

**5/27/80 [2]**

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/att	Anne Wexler to the President. Re: 1981 First Budget Resolution. (2 pp.)	5/24/80	A
Cable w/att	<del>Lloyd N. Cutler to the President. Re: Message to Giscard D'Estaing. (3 pp.)</del>  <i>opened per RAC NLC - 126-21-32-2-1</i> <i>1/9/14</i>	5/22/80	A

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

May 24, 1980

①

MEMORANDUM FOR THE PRESIDENT

FROM: JAMES T. McINTYRE, JR. *Jim*  
SUBJECT: Defense estimates in the budget resolution.

The attached table contains the comparison you requested of your long-range budget estimates for Defense with those that are implicit in the First Concurrent Resolution on the 1981 Budget.

If the Congress follows the resolution and increases budget authority significantly for Defense in 1981, we are not required to use the Congressional base to calculate your 5-year Defense proposal. DOD and OMB agree that the commitment to real growth in TOA of an average of over 4 percent per year over the next 5 years will be based on the Administration's 5-year plan.

Attachment

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May 23, 1980

5

Comparison of Administration and Budget Committee  
Budget Projections, Fiscal Years 1981-1985  
Department of Defense - Military  
(in billions of dollars)

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>Cumulative difference 1981-1985</u>
<u>Budget Authority</u>						
President's Budget	160.9	183.6	206.2	229.9	255.6	
Budget Resolution	167.7	190.9	214.1	238.3	264.5	
Difference	6.8	7.3	7.9	8.4	8.9	39.3
 <u>Outlays</u>						
President's Budget	147.0	167.3	188.6	211.0	234.2	
Budget Resolution	150.2	172.3	195.6	219.0	242.7	
Difference	3.2	5.0	7.0	8.0	8.5	31.7

NOTE: The estimates beyond 1981 were made by the Office of Management and Budget.

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EYES ONLY

TO: PRESIDENT CARTER  
FROM: HAMILTON JORDAN *H.J.*

I know that you are faced with a very difficult substantive and political decision on the budget.

As this is a vacation weekend and the press, the White House staff and the Congress are away from their offices, there is no real benefit to a quick decision by you on this issue.

For that reason, I would strongly recommend that you have a meeting when you return on Monday with your principle policy and political advisers on this subject to get the flavor of the problem. Whatever way you go, we are also going to need to agree on a public and political strategy. I believe that you will make a better decision and that we can develop a better strategy for selling it and presenting it if you had such a meeting.

Lloyd Cutler agrees with this approach.

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THE WHITE HOUSE  
WASHINGTON

May 24, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: JIM McINTYRE *Jim*  
FRANK MOORE *FM / B&T*  
ANNE WEXLER *Ann*  
STU EIZENSTAT *Stu*

SUBJECT: Administration Position on the Budget Resolution

This memo is a follow-on to yesterday's information memo describing the content of the Conference agreement. In summary, the resolution:

- o supports your goal to balance the budget without dipping into the oil import fee;
- o provides more for Defense than you recommend, particularly in budget authority;
- o provides less than we wanted for key domestic programs, though quite an improvement over the Senate version;
- o does not explicitly accommodate your program for transitional assistance payments to local governments; and
- o provides the tough language we supported to mandate that the authorizing committees report out our legislative savings.

Before going into the options, we would like to comment on the relationship of the Defense budget to our overall budget strategy. The DOD authorization bill is likely to be the biggest budget buster of this session of Congress in terms of budget authority. (The outlay impact of the increases is about \$1 billion in 1981 but will grow in the out-years.) Your willingness to oppose aggressively and possibly veto this bill next fall will be as visible a barometer of your priorities as your position on next week's budget resolution vote. In addition, you should be aware that both DOD and OMB may forecast higher Defense outlays for the July budget update, which would lower the Defense outlay difference between the conference agreement and your budget two months from now. Finally, Congressman Addabbo, Chairman of the House Appropriations Defense Subcommittee, has announced new hearings to attempt to delete some of the authorization bill add-ons in the appropriations process.

Options

The options on the budget resolution vote are as follows:

- o support the conference agreement;

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ADMINISTRATIVELY CONFIDENTIAL

- o remain neutral and issue a public statement;
- o oppose the conference agreement.

We will discuss each in turn.

Option #1 - Support the conference agreement

The House Leadership will be formally supporting the agreement, though it is unlikely the Speaker will actively work the issue. Senator Hollings has asked for the Administration's support in approving the conference report in the House.

Arguments in favor of Option #1 are:

- o We traditionally support passage of the budget resolution conference report, even though we normally disagree with some of its priorities;
- o Swift action on the 1980 resolution (which is being considered with the 1981 version) is a prerequisite to freeing up the Supplemental Appropriations bill to provide urgent funds for black lung, disaster relief, trade adjustment assistance, and the space shuttle. (The Congress could waive its procedures, but this would be difficult because so many programs will be out of money.)
- o If the first resolution does not pass on Thursday, there may not be any first resolution, which could undermine the future of the budget process. Failure of the process would seriously weaken Congressional efforts to restrain spending in the next 5 years.

Option #2 - Remain neutral and issue a public statement.

If you choose Option #2, we suggest you issue a statement along the lines of the draft in the attachment. This would make public your views on several features of the resolution (i.e., supporting budget balance and opposing the further shift in priorities) without the need to take a formal position on the conference report.

Arguments in favor of Option #2 are as follows:

- o The Congressional budget process is just that; we should not interfere with approval or disapproval of the Congressional resolution after three months of hard work. We should place our emphasis and attention on authorization and appropriations bills which require your approval before becoming law.

- o The budget resolution vote will be forgotten in a few weeks as the Congress turns its attention to authorization and appropriations bills. Thus, we should not waste political capital on an ephemeral vote that the public does not understand.
- o Nothing in the first resolution is binding, including the priorities and totals. (However, the reconciliation language will add pressure to enact legislative savings and some revenue increases.)
- o We worked closely with the interest groups to attempt to modify the resolution in the House (Obey amendment) and in the Senate (Nelson-Javits amendment). In addition, we will make a hard, visible fight for your priorities in the authorization and appropriations process. Thus, the interest groups will not be able to say we have not fought for your priorities. (Anne and Stu disagree with this conclusion.)

The following are some reasons for opposing Option #3, which argue in favor of Option #2. If Option #3 is selected, this could:

- o Give us an embarrassing defeat: White House CL believes the Republicans hold the key to the outcome of the vote on the Conference Report. If Option #3 is selected, the Republicans could then decide to block vote in favor of the resolution and thus easily defeat our position.
- o Put us into a protracted fight consisting of many weeks of controversial votes. If the resolution is eventually modified to shift \$300-400 million in outlays from Defense to social programs, the effort would not have been worth it. If the resolution is changed significantly from the existing agreement, Senate passage would be doubtful.
- o Confuse your public image as someone who favors a balanced budget and a strong Defense.

#### Option #3 - Oppose the conference agreement

The third option would involve opposing the resolution and working to have it recommitted to conference for modifications in line with your budget.

Arguments in favor of Option #3 would be the following:

- o The resolution rejects a number of your major budget priorities: Defense budget authority is \$6.8 billion above your level; your Transitional

Assistance Program is omitted completely; and a number of important domestic programs (CETA, transportation, education) will be below your level.

- o If you support the resolution, you may be perceived as acquiescing in these changes and permitting the Congress to undermine your budget priorities. It is important that you be seen as consistently and persistently fighting for what you believe.
- o The resolution is one which the liberal wing of the Party will oppose. Your own opposition will provide an important signal to them that you want their support and that you are prepared to fight for what you and they believe is sound budget policy.
- o The prospects of the resolution being defeated in the House are uncertain. But even if the resolution passes it is not a total loss. You will have made clear your own willingness to fight for your priorities and the budget and appropriations process will move on without interruption.
- o The groups on whom we depend for so much lobbying and other support -- labor, education, Blacks, Hispanics, mayors, county officials -- will be opposing the resolution strongly. We will be criticized by them for abandoning our budget while they are supporting it. The coalition opposing the resolution includes some of your strongest supporters -- NEA, CWA, Food Workers -- who have not always joined previous coalitions against our budget.

#### Timing

The House vote is next Thursday. We need your decision as soon as possible, especially if you favor mounting an effort to oppose the resolution.

#### Decision

- \_\_\_\_\_ Option No. 1 - Support Conference agreement.
- \_\_\_\_\_ Option No. 2 - Remain neutral and issue press release. (OMB, CL)
- \_\_\_\_\_ Option No. 3 - Oppose conference agreement. (DPS, Anne Wexler)

If you are inclined to choose Option #3, OMB and CL request a meeting over the weekend to discuss this decision with you. We further suggest you talk with Senator Byrd, Secretary Muskie, Congressman Wright and others intimately involved in Congressional consultations on the March budget revisions before finalizing a decision in favor of Option #3.

If you choose Option #2, Jim would like to call Senator Hollings to explain that we are not opposing the resolution.

Attachments

- No. 1 - Suggested press statement for Option No. 2.
- No. 2 - Comparison of conference agreement with Nelson-Javits and Holt amendments.
- No. 3 - Letters from Senator Hollings.

STATEMENT BY THE PRESIDENT

Last week the budget conferees reached agreement on a balanced budget for FY 1981. I am pleased that the conferees have followed my proposal of March 14th to balance the budget.

The Nation is now one step closer to its first balanced budget in 12 years.

I am concerned, however, about the way in which the conferees have achieved a balanced budget. I believe the Defense ceilings are several billion dollars above the amount needed to assure our Nation's security in FY 1981 or in future years. And I believe the ceilings in a number of major domestic areas are too low to meet pressing domestic needs. I am disappointed that the conferees did not provide for my proposed Transitional Assistance Program, which would be so important to the financial well-being of many local governments.

Because the resolution differs from my priorities in a number of vital areas, I considered opposing its adoption by the Congress. But I do not believe that course is in our Nation's best interest. If the resolution were defeated, I am convinced that the future of the Congressional budget process would be imperiled, that passage of the urgent FY 1980 supplementals would be delayed by weeks, and that my effort to balance the budget would be seriously jeopardized.

For these reasons, and also because spending priorities under the first budget resolution are not binding on future actions by the Congress, I have decided to pursue aggressively my budget priorities in the authorization and appropriations committees. My Administration will work hard to achieve these goals.

May 23, 1980

Comparison of Four Proposed Budgets  
Fiscal Year 1981  
(in billions of dollars)

Program		Administration (March Revision)	Nelson/ Javits Amendment	Holt Amendment	Budget Committee Conference
Defense *	BA	164.5	166.5	166.6	171.3
	O	150.5	153.7	153.0	153.7
International	BA <sup>1/</sup>	18.2	23.4	23.2	23.6
	O	10.1	9.5	9.0	9.5
Domestic programs	BA	465.1	457.0	457.4	454.8
	O	407.4	402.6	404.2	402.6
Interest	BA	68.4	71.8	72.2	72.2
	O	68.4	71.8	72.2	72.2
Offsetting receipts	BA	-24.9	-24.7	-24.6	-24.7
	O	-24.9	-24.7	-24.6	-24.7
Total	BA	691.3	694.0	694.8	697.2
	O	611.5	612.9	613.8	613.3

<sup>1/</sup> The difference between the Administration's proposal and that of the other three is largely a technical difference, not a programmatic one.

\*Note: The numbers shown above are for the entire Defense function. The DOD military budget, to which your real growth commitment applies, would be affected as follows:

<u>Outlays</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>Cumulative difference 1981-1985</u>
President's Budget	147.0	167.3	188.6	211.0	234.2	
Budget Resolution	150.2	172.3	195.6	219.0	242.7	
Difference	3.2	5.0	7.0	8.0	8.5	31.7

ERNEST F. HOLLINGS, S.C., CHAIRMAN

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ORRIN G. HATCH, UTAH  
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JOHN T. MC EVOY, STAFF DIRECTOR  
ROBERT S. BOYD, MINORITY STAFF DIRECTOR

Attachment 3

OMB  
RECEIVED  
United States Senate

COMMITTEE ON THE BUDGET

WASHINGTON, DC 20510

MAY 23 5:30

May 23, 1980

DIRECTOR'S  
CORRESPONDENCE UNIT

Mr. James T. McIntyre, Director  
Office of Management & Budget  
Old Executive Office Building  
Washington, D. C. 20503

Dear Mr. McIntyre:

Enclosed is a letter which I have sent the President urging the wholehearted support of the Administration for the Congressional Budget Conference Report which will be voted upon by the House next week. As you can see from the enclosure to my letter to the President, that budget contains a reasonable compromise among the many competing priorities within a balanced budget. Your support of that Conference Report in the House is very important to its passage.

I look forward to your efforts to assure that this Budget Resolution is adopted.

Sincerely,

  
Ernest F. Hollings

ERNEST F. HOLLINGS, S.C., CHAIRMAN

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DANIEL PATRICK MOYNIHAN, N.Y.	
J. JAMES IKON, NEBR.	
GEORGE J. MITCHELL, MAINE	

# United States Senate

COMMITTEE ON THE BUDGET  
WASHINGTON, D.C. 20510

JOHN T. MC EVOY, STAFF DIRECTOR  
ROBERT S. BOYD, MINORITY STAFF DIRECTOR

May 23, 1980

The President  
The White House  
Washington, DC 20500

Dear Mr. President:

I am writing to seek your help for the conference report on the 1981 Congressional Budget on which the House will vote next week. This budget deserves your support. The contents of the Report closely track the Nelson amendment which your Administration sponsored to the Budget Resolution in the Senate. The defense outlays in the conference report are the same as in the Nelson amendment. The conference report is \$10.8 billion higher in budget authority and \$0.4 billion higher in outlays than the Nelson amendment.

*(BA comparison wrong)*

All of us, of course, would like to see more in the budget for each of our own special priorities. This Resolution does not contain as high a level of defense spending, for example, as the Senate overwhelmingly endorsed. Others may find individual domestic priorities funded at lower levels than they would prefer.

But if we are to balance the budget--indeed, if we are to have a budget process at all--compromise is essential. This Budget Resolution presents the best compromise Congress is likely to make between the deeply-held feelings of members of the House and Senate on defense and domestic priorities.

Yet some Democratic members of Congress oppose the budget because it costs a little too much and some Republicans because it doesn't cut more. If the Budget Resolution fails to pass the House next week, the future of the 1981 budget and even the budget process itself are highly uncertain. Your vigorous support--and that of your Administration--for House passage of this Budget Resolution Conference Report is essential to House passage. I am confident that, when you have examined the details of that budget, summarized in the enclosure to this letter, we will have your support.

Sincerely,

  
Ernest F. Hollings

**HIGHLIGHTS OF THE BUDGET CONFERENCE AGREEMENT**

Mr. ROBERT C. BYRD, Mr. President, I wish to compliment Mr. HOLLINGS and Mr. BELLMON, the manager and ranking manager of the Senate conferees on the budget conference. They and their Senate colleagues on the conference have worked long and hard during very trying sessions with the House conferees, and they have achieved a product which should be strongly supported by the Senate. They have produced a balanced budget, with a \$500 million surplus, which meets essential domestic priorities and achieves an adequate defense level. This balanced budget is not dependent upon the oil import fee; rather, to the contrary, it proposes that the revenues which would accrue from the fee be used for productivity tax cuts and to offset social security tax increases scheduled for January 1, 1981.

I wish now to enumerate some of the salient features of the budget conference agreement, and I hope that all Senators will give their most careful attention to this agreement which, as I have already stated, deserves our bipartisan support.

The budget conference agreement is balanced in dollars and cents and in commonsense. It proposes the first Federal budget surplus in 12 years. It balances domestic and defense priorities. It provides critically needed increases for defense preparedness and military pay, but also provides for prudent growth in domestic programs. It provides unprecedented restraint in the budget totals to help fight inflation and limit Government growth, but at the same time protects the neediest in our society from inflation and unemployment.

This budget is not balanced on the backs of the poor. It provides for most—two-thirds—of the President's requested youth education and employment initiative, totaling \$2 billion in the next 2 years. It continues the 1,000,000 summer youth employment program jobs and provides a 30-percent increase—from 190,000 to 250,000—in CETA training jobs for the hard-core unemployed. It increases funds for the Job Corps by 20 percent.

The budget increases education programs for the disadvantaged by 10 percent in 1981 and by 29 percent for the 1979-81 period. It expands the Head Start program by 11 percent to accommodate an additional 13,000 children. It provides full funding for the child welfare services reform and for the conference report on title XX, providing grants to States for social services, such as day care and services for the poor and disabled.

It continues the present level of the vocational rehabilitation program and the meals-for-the-elderly program. It expands the refugee program to accommodate the current influx, tripling the size of the program compared to 1979 levels. It continues the \$1.6 billion program of low-income energy assistance

initiated in 1980. The budget also provides funding for 264,000 new units of federally assisted housing in 1981.

The budget provides a 14.3-percent increase for veterans' pensions and an 11.8-percent increase for veterans' service-connected disability compensation. It provides additional funds for VA hospital construction and medical care. It provides for the full 10-percent cost-of-living increase for the GI bill program requested by the President.

The budget also provides full funding for food stamps—a 38-percent increase over the 1979 level—and for social security cost-of-living increases which will amount to \$18 billion in 1981 alone. Full Federal retirement cost-of-living increases—on a once-a-year basis like social security—for civilian and military retirees are also provided. The budget provides full funding for the 1980 trade adjustment assistance program supplemental appropriation.

The budget meets other essential domestic priorities. It provides for the full amount of the President's 1981 request for the strategic petroleum reserve and adequate funding for energy supply initiatives, including two solvent-refined coal plants. It provides \$1.2 billion for the President's mass transit initiatives in 1980 and 1981, in addition to \$3.7 billion for the continuation of the existing mass transit program.

The budget provides for the full amount of the President's 1981 request for the Economic Development Administration.

The defense increases in the budget will help improve our military readiness and support continued operations in the Indian Ocean. It will also provide long overdue pay increases for military personnel, increasing numbers of whom are eligible for food stamps and other welfare benefits at their present pay levels.

This budget provides for 8.5 percent real growth in defense budget authority in 1981 and 3.1 percent real growth in outlays. This defense level represents 5.5 percent of GNP, compared to the 7-percent average level of the last 20 years and the 9.4-percent average of the years between the Korean and Vietnam wars.

The balanced budget does not depend upon any of the revenues from the oil import fee. Instead, it proposes that the proceeds of that oil fee will be used for tax reduction to encourage productivity and offset social security tax increases.

This budget resolution also revises the 1980 budget to make room for essential supplemental funding for vital national priorities, including defense, food stamps, black lung and medicaid benefits, child nutrition, and the continuation of the Space Shuttle program.

Increases of \$25 billion in costs beyond congressional control since the second budget resolution was adopted last fall have used up all of the room contained in that resolution for supplemental funding. This budget resolution increases the totals of the second budget resolu-

tion by \$24.6 billion, restoring most of the flexibility contained in the second budget resolution for these important supplemental items.

The budget conference agreement also represents a reasonable balance between the resolutions adopted by each House. Compared to the budget authority levels passed by each House, the Senate moved \$16.5 billion from its own position and the House moved \$18.6 billion from its position. In outlay terms, the Senate moved \$6.7 billion from its position and the House moved \$10.3 billion. Nine of the ten Senate conferees are expected to sign the conference report, with only Senator ARMSTRONG dissenting. Eleven of the House conferees are expected to sign, including an unusual, bipartisan coalition of six Democrats, including Chairman GIAMMO and Representative SIMON, and five Republicans, including ranking member LATTA.

The same balance exists in the reconciliation savings instructions agreed to by the conference, which retained about 70 percent of all the reconciliation instructions recommended by either House. The total reconciliation required by the conference agreement totals \$4.95 billion in budget authority and \$6.4 billion in outlays. The original Senate version had included reconciliation instructions totaling \$7.3 billion in budget authority and \$8.8 billion in outlays. The House resolution had called for \$6.9 billion in budget authority and \$9.1 in outlays. The lower conference agreement includes all of the savings necessary to give integrity to the budget totals agreed to. The differences between the versions passed by the two Houses result mainly from the adjustments made in the budget totals as a result of the conference agreement.

Mr. President, I ask unanimous consent to have printed in the RECORD two tables which set forth the conference agreement.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

**CONFERENCE AGREEMENT**

(In billions of dollars, fiscal years)

	1980		1981	
	BA	O	BA	O
050	143.7	135.7	171.3	153.7
150	15.2	10.5	23.6	9.5
250	6.2	5.9	6.5	6.1
270	38.4	6.4	6.6	6.8
300	12.3	13.2	11.7	12.1
350	5.0	5.9	5.5	2.3
370	11.7	6.1	5.1	0
400	20.2	20.1	22.0	18.65
450	9.2	9.7	8.8	9.2
500	29.6	29.9	31.5	29.5
550	59.8	56.5	71.1	61.7
600	224.8	191.7	249.3	219.35
700	21.2	20.5	21.7	21.2
750	4.3	4.4	4.2	4.6
800	4.5	4.4	4.6	4.3
850	8.55	8.55	6.2	6.8
900	65.1	65.1	72.2	72.2
920				
950	-22.3	-22.3	-24.7	-24.7
Total	657.45	572.25	697.2	613.3
Revenues		525.7		613.8
Def/Sup		-46.55		+5

(In billions of dollars, fiscal years)

1980	1980 compared to—				1981 compared to—			
	1980		1981		Senate		House	
	BA	O	BA	O	BA	O	BA	O

**CONFERENCE AGREEMENT**

(In billions of dollars, fiscal years)

	1980		1981		1980 compared to—				1981 compared to—				
	1980		1981		Senate		House		Senate		House		
	BA	O	BA	O	BA	O	BA	O	BA	O	BA	O	
050	143.7	135.7	171.3	153.7			+1.7	+1.2	+1.5	-2.1	-2.0	+10.5	+5.8
150	15.2	10.5	23.6	9.5			+6	-6	-2	+3		-4	-1
250	6.2	5.9	6.5	6.1				+1		+1		-2	-2
270	38.4	6.4	6.6	6.8	+0.5	-1	-1.9			+2.8		-9	-3
300	12.3	13.2	11.7	12.1	+1	+3				+2	+2	-3	-3
350	5.0	5.9	5.5	2.3						-1		+1	
370	11.7	6.1	5.1	0			+6	+1		-3	-5		+1
400	20.2	20.1	22.0	18.65	+5	+6	-8			+2.25	+6	-8	-85
450	9.2	9.7	8.8	9.2	+6	+6	+5	+5				-2	-2
500	29.6	29.9	31.5	29.5	+3		-3	-2		+2.6	+1.5	-1.8	-1.2
550	59.8	56.5	71.1	61.7			-1			+4		-4	-1
600	224.8	191.7	249.3	219.35	+1.8	+1.7				+4.1	+1.15	-2.8	-75
700	21.2	20.5	21.7	21.2			+2	+2		-15	-05		
750	4.3	4.4	4.2	4.6	+1					-1			
800	4.5	4.4	4.6	4.3								-1	-3
850	8.55	8.55	6.2	6.8	+25	+25	-25	-25		-1.0	-7		
900	65.1	65.1	72.2	72.2	-4	-4							
920							-1.0	-9					
950	-22.3	-22.3	-24.7	-24.7								-1	-1
Total	657.45	572.25	697.2	613.3	+3.75	+5.85	-2.85	+65	+9.0	+2	+2.6	+1.5	
Revenues		525.7		613.8			-3.2	-3.1		+6			
Def/Sup		-46.55		+5			-9.05	-3.75		+4			-1.5

THE WHITE HOUSE  
WASHINGTON

5/24/80

rick hutcheson  
les denend

from trip re mount st. helens

--susan clough

~~SECRET~~

VROZUTFA0083  
DE WTE #3376 1430057  
O 220016Z MAY 80  
FM THE SITUATION ROOM  
TO SUSAN CLOUGH FOR THE PRESIDENT  
ZEM

~~SECRET~~ WKS0592

MEMORANDUM FOR THE PRESIDENT

FROM: LLOYD N. CUTLER

SUBJECT: CABLE TO GISCARD

IN MEETING WITH FRENCH SPORTS MINISTER SOISSONS TUESDAY, HE EXPRESSLY CONFIRMED PREVIOUS GOVERNMENT EFFORTS BEHIND SCENES TO PERSUADE FRENCH OLYMPIC COMMITTEE TO VOTE AGAINST GOING TO MOSCOW, AND TO DELAY ITS MEETING UNTIL AFTER GERMAN COMMITTEE VOTE. HE SAID GOVERNMENT WAS CONTINUING ITS EFFORTS AND HAD NOT GIVEN UP HOPE. LATER TUESDAY, MICHEL PINTON, DELEGATE GENERAL OF THE UDF, GISCARD'S PARTY, MADE TWO STRONG PUBLIC STATEMENTS URGING COMMITTEE TO RECONSIDER VOTE WHICH WERE EXTENSIVELY FEATURED IN FRENCH PRESS AND T.V.. EMBASSY JUDGES PINTON WOULD SPEAK ONLY WITH GISCARD'S APPROVAL. HOWEVER, WHEN HARTMAN WAS CALLED IN BY GISCARD FOR WARSAW BRIEFING AND BROUGHT UP NEED TO REVERSE FRENCH COMMITTEE VOTE, GISCARD GAVE NO INDICATION HE WOULD PERSONALLY INTERVENE. EMBASSY JUDGEMENT AND MINE IS THAT AS THINGS NOW STAND GISCARD WILL NOT ENGAGE HIS OWN PRESTIGE PUBLICLY OR PRIVATELY WITH LONG SHOT POSSIBILITY THAT PERSONAL MESSAGE FROM YOU WOULD CHANGE THIS. ONE PROBLEM IS THAT DWINDLING MAJORITY OF FRENCH OPINION STILL FAVORS PARTICIPATION AS DO SEVERAL OPPOSITION PARTIES, ALTHOUGH PRESS COMMENTS STRONGLY SUPPORT BOYCOTT.

THE ONLY HOPE OF BRINGING ALONG THE OTHER EUROPEAN COMMITTEES IS IF GASCARD PERSONALLY PERSUADES THE FRENCH COMMITTEE TO CHANGE POSITION. WITHOUT SUCH A CHANGE THERE IS EVEN A DANGER THAT THE GERMAN COMMITTEE MAY FEEL ISOLATED AND TRY TO JOIN OTHERS IN MOSCOW. THEREFORE RECOMMEND YOU AUTHORIZE THE STATE DEPARTMENT TO SEND FOLLOWING PERSONAL MESSAGE TO GISCARD THROUGH EMBASSY. WARREN CHRISTOPHER AND DAVID AARON CONCUR. AMBASSADOR HARTMAN CONCURS ON SENDING MESSAGE BUT HAS NOT SEEN THIS TEXT.

~~SECRET~~ NODIS

TO AMERICAN EMBASSY PARIS  
FOR AMBASSADOR HARTMAN

END OF PAGE 01

~~SECRET~~

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Per Reg. Project 11

ESDN NUC 21-32-2

DLKS NARA DATE 12/17/15

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~~SECRET~~

PLEASE DELIVER FOLLOWING MESSAGE FROM PRESIDENT CARTER  
TO PRESIDENT GISCARD D'ESTAING:

" I APPRECIATE YOUR GOVERNMENT'S CONTINUING EFFORTS  
TO PERSUADE THE FRENCH OLYMPIC COMMITTEE TO DECIDE  
IN THE END AGAINST PARTICIPATING IN THE 1980 OLYMPIC  
GAMES IN MOSCOW. I HAVE ALSO NOTED THE STRONG  
APPEAL OF MICHEL PINTON, DELEGATE GENERAL OF UDF.  
REGRETTABLY, THE TIMING OF THE FRENCH COMMITTEE'S  
13 MAY DECISION IN FAVOR OF PARTICIPATING, AND THE  
LEADING ROLE OF FRANCE IN THE SPORTS COMMUNITY  
OF EUROPE HAVE HAD A PROFOUND EFFECT ON THE  
DECISIONS OF OTHER WESTERN EUROPEAN OLYMPIC COMMITTEES.  
MANY OTHER WESTERN EUROPEAN OLYMPIC COMMITTEES,  
ENCOURAGED BY THE EXAMPLE OF THE FRENCH COMMITTEE, HAVE  
DISREGARDED THE CONTRARY ADVICE OF THEIR GOVERNMENTS.  
THE SOVIET UNION MUST VIEW THIS DISARRAY AS A SIGN OF  
THE WEAKNESS OF WESTERN OPPOSITION TO THE INVASION OF  
AFGHANISTAN. ONLY A CHANGE IN THE FRENCH COMMITTEE'S  
POSITION CAN LEAD THE WEST TO A UNIFIED STAND AGAINST  
PARTICIPATION WHILE THE INVASION CONTINUES. ONLY YOUR  
PERSONAL INTERVENTION IN YOUR OWN MANNER, CAN BRING ABOUT  
THE NECESSARY CHANGE IN THE FRENCH COMMITTEE'S POSITION.  
I THEREFORE APPEAL TO YOU TO PROVIDE THE LEADERSHIP  
THAT ONLY YOU AND FRANCE CAN NOW SUPPLY."

JIMMY CARTER

0562  
#3876

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SECRET DELIVER AT OPENING OF BUSINESS WH80595  
PLEASE DELIVER TO SUSAN CLOUGH

PER YOUR REQUEST THE FOLLOWING MESSAGE AS SENT TO AMEMBASSY PARIS:

SUBJECT: PRESIDENTIAL MESSAGE

FOR: AMBASSADOR HARTMAN

PLEASE DELIVER THE FOLLOWING MESSAGE FROM PRESIDENT CARTER  
TO PRESIDENT GISCARD D'ESTAING AS SOON AS POSSIBLE.

BEGIN TEXT

DEAR MR. PRESIDENT

I APPRECIATE YOUR GOVERNMENT'S CONTINUING EFFORTS TO PERSUADE THE FRENCH OLYMPIC COMMITTEE TO DECIDE IN THE END AGAINST PARTICIPATING IN THE 1980 OLYMPIC GAMES IN MOSCOW. I HAVE ALSO NOTED THE STRONG APPEAL OF MICHEL PINTON, DELEGATE GENERAL OF UDF. REGRETTABLY, THE TIMING OF THE FRENCH COMMITTEE'S MAY 13 DECISION IN FAVOR OF PARTICIPATING, AND THE LEADING ROLE OF FRANCE IN THE SPORTS COMMUNITY OF EUROPE HAVE HAD A PROFOND EFFECT ON THE DECISIONS OF OTHER WESTERN EUROPEAN OLYMPIC COMMITTEES, MANY OTHER WESTERN EUROPEAN COMMITTEES, ENCOURAGED BY THE EXAMPLE OF THE FRENCH COMMITTEE, HAVE DISREGARDED THE CONTRARY ADVICE OF THEIR GOVERNMENTS. THE SOVIET UNION MUST VIEW THIS DISARRAY AS A SIGN OF THE WEAKNESS OF WESTERN OPPOSITION TO THE INVASION OF AFGHANISTAN. ONLY A CHANGE IN THE FRENCH COMMITTEE'S POSITION CAN LEAD THE WEST TO A UNIFIED STAND AGAINST PARTICIPATION WHILE THE INVASION CONTINUES. ONLY YOUR PERSONAL INTERVENTION IN YOUR OWN MANNER, CAN BRING ABOUT THE NECESSARY CHANGE IN THE FRENCH COMMITTEE'S POSITION. I THEREFORE APPEAL TO YOU TO PROVIDE THE LEADERSHIP THAT ONLY FRANCE CAN NOW SUPPLY.

SINCERELY,

JIMMY CARTER

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BY: 125 NARA DATE: 12/17/13

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STATEMENT ON BUDGET RESOLUTION

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Last week, the Senate and House budget conferees reached agreement on a balanced budget for FY 1981. I am pleased that the conferees have supported a balanced budget, which I proposed on March 14 of this year.

There can now be no doubt that the Federal government is serious about restraining spending, and that the nation is now one step closer to its first balanced budget in 12 years.

I am very concerned, however, about how the conferees have proposed to balance the budget. In a number of vital areas, the conferees have set budget priorities which upset the sensitive balance that must be struck between Defense and domestic needs.

My 5-year defense program, which provides real increases over 4% in appropriations each year, is sufficient to assure our nation's security in FY 1981 and in future years.

In the defense area, the conferees have set funding targets several billion dollars higher than is required by the 5-year defense plan, while, at the same time, the conferees have made

reductions below what is required to meet pressing domestic needs. It is essential that we keep our economy strong, and provide an adequate number of jobs, as we move into the months ahead. The conferees did not provide room for the transitional assistance program which is needed to aid financially-pressed local governments, and a number of other important domestic programs were reduced below my recommendations.

Because the resolution differs from my priorities in so many vital areas, I cannot support its adoption by the Congress. This budget resolution does not fulfill ~~my~~<sup>our</sup> obligation to the American people to work toward a balanced budget that truly reflects the nation's needs. I understand the need for prompt Congressional action on FY 1980 supplemental and FY 1981 appropriation requests, but concerns about scheduling cannot outweigh the need to do what is right on the first budget resolution -- to return it to conference in order to increase targets for key domestic areas while still maintaining a commitment to more than 4% real growth in appropriations for

defense. This can be done expeditiously, and without harm  
to the budget process or undue delay in needed appropriations  
actions.

*in  
bal  
budget*

I will work with the Congress toward these goals.

I have no doubt that the Congress will continue to work for  
a balanced budget, and I will continue to be a strong partner  
in that effort.

# # #

10/27/80

Rough draft

Statement on Budget Resolution

Last week, the Senate and House budget conferees reached agreement on a balanced budget for FY 1981. I am pleased that the conferees have followed my lead and supported a balanced budget, which I proposed on March 14 of this year.

The Nation is now one step closer to its first balanced budget in twelve years. And there can now be no doubt that the Federal government is serious about restraining spending, and

Optional Paragraph

~~I am also pleased that the resolution adopted by the conferees is consistent with my proposal for a gasoline conservation fee in FY 1981. The resolution provides that the revenues from this essential conservation measure should be reserved for a tax cut next year. I support that goal only if the expenditure reductions and legislative savings I have proposed are enacted.~~

I am very concerned, however, about ~~the way in which~~ <sup>how</sup> the conferees have proposed to balance the budget. ~~I believe that~~ In a number of vital areas, the conferees have set budget priorities which upset the sensitive balance that must be struck between Defense and domestic needs.

In the defense area, the conferees have set funding targets several billion dollars higher than is required by ~~my 5-year defense plan, or is needed to meet our legitimate national security needs.~~ My 5-year defense program, which provides real increases of over ~~3 percent in outlays~~ <sup>4</sup> percent in appropriations each year, is ~~more than~~ sufficient to assure our Nation's security in FY 1981 and in future years.

<sup>while,</sup> At the same time, the conferees have made <sup>(20) (20)</sup> reductions below what ~~I believe~~ is required to meet pressing domestic needs. It is essential that we keep our economy strong, and provide an adequate number of jobs, as we move into the months ahead. ~~The resolution fails to achieve that goal. I am also concerned because~~ disappointed that ~~the conferees did not provide room for my proposed the~~ Transitional assistance program which is needed to aid financially-pressed local governments, and that a number of other important domestic programs were reduced below my recommendations.

Option 1

~~Although the resolution differs from my priorities in many important areas, I do not believe that opposing it is in our Nation's best interests. If this resolution were defeated, I am convinced that the future of the Congressional budget process would be imperiled, that passage of the urgent FY 1980 supplementals would be delayed by weeks, and that my effort to balance the budget would be seriously jeopardized.~~

For these reasons, I have decided not to oppose the resolution. However, I intend to pursue aggressively my budget priorities in the authorization and appropriations committees. My Administration will work hard to see my budget proposals enacted.

Option 2

*This budget resolution  
does not fulfill*

✓ Because the resolution differs from my priorities in so many vital areas, I cannot support its adoption by the Congress. ~~If I were to support its adoption, I would be abandoning my obligation to the American people to work toward a balanced budget that truly reflects the Nation's needs. I am concerned about the future of the Congressional budget process and about the need for prompt Congressional action on FY 1980 supplemental and FY 1981 appropriation requests, but these concerns cannot outweigh the need to do what is right on the first budget resolution -- to return it to conference in order to decrease the defense target, while still maintaining a commitment to over 3% real growth in outlays, 4% real growth in appropriations, and to increase targets for key domestic areas. I believe that this can be done expeditiously, and without harm to the budget process or undue delay in needed appropriations actions. I will work with the Congress toward these goals. I have no doubt that the Congress will continue to work for a balanced budget, and I will continue to be a strong partner in that effort.~~

*I understand*

*for defense*

*concerns about scheduling*

*while still maintaining  
a commitment to more  
than 4% real growth in  
appropriations for defense.*

*422*

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CONGRESSIONAL QUARTERLY  
**Weekly Report**

Vol. 38, No. 20

Pages 1305-1384

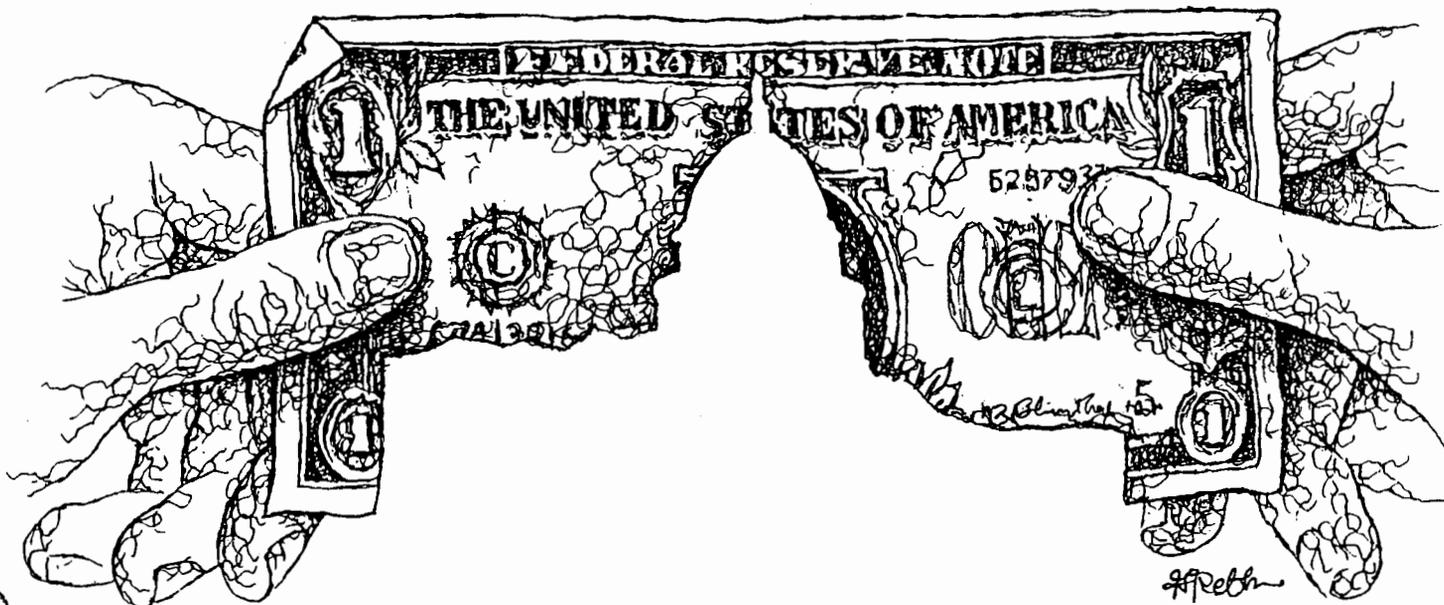
May 17, 1980

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Campaigns and Canapes:

# Fund-Raising In Washington

(1333)



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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

May 22, 1980

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MEMORANDUM FOR THE PRESIDENT

FROM: John White   
Deputy Director

SUBJECT: The Congressional Budget Resolution

The Budget Committee conference agreed last night on a Third Concurrent Resolution on the 1980 budget and the First Concurrent Resolution on the 1981 budget. The following table compares the figures they agreed upon and our latest estimates (in billions of dollars).

	FY 1980			FY 1981		
	<u>Conference</u>	<u>Admin.</u> <sup>1/</sup>	<u>Difference</u>	<u>Conference</u>	<u>Admin.</u> <sup>1/</sup>	<u>Difference</u>
Receipts	528.8	532.4	3.6	613.8	628.0	14.2
Outlays	<u>572.25</u>	<u>568.9</u>	<u>-3.35</u>	<u>613.3</u>	<u>611.5</u>	<u>-1.8</u>
Surplus/Deficit (-)	<u>-43.45</u>	<u>-36.5</u>	<u>6.95</u>	<u>.5</u>	<u>16.5</u>	<u>16.0</u>
Budget authority	657.45	655.8	-1.65	697.2	691.3	-5.9

<sup>1/</sup> The Administration estimates are those published in the March revision of the budget. They include projected receipts from the oil import fee.

FY 1981

While a small surplus (\$.5 billion) is projected for FY 1981 without the aid of the oil import fee and gasoline tax, the insurance that these receipts might have provided was removed. The conferees recommend that if the oil import fee is not rescinded by the Congress, the \$10 billion receipts that they estimate it would produce should be used for a tax cut only.

The resolution tilts heavily toward Defense:

- Outlays are \$3.2 billion higher than our latest estimate, in large part reflecting estimating differences.
- The big difference is in budget authority. The resolution is \$6.8 billion higher than our estimate and will provide lots of room for more costly authorization bills and appropriation bills for Defense.

The higher amounts for Defense (and higher technical estimates for community and regional development and interest costs) are offset by lower amounts in virtually all the remaining functions. The major differences result from:

- The failure of the resolution to provide for transitional fiscal assistance to cities and counties (\$.5 billion).
- Lower amounts in the education and training function (\$1.1 billion in outlays).
- Assumed additional legislative savings in the income security function (\$.75 billion in outlays).
- Reductions (\$.35 billion in outlays and \$1.4 billion in budget authority) in the mass transit program, although we were able to head off the much larger cut proposed by the Senate.

However, the Conferees moved closer to the higher House outlays in key domestic spending programs such as transportation, education and labor, and income security. Thus, they more than "split the difference" in these priority functions.

#### FY 1980

The Third Concurrent Resolution for 1980 is not ideal, but it would:

- clear the way for the urgently needed supplemental appropriations now pending before the Congress;
- make allowance for funds needed to cover the refugee problem; and
- contain language stating that in the event that additional funds become necessary for disaster relief (Miami and Mount St. Helens), the resolution will be waived and the funds will be granted.

The Mineta amendment to restore \$400 million for mass transit BA was accepted.

The major problem with the 1980 resolution is that it is extremely tight. It might not cover both the urgent supplemental and the foreign aid authorization bill. Our dilemma is that we do not believe that it is possible to get anything better out of the Congress now.

#### Language provisions

The resolution will contain an unusual number of language provisions.

- The provision pertaining to the oil import fee was noted earlier. It says that if the oil import fee is not rescinded, the receipts that it produces should be used only for reducing the deficit in 1980 and for tax reductions in 1981.

- Reconciliation will be imposed on authorizing committees requiring them to report legislative savings assumed by the 1981 resolution.
- Reconciliation will be imposed on appropriations committees requiring them to vote the larger rescissions and deferrals assumed in the 1980 resolution.
- Reconciliation will be imposed on the Finance and Ways and Means Committees requiring them to vote \$4.2 billion in tax increases, such as those that would institute withholding of taxes on interest and dividends.
- An instruction has been added that revenue reducing measures will be held at the desk until the second budget resolution has been passed. (The Metzenbaum provision exempting the oil import fee also remained in the resolution).
- An instruction has been added that spending bills that exceed the amount allocated to each committee as its total will be held at the desk until the second resolution is passed.
- There is an instruction to the Administration to recommend in the 1982 budget changes in the procedures for indexing programs.

The resolution is expected to be voted on by the House next Thursday (May 29). For the time being, our public position is that we are analyzing it -- and we are. We met with the senior staff today and will meet again over the weekend. Jim McIntyre is in San Antonio speaking to the Society of Military Comptrollers this evening and will be back tomorrow. He plans to get Ed Muskie's advice on how best to proceed. We have three options:

- support;
- staying neutral for the floor vote; or
- pushing for recommitment of the resolution, with or without instructions.

We are preparing a follow-up memorandum that analyzes each of these options. We also plan to compare the 1981 resolution with what would have been produced by some alternatives that were considered and rejected by the Congress, notably the Nelson/Javits amendment and the Holt amendment.

Tables that compare the conference proposal with the Administration's proposed budget, with the CBO re-estimates of our budget, and with the House and Senate resolution are attached.

Attachments

Table 3.--ADMINISTRATION AND CONGRESSIONAL BUDGET TOTALS FOR 1981  
(in billions of dollars)

	Administration		CBO March <sup>2</sup>	House	Senate	Conference	
	March Revisions	Current Estimate <sup>1</sup>					
Receipts.....	628.0	632.7	627.3	613.8 <sup>3</sup>	613.2 <sup>3</sup>	613.8	14
Outlays:							16
Defense.....	150.5	150.5	151.1	147.9	155.7	153.7	17
Net interest.....	55.2	55.0	58.9	58.9	58.9	58.9	18
Other.....	<u>405.8</u>	<u>407.0</u>	<u>409.3</u>	<u>405.0</u>	<u>398.5</u>	<u>400.7</u>	19
Total outlays.....	611.5	612.5	619.3	611.8	613.1	613.3	21
Surplus.....	16.5	20.2	8.0	2.0	0.1	0.5	23
Budget authority:							25
Defense.....	164.5	164.5	164.2	160.8	173.4	171.3	26
Net interest.....	55.2	55.0	58.9	58.9	58.9	58.9	27
Other.....	<u>471.6</u>	<u>471.9</u>	<u>478.7</u>	<u>474.9</u>	<u>455.9</u>	<u>467.0</u>	28
Total budget authority.	691.3	690.0	701.8	694.6	688.2	697.2	30
							31

1/ Based on economic assumptions in March update. To make them comparable to the CBO estimates, these figures reflect the recent decision to eliminate offsets to the outlay increase for trade adjustment assistance. Therefore, they are higher by \$1.4 billion in budget authority and by \$1.0 billion in outlays than the current estimates appearing in the May 15 Spring Overview. | 35  
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2/ CBO March estimates of Presidential policy, including trade adjustment assistance. Subsequent CBO reestimates, which are not included in either resolution, would increase 1981 outlays above their March estimate by \$3-1/2 billion, to \$622.8 billion. | 40  
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3/ Excludes receipts from the oil import fee, which both Houses set aside for a tax cut. The House assumes \$10.3 billion in receipts from this source, and the Senate assumes \$10.0 billion. The most recent Administration estimate of receipts assumes that this fee becomes a motor fuels tax in October and generates \$12.6 billion. | 44  
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Table 4.--ADMINISTRATION AND CONGRESSIONAL ESTIMATES OF 1981 OUTLAYS BY FUNCTION  
(in billions of dollars)

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	March Update	Current Estimate <sup>2</sup>	CBO 1/		1st Resolution			
			March	April	House	Senate	Conf.	
National defense.....	150.5	150.5	151.1	153.1	147.9	155.7	153.7	13
International affairs.....	10.1	10.1	9.7	10.2	9.6	9.5	9.5	14
General science, space, and technology.....	6.2	6.2	6.2	6.2	6.3	6.1	6.1	15
Energy.....	6.9	6.9	7.0	7.0	7.1	6.8	6.8	16
Natural resources and environment..	12.5	12.6	12.6	12.6	12.4	11.9	12.1	17
Agriculture.....	2.0	2.2	2.3	2.3	2.3	2.3	2.3	18
Commerce and housing credit.....	0.4	0.6	0.6	0.6	-0.1	0.5	---	19
Transportation.....	19.0	19.0	19.3	19.3	19.5	18.05	18.65	20
Community and regional development.	8.5	8.6	9.7	9.7	9.4	9.2	9.2	21
Education, training, employment and social services.....	30.6	30.4	30.9	30.9	30.7	28.0	29.5	22
Health.....	61.9	61.9	62.8	62.8	61.8	61.7	61.7	23
Income security.....	220.1	220.7	220.6	221.9	220.1	218.2	219.35	24
Veterans benefits and services.....	21.4	21.6	21.3	21.3	21.2	21.25	21.2	25
Administration of justice.....	4.6	4.6	4.6	4.6	4.6	4.6	4.6	26
General government.....	4.8	4.8	4.6	4.6	4.6	4.3	4.3	27
General purpose fiscal assistance..	7.4	7.3	7.3	7.3	6.8	7.5	6.8	28
Interest.....	68.4	68.2	72.2	71.8	72.2	72.2	72.2	29
Allowances <u>3/</u> .....	1.4	1.4	1.3	1.3	---	---	---	30
Undistributed offsetting receipts..	<u>-24.9</u>	<u>-24.9</u>	<u>-24.7</u>	<u>-24.7</u>	<u>-24.6</u>	<u>-24.7</u>	<u>-24.7</u>	31
Total.....	611.5	612.5	619.3	622.8	611.8	613.1	613.3	32

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1/ CBO estimates of the March budget policies. The March column represents the CBO estimates at the time the Budget Committees began mark up. The April column represents unofficial CBO reestimates, which are not incorporated in either resolution.

2/ Based on economic assumptions in March update. Reflects recent decision not to offset increases in trade adjustment assistance. Therefore, the outlay total is \$1.0 billion higher than the current estimate appearing in the Spring Overview.

3/ The Administration's March budget total for allowances includes \$0.9 billion for the civilian agency pay raise and \$0.5 billion for contingencies. The House includes \$0.8 billion for pay, which is exactly offset by \$0.6 billion in savings from the 2% across-the-board cut in nondefense overhead, and a \$0.2 billion cut in furniture. The Senate assumes \$0.8 billion for civilian agency pay raises, and allocates this amount by function.

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Table 5.--ADMINISTRATION AND CONGRESSIONAL ESTIMATES OF 1981 BUDGET AUTHORITY BY FUNCTION  
(in billions of dollars)

	March Update	Current Estimate <sup>2</sup>	CBO 1/		1st Resolution			
			March	April	House	Senate	Conf.	
National defense.....	164.5	164.5	164.2	164.2	160.8	173.4	171.3	13
International affairs.....	18.2	18.3	24.4	24.4	24.0	23.3	23.6	14
General science, space, and technology.....	6.6	6.6	6.6	6.6	6.7	6.4	6.5	15
Energy.....	6.9	6.9	7.0	7.1	7.5	3.8	6.6	16
Natural resources and environment..	12.5	12.5	12.4	12.4	12.0	11.5	11.7	17
Agriculture.....	5.4	5.4	5.4	5.4	5.4	5.6	5.5	18
Commerce and housing credit.....	5.6	5.6	5.7	5.7	5.1	5.4	5.1	19
Transportation.....	23.4	23.4	23.4	23.4	22.8	19.75	22.0	20
Community and regional development.	9.0	9.0	9.1	9.1	9.0	8.8	8.8	21
Education, training, employment and social services.....	33.0	32.9	32.9	32.9	33.3	28.9	31.5	22
Health.....	71.1	71.1	71.6	71.6	71.5	70.7	71.1	23
Income security.....	251.6	251.7	252.0	253.4	252.1	245.2	249.3	24
Veterans benefits and services.....	22.5	22.7	22.1	22.1	21.7	21.85	21.7	25
Administration of justice.....	4.3	4.3	4.3	4.3	4.2	4.3	4.2	26
General government.....	4.9	4.9	4.7	4.7	4.7	4.6	4.6	27
General purpose fiscal assistance..	6.8	6.7	6.8	6.8	6.2	7.2	6.2	28
Interest.....	68.4	68.2	72.2	71.8	72.2	72.2	72.2	29
Allowances 3/.....	1.7	1.7	1.6	1.6	---	---	---	30
Undistributed offsetting receipts..	-24.9	-24.9	-24.7	-24.7	-24.6	-24.7	-24.7	31
Total.....	691.3	691.4	701.8	702.7	694.6	688.2	697.2	32

1/ CBO estimates of the March budget policies. The March column represents the CBO estimates at the time the Budget Committees began mark up. The April column represents unofficial CBO reestimates, which are not incorporated in either resolution.

2/ Based on economic assumptions in March update. Reflects recent decision not to offset increases in trade adjustment assistance. Therefore, the budget authority total is \$1.4 billion higher than the current estimate appearing in the Spring Overview.

3/ The Administration's March budget total for allowances includes \$0.9 billion for the civilian agency pay raise and \$0.75 billion for contingencies. The House includes \$0.8 billion for pay, which is exactly offset by \$0.6 billion in savings from the 2% across-the-board cut in nondefense overhead, and a \$0.2 billion cut in furniture. The Senate assumes \$0.8 billion for civilian agency pay raises, and allocates this amount by function.

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50  
52  
52  
52  
3  
4

Table 7.--ADMINISTRATION AND CONGRESSIONAL BUDGET TOTALS FOR 1980  
(in billions of dollars)

	Administration		CBO April <sup>2</sup>	House	Senate	Conference	
	March Revisions	Current Estimate <sup>1</sup>					
Receipts.....	532.4	534.8	529.9	528.8	528.9	528.8	10 11 12 14
Outlays:							16
Defense.....	134.0	134.0	135.7	134.2	134.0	135.7	17
Other.....	<u>434.9</u>	<u>436.0</u>	<u>437.4</u>	<u>441.9</u>	<u>432.4</u>	<u>436.55</u>	18
Total outlays.....	568.9	570.0	573.1	576.1	566.4	572.25	20
Deficit.....	-36.5	-35.2	-43.2	-42.8	-37.5	-43.55	22
Budget authority:							24
Defense.....	144.0	144.0	143.9	142.5	143.7	143.7	25
Other.....	<u>511.8</u>	<u>513.1</u>	<u>513.2</u>	<u>517.8</u>	<u>510.0</u>	<u>513.75</u>	26
Total budget authority.	655.8	657.1	660.6	660.3	653.7	657.45	28 29

<sup>1/</sup> Based on economic assumptions in March update. To make them comparable to the CBO estimates, these figures reflect the recent decision to eliminate offsets to the outlay increase for trade adjustment assistance. Therefore, they are higher by \$1.4 billion in budget authority and by \$1.0 billion in outlays than the current estimates appearing in the May 15 Spring Overview.

<sup>2/</sup> CBO April estimates of Presidential policy, including trade adjustment assistance.



(No Copies)

THE WHITE HOUSE

WASHINGTON

May 23, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *SE*

SUBJECT: Congressional Budget Resolution

I feel very strongly that the Administration should oppose and work actively against House approval of the first budget resolution. If we fail to do so, I think we will be bitterly criticized by our Congressional supporters, key constituencies, and the national press for abandoning your budget priorities and acquiescing in a defense-laden, city-starved budget.

It is important that the Administration's position on the resolution be decided as soon as possible, so that adequate preparation for a possible floor fight can be undertaken over the weekend. I hope that Jim McIntyre, Frank Moore and I will be able to discuss our strategy on the resolution with you shortly. Before the meeting, I would like to briefly describe the reasons underlying my recommendation:

1. Merits

On the merits, there is no question in my mind that the resolution represents a repudiation of a number of your major budget priorities. First, the Defense level, \$153.7 billion, is \$3.2 billion above your recommended outlay level of \$150.5 billion (the authorization level creates even greater problems; it is \$6.8 billion above your recommended level, providing considerably room for very high authorization and appropriation bills). Further, the resolution's defense outlay level is \$800 million above the level that would have been achieved under the Holt Amendment. (It is difficult to see how Giaino could have accepted a level well above that rejected by the House by over 100 votes, but he nonetheless did. That is one of the major reasons why so many House Democrats were unwilling to sign the Conference Report).

Second, the resolution makes no provision for your transitional assistance program, effectively ending any possibility of its being approved later in the Congress. We should not be seen as lightly acquiescing in this outcome.

Third, the resolution requires that the FY '81 revenues from the fee be used for a tax cut, which is counter to our stated purpose of not committing the fee revenues at this time.

In sum, in two of the most visible areas in which the budget battle has been fought this year, the defense and urban areas, we have lost. While there may be other parts of the resolution which are satisfactory, or even helpful, on the merits, all of them added together cannot overcome the problem of having your defense budget completely rewritten and your major urban initiative completely eliminated.

## 2. Congressional Budget Process

I certainly recognize the importance of sustaining the Congressional budget process, and of our maintaining good relations with the Budget Committee Chairmen. But at some point, the line must be drawn if we are ever to be taken seriously in the budget process. We are increasingly a minor player in the Congressional process. If we accept what the conferees have done, we may become increasingly minor players in this process. It is not simply Congress' budget -- it is the budget which governs the Nation and its priorities. It will be clear that the budget committees can do whatever they please by way of changing the Nation's priorities without incurring the Administration's objection.

Over the past several years, we have enjoyed relatively good relationships with the budget committee and their chairmen. A floor fight in the House will clearly upset Giaimo, and we will risk his displeasure in the future. But, your priorities must come ahead of Giaimo's priorities. Now, your priority must be to set Congress along the road toward a balanced budget which has reasonable defense levels and reasonable domestic levels. These defense levels are as great a threat to future budget restraint as would be the case if domestic spending rose at an exaggerated rate.

Senator Hollings will also be extremely upset if we attack the resolution for having too much defense spending. But his interests and your interests are simply not the same. Like other influential Members with whom we have engaged in major legislative battles, he will get over this one in time. If we acquiesce in what Hollings has done to the defense budget, he can ignore our views in the future.

## 3. National Politics

Acquiescing in such a high defense budget will make it much more difficult to unify the Party. The major constituency groups, including labor, oppose the compromise.

Over the next several months we must convince the liberals and minorities in the Democratic Party that your policies are very different from Reagan's. While this should be clear it is not to all too many.

Bob Beckel made this point very eloquently in the meeting we had this afternoon to discuss the budget with Jim McIntyre. Beckel pointed out that in 1976 in Texas, you won by about 130,000 votes. In doing that, you got 9 of every 10 Black votes, 8 of every 10 Hispanic votes, and 3.5 of every 10 white votes. In Bob's view, the Black and Brown voters will simply sit out this election unless they see a real difference between you and Reagan. Beckel now says that many of them do not see a large enough difference to justify their voting. Further, Beckel pointed out that the many people in Texas who are concerned about such high defense spending are simply not your voters, and never will be. In the general election, they are going to support Reagan.

In sum, we have an opportunity now to begin the process of providing substance to the disaffected liberal voters. We should not miss this opportunity by ignoring your own budget priorities.

#### 4. Key Interest Groups

The key interest groups in Washington with whom we have worked to date on the budget will be fighting the budget resolution. The groups include Labor, Mayors, Black organizations, consumers, teachers, and State and local officials. They will have a very difficult time understanding why they are fighting for our budget priorities and we are not. Few of them now expect to win, but they feel the fight is well worth the effort. If we are to call on these groups again, in the budget process, and in other legislative fights, I think we need to stick with them -- in fact, to lead them -- in this effort.

#### 5. Prospects

The prospects for defeating the resolution in the House are reasonably good. They are very good if we are involved in that effort. It will be difficult to pass the resolution. Most of the Republicans will be opposing the resolution and so far at least 40 important Democrats have indicated similar intentions.

If the resolution is defeated, it will probably be recommitted with instructions to lower the defense number and spread that money throughout key domestic programs. The chances, then, of a budget emerging which we can support is considerably improved.

(There is no realistic chance that the Senate will defeat the resolution, and I think, therefore, our efforts must be concentrated in the House.)

Whenever we have considered whether to fight the Congress on a major issue, the decision to date has never been easy. Congressional leaders do not want to engage the President in such a fight, and have always counselled against such an effort. But I think we have invariably helped ourselves, by gaining the respect of the Congress and the public, when we have done so. For a short time, relations with the Congress may not be pleasant, but that passes quickly. In the end, we benefit. I believe that will be the case here, whether we win or lose. If we launch our forces early this weekend, I believe we can win this fight.

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

May 24, 1980

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*

Subject: The Budget Resolution

I am sorry this memo is late but I just returned from Europe.

While I realize this is a tough call and there are good arguments for not opposing the resolution, I think you should oppose it (Option 3) for two major reasons.

First, later this year we will almost surely be opposing key liberal groups in the Democratic party who will be urging us to stimulate the economy with big, new spending bills. Here's an opportunity to join with these groups in support of programs they want in a way that does not undermine your budget and economic policy.

Second, you could remain silent on the resolution but later work for your budget priorities with individual authorization and appropriations committees. In fact, however, defense authorization and appropriations bills that exceed your budget recommendations will almost surely be passed. You would then be in a position of pushing domestic spending bills that, in practice, will cause your budget totals to be exceeded.

It seems to me that you must take on the budget priority fight at the budget resolution stage, or else be put in a very awkward position later.



THE SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

21 MAY 1980

*File*  
*1*

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Answers to Questions on Hostage Rescue Mission

As you requested, we have prepared answers to the questions forwarded to us by Zbig.

We felt that one question--#13--raised several important subquestions. Accordingly, we broke it out into four separate questions and answered each.

The answers to all questions are unclassified.

*Harold Brown*

Attachment

THE WHITE HOUSE  
WASHINGTON

patti --

pls send me 1 cc of attached

thanks-ssc

3024

1. Q: How was the calculation made that eight helos would be enough?

Early in the planning of the rescue mission, it was determined that a minimum of six operational helicopters would be needed at the refueling site to continue the mission successfully. Based on a careful examination of the reliability of the helicopters, and our experience in training, we decided to employ a seventh helicopter as a spare for the mission. Finally, in order to provide double insurance, we decided to add an eighth.

We decided that the addition of helicopters beyond eight would not add to--and would probably detract from--our confidence in the success of the mission. First, based on our training experience and the operational history of the helicopters that were to be used, it was our judgment that a 25% margin above what we needed was the reasonable and proper amount of insurance. Second, and more important, as more helicopters are added, operational problems are compounded--such as requirements for additional fuel, added C-130s to carry it, and additional supply and maintenance problems--and the risk of detection is increased. Accordingly, we made a conscious, analytical judgment that launching eight was the optimum balance between too many and too few.

2. Q: What factors determined that six helos were the minimum?

The number of personnel and the kind of equipment necessary for the Delta rescue force to rescue the hostages successfully were the primary determinants. Given the weight of the fuel required to take the men, material and helos to their next destination, and given the gross weight that could be lifted by each helo, proceeding with five would have left 5,000 pounds of men and material behind--all of which was essential if the mission were to have a good chance of success.

3. Q: Was the provision of spare parts on the mission aircraft limited by a shortage of parts, weight factors, or what?

Before the mission commenced, all of the spare parts and components needed for the mission aircraft were aboard the NIMITZ.

Weight and available space limited what could be carried on the actual mission. Where experience in training or in the operational history of the helicopters indicated that there was a significant chance a part could fail, and where it was feasible to carry that part given its size or weight, that spare was carried.

One aircraft had to land because a main rotor blade showed that it might fail at any time, a condition that meant flight could not safely continue, and one that could not have been reasonably anticipated given the condition and service history of that helicopter. In any case, a spare blade was too large to carry on the mission because it is about 35 feet long and weighs about 500 pounds. Moreover, it would require a dozen men and more than 2 hours to change in the desert.

A spare hydraulic pump (an item that failed on a second helicopter as a result of losing its cooling fluid due to a hydraulic leak) was not carried because they fail very infrequently. All of the pumps, like all other components on the helicopters, had been inspected in the days prior to the mission, and were found to be in very good condition. Accordingly, the judgment was made that a spare hydraulic pump was not needed. Even if one had been carried, however, it would have taken too long to change and service it given the necessity to proceed to the next destination under cover of darkness.

4. Q: What provisions for special maintenance of helos on board the carrier were made?

Special attention and highest priority were given by all levels of Navy Command for repair and replacement parts. The mission maintenance officer and a mission pilot visited the NIMITZ three weeks prior to the mission, where they reviewed maintenance records and thoroughly inspected the mission aircraft. At the request of the mission maintenance officer, the maintenance organization for the helicopter squadron had developed a special check list that was used to inspect and maintain all aircraft in the weeks before the mission crew arrived on board the NIMITZ. Finally, the mission's aircrews and its maintenance officer arrived aboard the NIMITZ four days prior to the day of the mission to inspect the aircraft, tune them up, and conduct a test flight. They had the full support of the ship, got everything they required, and were very pleased with the condition of the helicopters.

5. Q: How were the helo crews and pilots selected? From what Service and duty station did each helo crew come? Were they a well-knit team?

The helicopter pilots selected to go on the mission were among the best the country has, and the crew composition was specially adjusted for this mission. For comparison, the normal cockpit crew consists of an experienced pilot (the helicopter commander) and a less experienced co-pilot. For this mission, both pilots of each crew were highly experienced helicopter commanders. This insured the highest level of flying skills obtainable under the very difficult flying conditions contemplated. In view of the flight conditions encountered during the night of 24-25 April, this experience paid off.

Initially, helo pilots were selected with emphasis on experience and familiarity with the RH-53. Pilots for seven aircraft were made available: seven from the Navy and seven from the Marines. Over a period of five months, as the requirements changed, the total pilot strength varied but at mission time there were 17: twelve Marine, four Navy and one Air Force. The most experienced and highly qualified were selected. Enlisted crew members were selected on a similarly rigorous basis.

They were a well-knit team. They had flown many hours at night together. They had confidence in themselves and their fellow aviators and leadership was strong. The fact that the best pilots available happened to represent different Services was not considered to be, and did not develop to be, any problem or disadvantage whatsoever.

6. Q: Did the JTF issue orders on what classified equipment and documents could be taken in country? Were instructions given to individuals? Who was consulted on what crypto equipment could be taken; satellite photography? Were personal materials such as wallets authorized?

The classified equipment taken into the country included specially-equipped weapons, night vision equipment, advanced radios, and secure communications gear. All of this equipment was approved for use on this mission by COMJTF after a thorough analysis and determination that each item was essential for the success of the mission.

Classified documents carried included maps, some communication plan extracts, and photography. Authority was requested and received from DIA to release the required photography.

With the exception of members of the Delta team who had special instructions due to their special equipment, and who carried identification cards and identity tags only, the matter of what personal effects could be carried was addressed as follows:

1. Officers and men of the JTF were American Servicemen and would therefore carry Armed Forces Identification Cards and identity (dog) tags.

2. Whether wallets were carried by helicopter crews was left to the individual so long as no association with any specific military unit could be revealed, and no military information or compromising documents were enclosed.

7. Q: Did helo pilots show serious stress or fatigue in practice missions? Do we consider their fatigue and stress on arrival at DESERT ONE understandable?

Pilots did show stress and fatigue in practice missions. This was examined carefully by the commanders and by a qualified Navy flight surgeon who accompanied the pilots to the NIMITZ. Evaluations had been made during training, and those who could not meet the very high standards for performance and stress were removed from the program.

Pilot stress and fatigue did occur on the way to DESERT ONE. This was understandable given the unforecasted and difficult flight conditions they confronted that night. The helicopter commander was fully aware of the fatigue felt by the pilots, but felt that the mission should continue because of the great confidence he had in the pilots' abilities as demonstrated in training exercises conducted under demanding conditions. He made the judgment that they could continue before he and the DESERT ONE Commander, Colonel Kyle, learned that one of the six helicopters that arrived at the site could not go on.

8. Q: What is the explanation for the helo that turned back to the Carrier? Why was returning without full instruments easier than continuing?

About 45 minutes into the second area of suspended dust it encountered, number 5 helicopter experienced a malfunction of a motor that powered a blower providing cool air to an aircraft power supply. The power supply overheated and failed, rendering some of the aircraft's critical navigational equipment inoperable. This compounded the difficult navigation problem caused by the suspended dust. At one point, the crew descended to about 75 feet above the ground, and still could not see the surface, either for navigational reference or for a possible landing to wait until flight conditions might improve.

The crew concluded that the navigation references available to them, both from on-board equipment and visually, were insufficient to maintain course. Moreover, they knew that this situation would soon become extremely dangerous. While they were at that time still over reasonably level terrain, they were aware that they were less than half an hour away from a range of mountains standing between them and the refueling point, and that they could not safely navigate the valleys through the mountains. Moreover, each mile they continued on course took them farther from the NIMITZ, the only possible safe recovery site. Faced with the risks of attempting to penetrate the mountain passes ahead, they reluctantly aborted, reversed course, found their way out of the dust, and subsequently recovered aboard the NIMITZ.

While proceeding to DESERT ONE would have required the employment of the pilot's precision directional indicator, which was then inoperable, returning to the NIMITZ could be accomplished with his less precise standby compass. This provided the rough accuracy needed to get back into clear air which the pilot knew was to the south, because he had passed through it earlier. Finally, returning to the NIMITZ enabled the pilot to fly his aircraft unencumbered by the precise and very difficult navigational demands of the mission.

9. Q: To whom was responsibility for the helos and their readiness assigned?

The helos were under the operational control of the Commander, U.S. Pacific Fleet and were physically assigned to the helicopter Squadron Commander on board the NIMITZ. The NIMITZ reported helicopter status daily to the JCS and there was a direct line to the Navy Staff and Commands to get parts or any other kind of assistance.

10. Q: Why did we fail to apprehend the third vehicle? Were Farsi-speaking individuals assigned to the road control force?

Within a very few minutes after the first C-130 had landed, an Iranian bus carrying 40-plus civilians drove into the planned refueling area along the unpaved road. In accordance with planning developed in the event of traffic on the road, a road block team with Farsi-speaking members stopped the bus, and the passengers were detained (courteously, and without harm to any of them) outside the area of refueling operations. One of the motorcycles that was carried aboard the C-130s then sped toward the west to guard the road and prevent anyone else from coming upon the refueling site. As the motorcycle was proceeding to the west, a fuel truck with a light truck following it approached. The two men on the motorcycle tried to stop the truck by flagging him, but the driver would not stop. When they used force (they did not injure the driver, though they fired rounds into the engine), the driver jumped out of the truck. The light truck made a quick U-turn; the truck driver jumped into the light truck and they sped away with their lights off. By now a second motorcycle arrived. Both gave chase, but lost the truck after a few miles. All these events suggested a well-rehearsed tactic of contraband runners or smugglers.

The occupants of the fuel truck and the following truck never got close enough to the C-130s to see what was going on, and the judgment was made that the mission had not been compromised. To our knowledge, the two truck drivers did not report the incident to Iranian authorities.

The C-130s were on the ground for a total of over four hours and these three vehicles were the only traffic along the road.

11. Q: Why were these particular eight helos selected?

Concern for security, as well as operational considerations, dictated the choice of the helicopter we would use--the RH-53. It's a long-range Navy helicopter that is capable of being operated aboard a carrier. Also, unlike Air Force helicopters, its rotor blades fold so it was more easily transportable by air and could be moved between the flight deck and the hangar deck of the carrier to avoid interfering with other carrier flying operations. Finally, the RH-53s are normally used for minesweeping so we had a plausible reason for having them aboard ship in the area, especially since there was so much discussion about the possibility of mining as one of our military options.

When the decision was made to deploy RH-53 aircraft, the most operationally ready squadron was selected--one that had just returned from a deployment to its base in Norfolk, Virginia. CINCLANT was directed to deploy six helicopters of that squadron to the USS KITTY HAWK in the Indian Ocean in late November. Subsequent planning required an additional two RH-53s to be deployed. These two additional RH-53s were considered to be the best of those remaining in the squadron at Norfolk. They entered the Indian Ocean in late January aboard the NIMITZ, which was to relieve the KITTY HAWK. The six helicopters on the KITTY HAWK were then added to the two on the NIMITZ.

12. Q: Why wasn't the single helo destroyed?

It had been decided earlier during mission planning that if a helicopter had to land enroute to DESERT ONE, the crew would try to land in an isolated area where chances of discovery would be low. The decision was made that this helicopter, number six, should not be destroyed, no matter how remote it was from population, because the fire and explosions could draw attention and lead to discovery. In fact, the helicopter was not located until several days after the mission was aborted.

13a. Q: Why weren't the helicopters destroyed at the refueling site?

The DESERT ONE commander decided that it was too dangerous. Fire and explosion had already damaged several of the helicopters near the accident. Destruction of the others would have compounded the problem and jeopardized getting the C-130s and people airborne. As it was, the potential for further casualties was avoided.

13b. Q: Why weren't all other helos destroyed using time-delay mechanisms?

No delay fusing for explosives was available that allowed sufficiently safe distance for evacuating the force safely. Even had they been available, the fuses would probably not have been used due to the risk of injury or death to the bus passengers who had been left behind, with resulting jeopardy to the hostages in Tehran.

13c. Q: Why weren't the helos destroyed by Navy fighters after the C-130s left DESERT ONE?

Because of concern for the safety of the American hostages. There had been no Iranian casualties at DESERT ONE. Bombing or strafing of the helicopters could have injured or killed Iranians still there, or others who had come to investigate the helicopters. This too would have jeopardized our people at the Embassy.

13d. Q: Why were classified materials left on the helicopters?

In the intense heat after the accident, with flying shrapnel and with ammunition cooking off--some of it hitting other helicopters--helo crews were forced to evacuate their aircraft, and most could not safely return to remove the classified material. Some of it could have been recovered, but under the circumstances it is understandable that it was left behind.

Draft

THE WHITE HOUSE  
WASHINGTON

THE PRESIDENT & MRS. CARTER'S VISIT TO THE  
U.S.S. NIMITZ  
NORFOLK, VIRGINIA

May 26, 1980

WEATHER REPORT: Partly cloudy  
and warm. Chance of late  
afternoon and evening thunder-  
storms. Maximum temperatures  
between 85° and 88°.

1:00 pm

GUEST & STAFF INSTRUCTION:  
The following are requested  
to board the Press Plane  
departing Andrews AFB:

- Jody Powell
- Gen. Blasingame
- Bill Fitzpatrick
- Mary Ann Fackelman

1:10 pm

GUEST & STAFF INSTRUCTION:  
The following are requested  
to board Marine One departing  
Camp David:

- Sec. Harold Brown
- Phil Wise
- Col. Muratti
- Dr. Lukash

The President and Mrs. Carter proceed to  
Marine One for boarding.

1:15 pm MARINE ONE DEPARTS Camp David en route  
U.S.S. Nimitz.

(Flying time: 1 hour, 45 minutes)

3:00 pm MARINE ONE ARRIVES U.S.S. Nimitz,  
Flight Deck.

OPEN PRESS COVERAGE  
OPEN ARRIVAL

The President and Mrs. Carter will be  
greeted by:-

Commanding Officer, John R. Batzler,  
U.S.S. Nimitz  
Admiral Harry P. Train, II, Commander  
in Chief, U.S. Navy, Atlantic Fleet

GUEST & STAFF INSTRUCTION:

You will be escorted to  
Staff Viewing Area.

3:02 pm The President and Mrs. Carter, escorted by  
Commanding Officer Batzler and Admiral Train,  
proceed to receiving line to greet:

Vice Admiral George E.R. Kinnear, II  
Commander Naval Air Force, U.S. Navy,  
Atlantic Fleet  
Rear Admiral Bryan W. Compton, Commander  
Courier Group 6, U.S. Navy  
Capt. Richard C. Macke, Executive Officer,  
U.S. Navy, U.S.S. Nimitz

3:04 pm Receiving line concludes.

3:05 pm The President and Mrs. Carter, escorted by  
by Commanding Officer Batzler and Admiral  
Train, proceed to speaking platform.

3:06 pm Introduction of the President by  
Commanding Officer Batzler.

3:07 pm Presidential remarks.

OPEN PRESS COVERAGE  
ATTENDANCE: 2500

NOTE: The President's remarks will be broadcast simultaneously to the U.S.S. Texas; the U.S.S. California; and Pier 12, Norfolk, Virginia.

3:15 pm

Remarks conclude.

NOTE: At the conclusion of the President's remarks, he will introduce Mrs. Louisa Kennedy.

The President and Mrs. Carter proceed to receiving line to greet:

Mr. Graham Clayter, Deputy Secretary of Defense  
Mr. Eduard Hidalgo, Secretary of the Navy  
Senator Harry F. Byrd (I-VA)  
Senator John W. Warner (R-VA)  
Congressman Dan Daniel (D-VA)  
Congressman G. William Whitehurst (R-VA)  
Lt. Governor Charles Robb (D-VA)  
Mayor Joseph C. Richie (Newport News)  
Mrs. Louisa Kennedy (Wife of Iranian Hostage,  
Moorehead Kennedy, Economic Officer)  
Mr. Julian Hirst, City Manager (Norfolk)  
Mr. Robert Williams, City Manager (Portsmouth)  
Vice Mayor Hugo A. Owens (Chesapeake)  
Mr. Fred Carl, National Director, Armed Services  
Board, YMCA  
Retired Admiral Jack Christiansen, U.S. Navy  
Ms. Elaine Lois, Norfolk Chamber of Commerce,  
Director of Government Affairs  
Mr. William T. O'Neill, Executive Vice President,  
Newport News Shipbuilding Company  
Mr. Clenton W. Shanks, President, Virginia  
Beach Chamber of Commerce

3:20 pm

Receiving line concludes.

The President and Mrs. Carter, escorted by Vice Admiral Kinnear, proceed to Ward Room.

3:22 pm

The President and Mrs. Carter arrive Ward Room where they will greet officers and crew members of the U.S.S. Nimitz, U.S.S. Texas, and the U.S.S. California (Indian Ocean Battle Group).

3:40 pm

The President and Mrs. Carter depart Ward Room and proceed to Flight Deck of U.S.S. Nimitz.

GUEST & STAFF INSTRUCTION:  
Proceed to Marine One for boarding. Assignments as on arrival.

The President and Mrs. Carter proceed to Marine One for boarding.

3:45 pm

MARINE ONE DEPARTS U.S.S. Nimitz Flight Deck en route Pier 12, Norfolk, Virginia.

OPEN PRESS COVERAGE  
OPEN ARRIVAL  
(Flying time: 20 minutes)

4:05 pm

MARINE ONE ARRIVES Pier 12.

PRESS POOL COVERAGE  
OPEN ARRIVAL

The President and Mrs. Carter will be greeted by:

---

Deputy Secretary of Defense Clayter  
Secretary Hidalgo  
Admiral & Mrs. Train (Catharine)

4:06 pm

The President and Mrs. Carter, escorted by Admiral Train, proceed down Red Carpet to Commander of the Honor Cordon, Capt. John T. Coggin.

"Ruffles & Flourishes"  
National Anthem  
Twenty-one Gun Salute

4:10 pm The President is invited to review the Honor Cordon by Capt. Coggin.

NOTE: While reviewing the Honor Cordon, the U.S. Marine Band will play "The Marine Corps Hymn" followed by "Anchors Away".

4:13 pm Capt. Coggin will conclude the review.

The President proceeds to speaking platform.

The President arrives speaking platform.

4:14 pm Introduction of the President by Secretary Hidalgo.

4:15 pm Presidential remarks.

OPEN PRESS COVERAGE  
ATTENDANCE: 12,000

4:25 pm Remarks conclude.

GUEST & STAFF INSTRUCTION:  
Proceed to Marine One for boarding. Assignments as on arrival.

The President and Mrs. Carter proceed to Marine One for boarding, greeting the crowd along the way.

4:30 pm MARINE ONE DEPARTS Pier 12 en route South Grounds.

PRESS POOL COVERAGE  
OPEN DEPARTURE  
(Flying time: 1 hour, 15 minutes)

5:45 pm MARINE ONE ARRIVES South Grounds.

THE WHITE HOUSE

WASHINGTON

May 26, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*  
SUBJECT: Budget Resolution

As a result of our conference call of this morning I would like to address the major concerns you raised with trying to send the budget back to Conference.

1. Relationship with Leadership

It may be, as you expressed, that your relationship with the Congressional Leadership would be adversely affected if you opposed the resolution. (This is probably not true of the Speaker, however, who truly recognizes the problems with the resolution; I doubt that he would be upset or surprised by opposition.)

But I believe tensions with the leadership will ease as soon as the fight is over. You have a right to fight for your own budget. That has been the case in previous legislative fights. Further, to whatever degree relations may be strained over a resolution fight, that strain may be small in comparison to what will occur with a fight over a Defense Authorization Bill in September. Fighting the resolution may help send a signal now and avoid a more difficult defense fight in September.

But, more important, you should take on the Congressional leaders when they are wrong. You must not let them redefine the Nation's priorities without a fight -- particularly given the social unrest (Miami) and rising unemployment.

2. Budget Process

You were correctly concerned that our opposition might cause the whole budget process to get fouled-up and we would be blamed. I do not believe that the budget process will crumble if the resolution is defeated. For six years, whenever a tough budget fight comes along, it has been predicted that the budget process might not survive. But it has. And it will survive this fight as well.

It will survive because the Members have a clear self-interest in showing their constituents that they can balance the budget. They do not want to spend the Summer campaigning facing the charge that they were unable to do what the President did -- agree to a balanced budget.

If the resolution is defeated, the conferees are likely to agree on some defense cuts and domestic increases relatively quickly. They know, for instance, that the supplementals depend on a budget resolution, and they do not want to be soon facing the problem of Social Security and other checks being cut off. As with Food Stamps, they will find a way to keep the process moving (Jim McIntyre conceded this during our conversation). Most likely, that will mean a quick compromise on the FY '81 budget.

I feel strongly that time is running out to unify the Party. Unless we take actions now, we will simply not get Anderson or Kennedy supporters to return to the fold and vote in November.

I have lived through a 1968 campaign where Party division wrecked the Democratic nominee -- where too many foolishly permitted themselves to believe there was no difference between Nixon and Humphrey. We must not let this be repeated in 1980. We should seek ways to distinguish ourselves from Reagan. This is one clear place to start.

It takes some time to change images and perceptions. We cannot expect to make a few changes in August and have all those in the Party who have not been with you to date come running back. Their minds may have been made up by then.

With the resolution, you have a low-cost way of showing that you care about the same things that the Kennedy-Anderson supporters do. Opportunities like this will be rare. Other opportunities are likely to involve spending additional billions of dollars. By Fall, this opportunity will look very inexpensive.

THE WHITE HOUSE

WASHINGTON

May 24, 1980

Mr. President:

As you know, I have already sent you a separate memo outlining the reasons why I recommend opposition to the budget resolution. A copy of that memorandum is attached.

There are three brief points that I would like to make in addition to those put forward in the memorandum. First, the Washington Post indicates today that Doug Frazer is now interested in seeking an accommodation with us, in order to prepare for the fight against Reagan. I think the signal he sent was significant. By opposing the budget resolution, we can send a similarly significant signal to him, and to those in the Party he represents, that you are also prepared to make an accommodation.

Second, the argument that we can address high defense spending in future authorization and appropriation bills is very doubtful. When those bills come to your desk in September, in the middle of a campaign against Reagan, the pressure to support high defense figures will be far more intense than now. If we are not prepared to take a stand now, we will not do it later.

Third, the budget authority for defense is \$7 billion above our figure. I do not see how you can accept a figure this far above yours. This implies enormous real growth above 3% in the out years and will preclude efforts at budget stringency and domestic social progress. You have a strong defense figure. More is wasteful.

  
Stu

(No Copies)

THE WHITE HOUSE

WASHINGTON

May 23, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *SE*

SUBJECT: Congressional Budget Resolution

I feel very strongly that the Administration should oppose and work actively against House approval of the first budget resolution. If we fail to do so, I think we will be bitterly criticized by our Congressional supporters, key constituencies, and the national press for abandoning your budget priorities and acquiescing in a defense-laden, city-starved budget.

It is important that the Administration's position on the resolution be decided as soon as possible, so that adequate preparation for a possible floor fight can be undertaken over the weekend. I hope that Jim McIntyre, Frank Moore and I will be able to discuss our strategy on the resolution with you shortly. Before the meeting, I would like to briefly describe the reasons underlying my recommendation:

1. Merits

On the merits, there is no question in my mind that the resolution represents a repudiation of a number of your major budget priorities. First, the Defense level, \$153.7 billion, is \$3.2 billion above your recommended outlay level of \$150.5 billion (the authorization level creates even greater problems; it is \$6.8 billion above your recommended level, providing considerably room for very high authorization and appropriation bills). Further, the resolution's defense outlay level is \$800 million above the level that would have been achieved under the Holt Amendment. (It is difficult to see how Giaimo could have accepted a level well above that rejected by the House by over 100 votes, but he nonetheless did. That is one of the major reasons why so many House Democrats were unwilling to sign the Conference Report).

Second, the resolution makes no provision for your transitional assistance program, effectively ending any possibility of its being approved later in the Congress. We should not be seen as lightly acquiescing in this outcome.

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Third, the resolution requires that the FY '81 revenues from the fee be used for a tax cut, which is counter to our stated purpose of not committing the fee revenues at this time.

In sum, in two of the most visible areas in which the budget battle has been fought this year, the defense and urban areas, we have lost. While there may be other parts of the resolution which are satisfactory, or even helpful, on the merits, all of them added together cannot overcome the problem of having your defense budget completely rewritten and your major urban initiative completely eliminated.

## 2. Congressional Budget Process

I certainly recognize the importance of sustaining the Congressional budget process, and of our maintaining good relations with the Budget Committee Chairmen. But at some point, the line must be drawn if we are ever to be taken seriously in the budget process. We are increasingly a minor player in the Congressional process. If we accept what the conferees have done, we may become increasingly minor players in this process. It is not simply Congress' budget -- it is the budget which governs the Nation and its priorities. It will be clear that the budget committees can do whatever they please by way of changing the Nation's priorities without incurring the Administration's objection.

Over the past several years, we have enjoyed relatively good relationships with the budget committee and their chairmen. A floor fight in the House will clearly upset Giaino, and we will risk his displeasure in the future. But, your priorities must come ahead of Giaino's priorities. Now, your priority must be to set Congress along the road toward a balanced budget which has reasonable defense levels and reasonable domestic levels. These defense levels are as great a threat to future budget restraint as would be the case if domestic spending rose at an exaggerated rate.

Senator Hollings will also be extremely upset if we attack the resolution for having too much defense spending. But his interests and your interests are simply not the same. Like other influential Members with whom we have engaged in major legislative battles, he will get over this one in time. If we acquiesce in what Hollings has done to the defense budget, he can ignore our views in the future.

## 3. National Politics

Acquiescing in such a high defense budget will make it much more difficult to unify the Party. The major constituency groups, including labor, oppose the compromise.

Over the next several months we must convince the liberals and minorities in the Democratic Party that your policies are very different from Reagan's. While this should be clear it is not to all too many.

Bob Beckel made this point very eloquently in the meeting we had this afternoon to discuss the budget with Jim McIntyre. Beckel pointed out that in 1976 in Texas, you won by about 130,000 votes. In doing that, you got 9 of every 10 Black votes, 8 of every 10 Hispanic votes, and 3.5 of every 10 white votes. In Bob's view, the Black and Brown voters will simply sit out this election unless they see a real difference between you and Reagan. Beckel now says that many of them do not see a large enough difference to justify their voting. Further, Beckel pointed out that the many people in Texas who are concerned about such high defense spending are simply not your voters, and never will be. In the general election, they are going to support Reagan.

In sum, we have an opportunity now to begin the process of providing substance to the disaffected liberal voters. We should not miss this opportunity by ignoring your own budget priorities.

#### 4. Key Interest Groups

The key interest groups in Washington with whom we have worked to date on the budget will be fighting the budget resolution. The groups include Labor, Mayors, Black organizations, consumers, teachers, and State and local officials. They will have a very difficult time understanding why they are fighting for our budget priorities and we are not. Few of them now expect to win, but they feel the fight is well worth the effort. If we are to call on these groups again, in the budget process, and in other legislative fights, I think we need to stick with them -- in fact, to lead them -- in this effort.

#### 5. Prospects

The prospects for defeating the resolution in the House are reasonably good. They are very good if we are involved in that effort. It will be difficult to pass the resolution. Most of the Republicans will be opposing the resolution and so far at least 40 important Democrats have indicated similar intentions.

If the resolution is defeated, it will probably be recommitted with instructions to lower the defense number and spread that money throughout key domestic programs. The chances, then, of a budget emerging which we can support is considerably improved.

(There is no realistic chance that the Senate will defeat the resolution, and I think, therefore, our efforts must be concentrated in the House.)

Whenever we have considered whether to fight the Congress on a major issue, the decision to date has never been easy. Congressional leaders do not want to engage the President in such a fight, and have always counselled against such an effort. But I think we have invariably helped ourselves, by gaining the respect of the Congress and the public, when we have done so. For a short time, relations with the Congress may not be pleasant, but that passes quickly. In the end, we benefit. I believe that will be the case here, whether we win or lose. If we launch our forces early this weekend, I believe we can win this fight.