday passed a balanced budget resolution calling for \$613.1 billion in spending and \$613 billion in revenues. In the Senate budget, the \$100 million deficit would be made up out of the \$10.3 billion in anticipated receipts from the gasoline conservation fee.

The President's revised 1981 budget submitted in March calls for outlays of \$611.5 billion and base revenues of \$612 billion, for a surplus of \$0.5 billion. Therefore, the President's budget was balanced without taking into account the receipts from the gasoline conservation fee.

The House earlier passed a balanced budget resolution which called for spending of \$611.8 billion and revenues of \$613.8 billion. These numbers also do not include receipts from the conservation fee.

The Senate budget provides \$155.7 billion for defense outlays, \$7.8 billion more than the House version. It makes up much of that difference in lower spending levels for domestic programs.

Holding the Line on Inflation...

Two regional meetings were held this week to urge local governments and business to participate in the President's energy conservation initiative, designed to reduce gasoline consumption in the nation.

Secretary of Transportation Neil Goldschmidt chaired a meeting Monday in Pittsburgh and Secretary of Housing and Urban Development Moon Landrieu was scheduled to meet today with representatives in Detroit.

The President has set a goal to cut gasoline use this year by 5.5%.

The program urges government and business to teach employees, customers, and the general public about ridesharing and driver efficiency as means to reduce

gasoline waste.

It asks government and business to get at least 20% of employees to rideshare, to improve the average mileage efficiency of their fleets by 10% in 1980, and to have their representatives learn driver efficiency methods so that they may teach other drivers in their workplace.

Among those who have agreed to participate in the energy conservation initiative and meet its goals are: National Steel Corp., United Bus Owners of America, American Automobile Association, American Textile Manufac-

See Holding the Line... next page

Government-Backed Mortgage Ceiling Drops to 11.5%

The Department of Housing and Urban Development yesterday announced a reduction in the ceiling rate on government-guaranteed single family mortgages from 13% to 11.5%. This reduction, the largest in history, brought the total cut in the FHA/VA ceiling rate over the past month to 2.5 percentage points.

Conventional mortgage rates also have begun to move downward in response to the sharp decline in market interest rates which has been underway since early April. Home Savings and Loan Associa-

tion of California, the nation's largest S&L, led the way last week by reducing its prime single family mortgage rate from 17.5% to 12.75%. Other lenders were quick to follow, although none has cut its rate as steeply as Home.

The national average commitment rate on new mortgages reported by the Federal Home Loan Mortgage Corporation dropped more than 1 percentage point in the week ended May 9 to 14.7%. There were, however, marked regional differences, with an average rate of 14% being quoted

in the West and Midwest compared to 15.75% in the Northeast. The national average rate had been as high as 16.4% in early April.

The average yield at the biweekly auction conducted by the Federal National Mortgage Association also has declined steeply in recent weeks. The yield on four-month forward commitments for conventional mortgages fell from 17.5% at the March 31 auction to 15.7% on April 28 and dropped sharply further to 13.8% on May 12.

Voluntary Standards Reduce CPI Increases, Interim Report Shows

The Council on Wage and Price Stability has issued an interim report on the effectiveness of the first program year. That report shows that the voluntary wage standards reduced wage inflation by more than 1.5 percentage points between October 1978 and last March. The price standard cut price increases by over 1 percentage point during the same period.

The Council estimated these reductions by comparing actual wage and price increases during the year and a half with increases that would have been expected on the basis of past experience without the standards program.

Earlier this year, the Council of Economic Advisers also estimated that wage increases during the anti-inflation program's first year were 1% to 1.5% lower than would have been expected without the voluntary standards.

Committee Reverses Vote on Monitoring Expansion

The House Banking Committee has reversed itself and voted to deny the Administration's proposal to expand the Council on Wage and Price Stability's anti-inflation monitoring program.

The Council monitors prices and profits for 2,900 companies with annual sales of \$100 million or more. The Administration wants the companies voluntarily to hold down pay and price increases within anti-inflation standards.

To handle the added workload, the Council has requested funds for about 400 additional staff members. The House Banking Committee previously had voted to approve that request.

The Senate Banking Committee earlier approved the request. Each measure now awaits a vote by the respective houses.

This weekly newsletter is prepared by the Office of Media Liaison in the White House Press Office. Please direct inquiries to Patricia Barrio or Karen Ahn, 162 Old Executive Office Building, Washington, D.C. 20500. (202) 456-6623 or 2832.

April PPI Shows Moderate Increase

The producer price index for finished goods rose .5% last month, the smallest increase in one year.

Food prices dropped 2.8%. After two months of increases of more than 7%, finished energy goods prices rose 3.8%.

Because the producer price index reflects petroleum product prices on a one-month lag, April PPI figures actually indicate March's large gasoline and heating oil price increases. Next month's index will reflect April's lower petroleum price increases.

All other finished goods rose by 1.2%. While welcoming energy and food price decelerations, the President said he intends to maintain his commitment to reduced Federal spending, credit restraint, and voluntary wage and price restraint in an effort to reduce price increases in other areas.

Administration economists expect the decline in interest rates to continue. In turn, lower interest rates and lower inflation will help to moderate the current recession and turn the economy up toward recovery.

Miller: Security Threatened by High Oil Imports

said during the first three months of 1980, higher energy prices directly accounted for about one-third of the increases in the rise in inflation to an annual rate of 18%. He also said the steep 1979 oil price explosion was the single most important factor pushing the U.S. economy into a recession this year.

Miller said this year's \$85 billion to \$90 billion oil import bill is the largest single negative element in the U.S. balance of payments and threatens the stability of the dollar.

"The stability and strength of the dollar in the foreign exchange markets in recent months has a number of sound bases," Miller said. "But one of the major reasons is the growing perception around the world that the U.S. is at last moving aggressively to solve its energy problems."

Miller told the subcommittee that the gasoline fee would add about .5 percentage point to the 1980 inflation rate in direct terms and perhaps another .25 percentage point indirectly over the year.

"However, without the fee, and the conservation psychology it will help sustain, we face the near certainty of even

Holding the Line...

from Page 1

turers Institute, Automobile Importers of America, McDonnell Douglas Corp., American Bus Assn., The American Legion, Phillips Petroleum Co., Standard Oil Company of California, Honeywell, The Bergen Record, City of Baltimore, and American Can Company.

Why a Conservation Fee?

from Page 1

ports by 100,000 barrels per day after the first year and 250,000 barrels per day after three to four years.

The fee was diverted to gasoline because that is where there is the greatest potential for immediate reductions in use with the least economic disruption.

The oil import fee is also important to U.S. efforts in the International Energy Agencies to reach an agreement among consuming nations for reducing demand. Because U.S. gasoline prices are so much lower than European prices and our use so much higher, other consuming nations think we are not serious about reducing our use and are reluctant to do more on their own.

greater inflationary pressures over the longer term from a renewed surge in U.S. gasoline consumption and oil imports," he said.

The President imposed the fee by Presidential proclamation under authority of the Trade Expansion Act and the Emergency Petroleum Allocation Act. The Trade Expansion Act gives him authority to act to adjust levels of imports that threaten national security. It is the government's position that the President also can use this authority to shift the burden of the fee to gasoline. Alternatively, the government also believes that the President has the authority under the Emergency Petroleum Allocation Act to target the effect of the fee onto gasoline. (The Emergency Petroleum Allocation Act gives the President authority to impose price and allocation controls on crude oil and refined products.)

Judge Robinson ruled that the President did not have the authority to impose this particular fee under the Trade Expansion Act and said that the proclamation was procedurally deficient under the Emergency Petroleum Allocation Act.

THE WHITE HOUSE
WASHINGTON

19 May 80

Anne Wexler

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

Rick Hutcheson

THE WHITE HOUSE

WASHINGTON

May 19, 1980

cc Anne
C
/

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM:

ANNE WEXLER *AW*

SUBJECT:

Activities Report -- Week Ending May 16, 1980

1. Budget. Although disappointed that we took so long determining our Senate budget strategy, the interest group coalition worked with us to support the Nelson Amendment. We got credit for having tried. Our coalition continues to work with us to restore funds in the budget conference, particularly in functions 400, 500, and 600. Business groups helped us oppose the Long Amendment as contrary to reconciliation.
2. Oil Import Fee. The recent media backgrounder has generated some editorial support. We have sent talking points to Administration officials so that they can keep the issue before the public. However, there is no constituency support. Liberals are opposed because it hurts consumers with no pass through of money to help lower income people. Business is opposed because they believe they can get gasoline deregulation without a fee which depends on the entitlements program, and they feel Congress will use the money to increase spending. We are going back to the constituency groups to try again, emphasizing international priorities; but, I think they won't respond until we say how we will spend the proceeds, much as we did with the windfall profits tax.
3. Food Stamps. Supporting groups give you credit for saving the program. The South Carolina NEA was particularly successful in convincing Senator Hollings to allow a budget waiver. All the groups have been sent a copy of Bob Bergland's letter to the governors, which points out that we'll probably have to do it all again in August.

4. Fair Housing. Again, the White House was credited with getting the Fair Housing Bill scheduled for the floor next week. Our supporters were particularly appreciative that you emphasized the importance of this Bill to the leadership.
5. Foreign Assistance Legislation. We met with business reps to get support on foreign assistance legislation. In addition to the usual arguments, we made the point that each Dollar of foreign assistance yields three Dollars in American GNP. Some of the more traditional foreign aid supporters are unhappy that we agreed to less than full funding in the regional development banks conference. We also met with them urging support for the compromise. The fact that you will be making efforts with Congress next week should also help motivate the outside groups.
6. Registration. The interest groups working for our legislation in the Senate report that we appear to have the votes to pass our proposal and are close to the votes for cloture on Hatfield's filibuster. They've done a good job.
7. Automobiles. The automobile executives were impressed with your handling of the issue. We will meet with the auto dealers Wednesday to discuss credit problems. The Fed, DOT and Treasury will participate.

*Need to remove
"Cons Objectors"
amendment*

THE WHITE HOUSE
WASHINGTON

19 May 80

Frank Moore

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

Rick Hutcheson

cc: The Vice President
Hamilton Jordan
Stu Eizenstat
Al McDonald
Jack Watson

ADMINISTRATIVELY CONFIDENTIAL

THE WHITE HOUSE
WASHINGTON

May 17, 1980

*Frank's
Congressional
situation is
disturbing
J*

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE

SUBJECT: Weekly Legislative Report

I. DOMESTIC POLICY ISSUES

1. Energy

EMB/ESC

The EMB conference staffers indicate they will have a final draft of the bill completed by Monday. Although areas of disagreement remain, the staff feels they can be resolved at an informal level.

The ESC conference is scheduled to meet Monday. Titles II and III (alcohol fuels) are the only remaining points of serious disagreement. However, these could be resolved shortly, and it is possible there may be a bill and a conference agreement this week.

Utility Oil Backout

The Senate Energy Committee failed to begin markup last week. It has been rescheduled for Wednesday.

2. Youth

The Senate Labor and Human Resources Committee reported out a two-year extension of Title VII of CETA (PSIP) on Wednesday. The major discussion at the committee markup, however, centered around the youth initiative. Senator Nelson supported our position on the joint education/labor bill, while Schweiker and Javits were opposed.

The Committee finally agreed that it would decide later whether to add the labor portion of the youth bill to the Title VII extension on the floor. They also agreed that the education portion could be added on the floor if the education subcommittee had acted and was prepared to do so. It is our expectation that the education groups will now be energized to see if they can move Senator Pell off dead center.

3. Selective Service Registration

On Tuesday, Senator Hatfield suspended the mini-filibuster that he had been conducting in the Senate Appropriations Committee allowing the Committee to report the resolution providing the funds for Selective Service registration. The Committee report will not be filed until Tuesday. As a result, the bill cannot go to the Senate floor until after Memorial Day.

The resolution contains a Hatfield amendment that requires that conscientious objectors be permitted to state their objection to military service on the registration forms. Unless deleted, the amendment may require Selective Service to reprint 25 million forms. Because of its adoption, Selective Service has had to drop its plans for a June registration and now expects to commence registration in mid-July.

Will call Harold for help

4. Regulatory Reform

The Administration's Regulatory Reform Bill (H.R. 3263) suffered a major tactical defeat in the House Judiciary Committee on Wednesday when a two-House, government-wide legislative veto sponsored by Congressman Hughes was added to the bill. As a result of the vote and the likelihood of a similar defeat on the "Bumpers Amendment," we asked Chairman Rodino to suspend the markup. While Congressman Danielson wants to press ahead we have indicated that we do not want the Committee to proceed with the bill unless we can be assured of victory on the Bumpers Amendment and a reversal on legislative veto.

I agree

5. Fair Housing

On Tuesday the House has scheduled floor debate on the fair housing amendments. Although there appears to be no real doubt over ultimate passage of the bill, there is concern over the "Sensenbrenner amendment" to eliminate the administrative procedures in HUD.

The vote now stands at 212 votes against Sensenbrenner; 173 for Sensenbrenner; and 50 undecided. Cabinet Secretaries have been making calls, and we probably will ask you to make a few calls early this week.

On the Senate side, Chairman Bayh's efforts to markup the bill on Tuesday again proved fruitless. There were only three Senators present and, accordingly, no quorum.

6. Trucking Deregulation

The markup of the trucking bill is still scheduled for Tuesday before Congressman Howard's transportation subcommittee. DOT CL is working with committee staff in an attempt to resolve the concerns we have with the agricultural exemptions, rate bureaus, and rate

making provisions.

7. Rail Deregulation

The House Commerce Committee marked up the rail deregulation bill this week and reported it out Thursday. The bill is very close to the Administration proposal. It has not been scheduled by the Rules Committee.

8. Superfund

As a result of a compromise worked out by Florio, the House Commerce Committee reported out a bill which establishes a hazardous dump site fund, to be partly supported by the chemical industry.

Gravel was named as Muskie's replacement for Chairman of the Environmental Pollution Subcommittee in the Senate. He has indicated that he intends to markup the Superfund bill soon and to push for a bill this year.

9. Food Stamps

As you know, the House-Senate conferees agreed Thursday to the lower House figure of \$2.556 billion for the food stamp supplemental appropriation. The House accepted the conference report, 316 to 36, and the Senate, 57 to 17.

The conferees also adopted language instructing the Secretary of Agriculture to continue to operate the program at benefit levels commensurate with a supplemental appropriation at the \$3 billion Senate figure (total FY 1980 food stamp appropriation of \$9.191 billion). The Secretary was instructed not to invoke the statutory benefit reduction until this level is reached. This means the Congress will most likely have to approve up to \$450 million in additional funds again in July.

10. FTC Conference

Congressmen Russo and Rostenkowski asked the Speaker to delay floor consideration of the FTC conference report. The Speaker agreed, thus allowing our opponents more time to rally support. The vote is now scheduled for Tuesday. The Senate will take it up as soon as the House completes action.

II. ANTI-INFLATION ISSUES

1. First Budget Resolution

The Senate voted 68-28 to approve its version of the First Budget Resolution last Monday. Before final passage, amendments were adopted which increased funding for LEAA, postal subsidies, and

Funeral Home

veterans benefits. There were also some offsetting cuts, including unrealistic further reductions for agency overhead.

The conference began on Tuesday and met through Thursday evening. So far, tentative agreement has been reached on about half of the functions for 1981 and slightly more for 1980. Most of these decisions reflect non-controversial issues, since the key functions dealing with the "guns vs. butter" issues have been deferred until Chairman Giaimo returns Monday.

The only area of controversy has been tentative acceptance of cuts in 1980 mass transit BA, which Congressman Mineta will try to restore this week. It is unlikely that the conferees will include funding for 1980 targeted fiscal assistance since Chairman Hollings claims that Senator Long will not take up the authorization conference report.

2. Appropriations

House Schedule

Tuesday, the Subcommittee on State, Justice, Commerce and the Judiciary will markup its 1981 bill. Floor action on the 1980 Supplemental and Rescissions bill may occur later in the week, but it is not yet scheduled.

Senate Schedule

Tuesday, the Defense Subcommittee will markup its 1980 Supplemental and Rescission bill. The HUD-Independent Agencies subcommittee may also do likewise. Full committee action on the 1980 bill will closely follow House floor action.

Energy and Water Development

The 1981 bill as approved by the House subcommittee does not contain any new construction starts or CRBR funding. It also appears to be within our budget request, although OMB has not yet checked the figures. This appropriations bill should not be confused with the omnibus water authorization bill, which is not acceptable to the Administration.

3. Troublesome Authorization Bills

Defense

The House has now considered most of the defense authorization bill amendments. The Edwards amendment to delete \$600 million for the B-1 strategic weapons launcher was defeated 119 to 297. DoD provided no assistance in supporting Edward's effort. We understand that Senator Stennis does not plan to fund the B-1 in his Senate committee mark.

9/11 call
Hawald

The Simon-Marriott amendment, which would have taken \$500 million out of the MX program, was defeated 152 to 250. An amendment to provide authorization for a test of an educational benefits program as a recruiting and retention vehicle for enlisted military personnel passed by voice vote. Senator Nunn has a similar provision in the Senate bill.

Senator Humphrey has included language in the Senate committee report that is intended to embarrass the Administration by requiring several actions in the Michigan/Wisconsin area relative to the Navy ELF (Extremely Low Frequency) communications program. Senator Carl Levin is working for us in committee to delete Humphrey's language. A vote is anticipated Tuesday.

Surface Transportation

The House Public Works Committee ordered reported its version of this bill about ten days ago. For 1981-1985, this budget buster provides \$7.1 billion above our request including increases of \$4.2 billion for highway and \$2.9 billion for mass transit. Major add-ons include coal roads, transit new starts and a significant expansion of the requested auto-use management program.

Health Professional Educational Assistance Nurse Training Amendments of 1980

This bill, as ordered reported by the House Commerce Committee, authorizes \$257 million over your request in 1981, rising to a \$409 million increase for 1983. The percentage increases above our budget range from 65% to 90% each year.

VA Physicians and Dentists Pay Bonus

This bill, scheduled for House floor action next week, is a veto candidate. OMB objects to the provisions which would make permanent and increase the bonuses for VA physicians and dentists and create a new VA health professional scholarship program.

Asbestos

OMB is preparing a letter to Senator Byrd which will provide the Administration's objections to the asbestos bill.

4. Gasoline Conservation Fee

The EPG met Friday morning to review our strategy on the gasoline conservation fee. Secretary Miller intends to report to you directly on the decisions made there. In short, the group decided to heighten our efforts to protect the current proclamation.

As a consequence, we have submitted a scheduling request to Phil Wise for an initial meeting early this week with the group that met on the budget in March. We have also requested two other time slots for group meetings this week.

We will assign Senate calls over the weekend and give you the assignment sheet. Cabinet officers (at least those who are not at the Paris economic meeting) will report through me to you in writing.

In the House, Ways and Means will markup a Resolution of Disapproval next Thursday. We believe the Speaker and Rules Committee Chairman Bolling should be able to delay floor consideration until after the Memorial Day recess.

In the Senate, Senator Dole may try to amend a bill on the floor next week. Chairman Long is apparently content to wait for House action, although that could change. We will ask Secretary Miller to meet with the Majority Leader Monday morning to plot a strategy.

There is still a possibility that the amendment will be attached to the debt limit extension. In that case, you would be forced to act before the end of the month. Obviously, this could force a critical confrontation.

III. FOREIGN POLICY ISSUES

Cuban Controls

The initial Hill reaction to your refugee statements has been good and certainly has mollified those who thought that we were being too lenient with the boat flotilla. While most Members are content to wait and see if the policy will work, a number are skeptical about our ability to enlist cooperation from the Cuban authorities and the Florida Cuban community. Concern is still being voiced over the fact that the issue of the ultimate status of the Haitians was not addressed. It should be noted that these reactions are primarily from Members involved with the issue and probably do not reflect the congressional mood as a whole.

The issue could be raised on the House floor this week during consideration of the FY 1981 Foreign Aid Bill, which contains a supplemental authorization for the Refugee and Migration Assistance Account. When the Refugee Assistance Account is opened, there may be floor attempts to authorize funds for the Cubans/Haitians. In addition, there may be an effort to add retaliatory language against Cuba. The House Intelligence Committee has asked State and CIA to testify Wednesday, in closed session, on any advance warnings we had on Cuba's intention to start the refugee flow.

2. FY 1980 Foreign Assistance Appropriations Conference

Budget conferees agreed to a \$10.5 billion functional ceiling for the foreign affairs function in the revised second budget resolution. This ceiling would theoretically permit funding of the FY 1980 Foreign Assistance Appropriations Conference report provided the function is not "raided" by competing programs from other functions. There is some concern that the omnibus supplemental currently working its way through the House, combined with the food stamp bill could "crowd out" the foreign assistance conference report if passed before final action on the aid appropriations legislation. Indeed, House budget committee staff says the game is already over. Their estimate shows the omnibus supplemental \$1.6 billion over original assumptions.

3. FY 1981 Aid Authorization Bill

House floor action on the aid bill, previously expected on Tuesday may be delayed until later in the week to enable the House to take up Fair Housing and other bills first. HFAC staff believes Thursday is the most likely possible date.

The House floor, could be particularly troublesome in this year of budgetary concern and elections. Many members will be reluctant to vote for the bill unless there are cuts, and we expect both across-the-board funding reductions and country-specific prohibitions to be offered. Nicaragua's \$50 million ESF program will be a tempting target, along with other programs in Central America. We will continue to work closely with the Committee staff to learn what amendments are anticipated and to ensure that the floor managers have appropriate ammunition to defend the bill.

4. Multilateral Development Banks
FY 1980

The conferees met Thursday and reported the MDB Regional Authorization bill. The Conference Report calls for a 10% reduction in the original request for the IDB and a 15% reduction in the request for the Asian Development Fund. The African Development Fund received the full amount of the requested authorization. However, the Report makes explicit the fact that the Administration will seek the shortfall for the IDB and ADF replenishment in the next Congress. Therefore, we characterize this situation as a two-step authorization, and not a failure of the U.S. government to fulfill its negotiation commitments for the replenishment agreements. All of the conferees, with the exception of Cavanaugh, agreed to this approach although none of them were happy with the prospects of being forced to try for a two-stage authorization. The legislation may be on the House floor as early as Tuesday. You will, of course, receive additional talking points for the Monday briefing.

5. Central America Supplemental

The Senate has reluctantly agreed to try to pass the House bill without amendment, thus avoiding a conference. Senator Zorinsky will lead the floor fight. Senator Helms and others are likely to attempt to amend the bill, and failing that, perhaps to filibuster. It is possible the bill could be on the Senate floor Tuesday.

Nicaragua could be the focus of attacks from the floor if the House takes up the FY 1981 aid authorization bill which contains \$50 million for Nicaragua. Meanwhile, the Nicaraguan Government has claimed the Speaker's statement that the House would not take up the bill until two moderate members have been added to the Nicaraguan junta is an instance of intervention in their internal affairs.

6. Iragi Frigate

Two HFAC Subcommittee Chairmen, Bingham and Hamilton, have instructed staff to draft a joint or concurrent resolution calling for the cancellation of the export license issued to General Electric to supply marine engine cores for inclusion in frigates to be sold by Italy to the Iraqi Navy. The two subcommittees, with unusual unanimity, rejected the Administration's contentions that the Iraqi sale should proceed because of its importance to our bilateral relations with Italy, and because similar engine cores are readily available to the Italians and the Iraqis in Europe and the Eastern bloc.

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the christian CENTURY

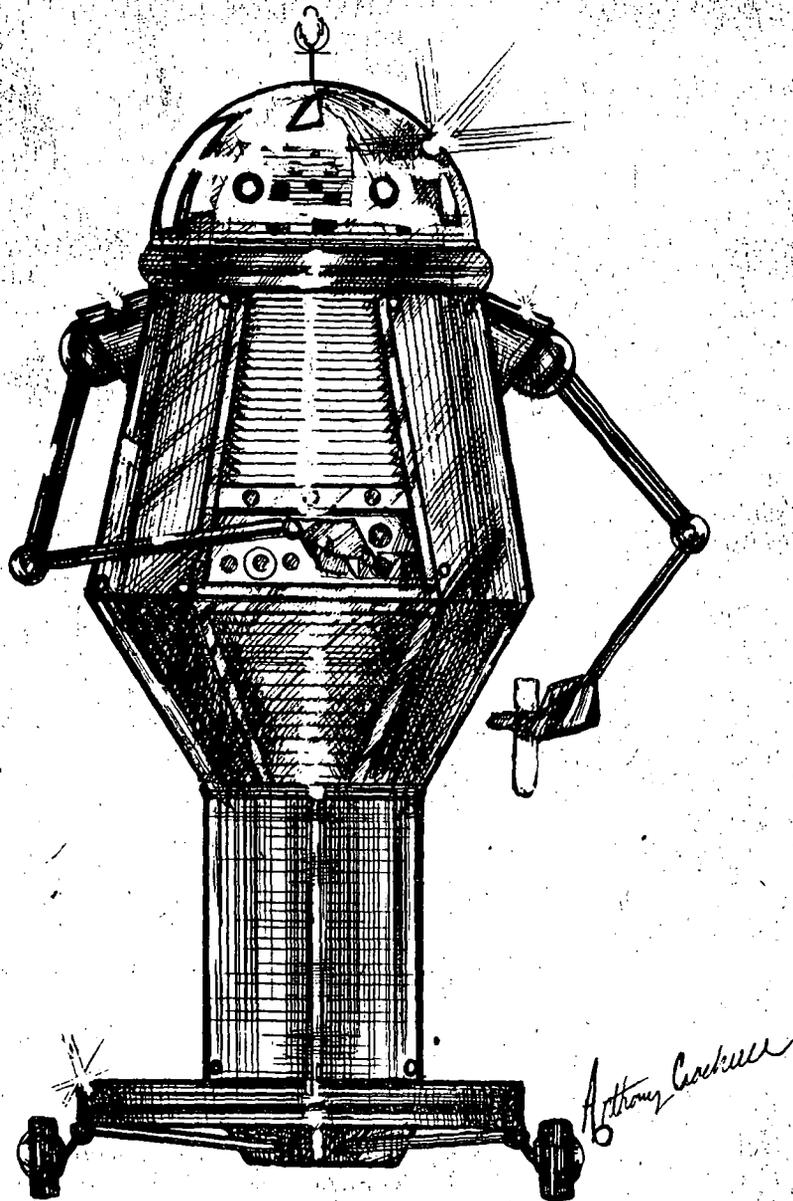
MAY 21, 1980

JAMES M. WALL
EDITOR

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HOME 312 - 279-7166



SPRING BOOK
ISSUE



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Learning to Live
with Robots

Irving Hexham

Tillie Olsen:
Storyteller

Sally Cunneen

● Bronowski: A Scientist
for Religionists

● Two Remarkable
'Philosopher-Kings'

● Muriel Rukeyser:
Persistent Rebel

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

5-16-80

To: The President

From: Sarah Weddington

Re: Vel Phillips -- FYI

I did talk to Vel Phillips, as you requested. I again explained the difficulties of the delegate selection process for the Mid-Decade Conference in July (as I had previously done personally and because of her inquiries through Bob Dunn and Dick Moe).

I asked her not to tell others that she may well be on the delegation because of your interest until the selection process is completed.

I have scheduled a breakfast with Ben Read of the State Department next week to request an expanded number for the delegation.

By tomorrow I will have a memo to you and Mrs. Carter on the overall problems of the selection process.

Judy Carter, at my request, will be here during the early part of June for briefings to prepare her to be part of the delegation.

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for Preservation Purposes

NAME Vel Phillips

1421

Secretary of State

TITLE Wisconsin

Requested by Louis Martin

CITY/STATE Milwaukee, Wisconsin

Date of Request 5/6/80

Phone Number--Home () _____

Work () _____

Other (414) 263-8951 or 263-8000 x405

INFORMATION (Continued on back if necessary)

Vel Phillips, Secretary of State in Wisconsin is victim of accident in which she broke her hip and leg. She is hospitalized (St. Michael's Hospital) in Milwaukee. She has been very supportive and will be very helpful in the coming campaign.

NOTES: (Date of Call 5-6)

*Run over by motorcycle - Wants to attend
Mid ^{decade} ~~winter~~ conference in ~~July~~ Copenhagen
in July
- (Sarah knows)*

Sarah

THE WHITE HOUSE
WASHINGTON

19 May 80

Al McDonald

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

Rick Hutcheson



CABINET ECONOMIC POLICY GROUP

DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

MEMORANDUM FOR THE PRESIDENT

FROM: G. WILLIAM MILLER *fill*
CHAIRMAN, ECONOMIC POLICY GROUP

SUBJECT: Gasoline Conservation Fee Strategy

This morning EPG agreed to recommend the following strategy on the gasoline conservation fee:

1. Litigation. The Government will continue to prosecute its appeal of Judge Robinson's decision and will press for expedited consideration. Final briefs are now due before the Court of Appeals on May 30, and the DOE General Counsel expects a decision early in June.
2. Congress. Our strategy will be to delay floor action on the resolution of disapproval until the conclusion of the litigation. We will utilize the time between now and a final vote to accumulate sufficient votes to sustain a veto. Frank Moore will coordinate actions within the Administration for an intensified program to rally support. Among the specific actions recommended are:
 - (a) A meeting with the same Senators and Members of Congress that you met with on March 13th to remind them of their commitment to the intensified anti-inflation program.
 - (b) A schedule of personal meetings with Senators and Members of Congress by you, the Vice President, Stu Eizenstat, Secretaries Duncan, Miller and Muskie, to build support.
3. Press. An ongoing and extensive series of speeches and public appearances by you and other members of the Administration on the importance of the fee to energy conservation. Treasury and DOE will coordinate this effort in cooperation with the White House Press Office.

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

19 May 80

Jim McIntyre

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

Rick Hutcheson



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

May 19, 1980

①

MEMORANDUM FOR THE PRESIDENT

FROM: Jim McIntyre *Jim*
SUBJECT: Warner/Nunn Amendment on Military Pay

The Senate has passed overwhelmingly an amendment to a routine military personnel bill that would increase military pay by \$527M in 1980 and \$702M in 1981. We are largely certain that it will pass the House. This amendment includes several provisions proposed in your 1981 budget but also adds some \$500M in new features: the introduction of a station housing allowance in CONUS and a 10% increase in the basic allowance for subsistence (BAS). The amendment as passed is retroactive to January 1.

The Joint Chiefs of Staff and Service Secretaries uniformly support the Warner/Nunn amendment as being of major importance to the military community. The Secretary of Defense favors acceptance of the principal provisions of Warner/Nunn. With your agreement, Harold will work with the House to make two adjustments which he and I think will be significant improvements in terms of cost-effectiveness and flexibility (technical points regarding retroactively and administration of the new housing allowance).

Harold obviously would prefer a supplemental for 1980 and 1981. However, he considers the amendment so important to the military community, and to our military capability and readiness, that he is prepared to reprogram whatever is necessary to fund it after completion of the Congressional appropriation process.

I believe that a variety of considerations argue for your accepting Harold's proposal. It is critical that you be seen as supportive of our military forces, and Warner/Nunn, while it is not an ideal package, has become a symbol of such support. As for the costs, Harold is committed to reprogram.

Harold and I also agree that it would be extremely valuable for you to become involved personally at appropriate times in expressing your commitment that a career in the military should be as rewarding as a career elsewhere in our society.

It is important for you to emphasize that Warner/Nunn is an augmentation to, not a substitute for, your own legislative initiatives outlined in the January budget. You could personally reaffirm your support for key selected items in the original FY 1981 legislative program. For example, Harold has suggested emphasizing a fairer reimbursement for travel to temporary duty assignments, increased enlistment and reenlistment bonuses, family separation allowances for junior personnel, a continuation bonus for pilots and a program to begin to reimburse the dependents of active duty personnel for part of their dental expenses. Such a list would have a major morale impact as highly visible additions to benefits at a time when there is a perception that benefits suffer erosion but never addition. In addition, it puts you in a positive position rather than being seen as acquiescing to Congressional proposals.

The maximum additional cost in FY 1981 would be \$213M even if you approve all of the legislative items Harold will recommend. He has committed to reprogram to meet this additional cost as well. Taken together, Warner/Nunn plus all of the additional legislative items would raise military pay in FY 1981 by \$1 billion and would involve a total reprogramming of about \$700 million.

I recommend you approve this approach. Harold and I will work out with Jody the appropriate time and substance of your direct involvement (speech, press conferences, signing statement, etc.).

Approve _____

Disapprove _____

