

6/4/80

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 6/4/80;
Container 164

To See Complete Finding Aid:

http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/att	<p>Marshall Brement to Zbigniew Brzezinski. Re: President's conversation with Thomas Watson, U.S. Ambassador to the Soviet Union. (6 pp.) <i>opened per RAC NLC-126-21-40-1-3 1/9/14</i></p>	6/4/80	A
memo w/att	<p>Jack Watson to the President. Re: Letter to President Carazo of Costa Rica, (2 pp.)</p>	6/4/80	A

FILE LOCATION
 Carter Presidential Papers- Staff Offices, Office of Staff Sec.-
 Pres. Handwriting File, "6/4/80." Box 189

RESTRICTION CODES

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

THE PRESIDENT'S SCHEDULE

NOT ISSUED

Wednesday - June 4, 1980

7:30 Dr. Zbigniew Brzezinski - The Oval Office.

✓ 8:00
(60 min.) Congressional Leadership Breakfast.
(Mr. Frank Moore) - First Floor Family
Dining Room.

✓ 9:55
(5 min.) Congressman Billy Tauzin. (Mr. Frank
Moore) - The Oval Office.

10:00 Mr. Hamilton Jordan and Mr. Frank Moore.
The Oval Office.

✓ # 11:45
(10 min.) Meeting with Governor Hugh Gallen. (Ms. Sarah
Weddington) - The Oval Office.

12:00 Lunch with Vice President Walter F. Mondale.
The Oval Office.

✓ 1:15
(15 min.) Ambassador Thomas J. Watson. (Dr. Zbigniew
Brzezinski) - The Oval Office.

✓ 1:45
(15 min.) Meeting with Mr. George W. Stone, President
National Farmers Union. (Mr. Stuart Eizenstat).
The Oval Office.

2:00 Mr. James McIntyre - The Oval Office.
(20 min.)

THE PRESIDENT'S SCHEDULE

NOT ISSUEDWednesday - June 4, 1980

7:30 Dr. Zbigniew Brzezinski - The Oval Office.

8:00 Congressional Leadership Breakfast.
(60 min.) (Mr. Frank Moore) - First Floor Family
Dining Room.

9:55 Congressman Billy Tauzin. (Mr. Frank
(5 min.) Moore) - The Oval Office.

10:00 Mr. Hamilton Jordan and Mr. Frank Moore.
The Oval Office.

11:45 Meeting with Governor Hugh Gallen. (Ms. Sarah
(10 min.) Weddington) - The Oval Office.

12:00 Lunch with Vice President Walter F. Mondale.
The Oval Office.

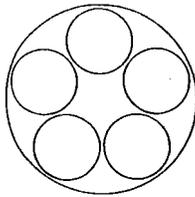
1:15 Ambassador Thomas J. Watson. (Dr. Zbigniew
(15 min.) Brzezinski) - The Oval Office.

1:45 Meeting with Mr. George W. Stone, President
(15 min.) National Farmers Union. (Mr. Stuart Eizenstat).
The Oval Office.

2:00 Mr. James McIntyre - The Oval Office.
(20 min.)

2:30

Morris Udall -



FAIRFIELD-MAXWELL LTD.
International Finance, Ocean Transportation and Management

May 19, 1980
NYG 80-23

Mrs. Christine Dodson
Staff Secretary
National Security Council
The White House
Washington, DC 20500

Confidential

Dear Christine:

I attended a dinner last week at which Bob Strauss introduced the VIP's in the Carter Administration for a resume of current problems facing the nation.

The best speech by far was by your boss, Zbigniew Brzezinski. The entire audience was impressed by his brilliant, concise coverage of a vast array of complex foreign problems. It is little wonder that President Carter is fascinated by his daily policy resume.

Up close and in person, Mr. Brzezinski is a warm and charming man, but his public image is created through the media. The impression conveyed is the intolerance of a stunning intellect. I like Mr. Brzezinski's style much better than Kissinger's. I also was conditioned under General "Wild Bill" Donovan during my service in the O.S.S. that America's greatest strategic challenge would come from the U.S.S.R. in the last quarter of the 20th century, so I feel Mr. Brzezinski's concerns are important.

I think we both recognize that Mr. Brzezinski, by taking a strong position, will have several groups of built-in enemies. As I discussed with you during our trip to Greece, I learned from discussions with various visitors from abroad who are basically sympathetic to the thrust of U.S. foreign policy that they feel there is no sensitivity to human emotion in Mr. Brzezinski's approach. The second criticism they have is that he is overly obsessed with Europe and does not give Asia the place it deserves, since 60% of the world's population lives there.

I think it is important that the great talents of this gifted individual be preserved for national service, so I am writing about them to you.

DETERMINED TO BE AN ADMINISTRATIVE
MARKING BY Jay DATE 1/02/91

Electrostatic Copy Made
for Preservation Purposes

Mrs. C. Dodson

-2-

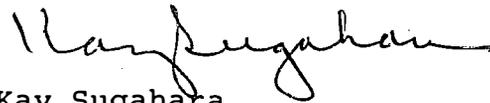
May 19, 1980

I can appreciate, after exposure to Mr. Brzezinski's charms, why his staff is so dedicated to him.

With warmest personal regards, I am

Yours sincerely,

FAIRFIELD-MAXWELL LTD.

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

Kay Sugahara
Chairman

KS/bc
Enclosures

no to IDCA DC
10:20 AM 6/5/80

MEMORANDUM

3261

THE WHITE HOUSE
WASHINGTON

INFORMATION

June 4, 1980

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *ZB*,
HENRY OWEN *HO*
SUBJECT: The Population Time Bomb

The current waves of immigration from the Caribbean and Central America are an early manifestation of a rising, global tide of refugees from the crowded to the more prosperous countries. This grim prospect, with obvious implications for world peace, is examined in the attached report of the NSC Ad Hoc Group on Population Policy. You may want to glance through its nine-page Executive Summary and Conclusions.

We are responding to the report by (1) asking IDCA to address its suggestions on aid action in the FY 1982 IDCA budget proposals; (2) assuring that instructions to US representatives to international agencies support the report's relevant suggestions; (3) (successfully so far) pressing for greater recognition in the Venice Summit communique of the need for concentration of aid on the intertwined problems of poverty, population growth and hunger in the low-income countries; and (4) asking our delegation to stress the same priorities in the UN negotiations on the International Development Strategy for the 1980s.



U.S. INTERNATIONAL POPULATION POLICY

Fourth Annual Report
of the
NSC Ad Hoc Group
on Population Policy

April 1980

THE WHITE HOUSE

WASHINGTON

May 12, 1980

C

MEMORANDUM FOR THE PRESIDENT

FROM:

LOUIS MARTIN 

SUBJECT:

SPEECH ON "MISREPRESENTATIONS"

I believe that the misrepresentations of the economic position of the Administration now being made by Senator Kennedy and his aides constitute a serious assault. The Administration is being charged with cutting food stamps, imposing a "gas tax," and with "balancing the budget on the backs of the poor." The constant repetition of these and similar accusations may leave a negative impact even after Kennedy is utterly trounced at the convention.

We have been trying to counter these false accusations with literature, White House briefings and state-wide "Economic Development" seminars in such states as Florida, Pennsylvania and Ohio. In these efforts we have used many of the key Black administrators, Pat Harris, James Joseph, Ernest Green, William Clement, Alexis Herman, Eleanor Holmes Norton, Dan Henson, et al.

These efforts have been worthwhile and helpful but I believe that the time has come to nail down the lies being told with a major Presidential speech. In the 1944 campaign, Franklin D. Roosevelt said he would not campaign during the war but he would reserve the right to correct the misrepresentations by his opponent. I think a major speech to correct the misrepresentations by Senator Kennedy would be helpful and rewarding.

MEMORANDUM

3352 Follow-On

UNCLASSIFIED WITH NATIONAL SECURITY COUNCIL
~~CONFIDENTIAL~~ ATTACHMENT

ACTION

June 4, 1980

MEMORANDUM FOR: ZBIGNIEW BRZEZINSKI
FROM: MARSHALL BREMENT 
SUBJECT: The President's Conversation with Watson

Attached is a memorandum of the President's conversation with Watson, which should make interesting reading for future historians studying internecine rivalry within the US government in the late 1970's.

RECOMMENDATION

That you approve the attached memcon.

UNCLASSIFIED WITH
~~CONFIDENTIAL~~ ATTACHMENT

DECLASSIFIED
Per: Rac Project
ESDN: NLC-126-21-40-1-3
BY KS MARA DATE 12/17/13

~~CONFIDENTIAL~~

THE WHITE HOUSE

3352

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: US-Soviet Relations

PARTICIPANTS: President Jimmy Carter
 Dr. Zbigniew Brzezinski, Assistant to the
 President for National Security Affairs
 Ambassador Thomas J. Watson, Jr., United
 States Ambassador to the Soviet Union
 Mr. Marshall Brent, NSC Staff Member

DATE, TIME AND PLACE: June 4, 1980; 1:15 - 1:30 p.m.
 The Oval Office.

The President. Congratulations on your daughter's wedding. I hope everything went well. (U)

Ambassador Watson. Everything was fine. Thank you very much. (U)

The President. I understand you appeared before the Senate Foreign Relations Committee this morning. How did it go? (U)

Ambassador Watson. I think it was a good session. There were no problems. (U)

The President. What message did you bring them? (U)

Ambassador Watson. I voiced complete support for all your policies and everything you have been doing. I stressed the importance of evenhandedness and of getting the country behind the President. I talked about the need for the draft, and even for universal military training, if our adversaries as well as our allies and others throughout the world are not going to regard us as paper tigers. (U)

The President. That is a very good message. (U)

Ambassador Watson. I very much appreciate the chance to talk with you and I know that your time is very short. There are four points that I would like to make to you and I have written them down. The first point at the top of my list is real congratulations for the appointment of Ed Muskie. I have a summer house in Maine, have had it since 1958, and I know Senator Muskie very well. The appointment was terrific, a real ten strike. Was this your own idea? (U)

~~CONFIDENTIAL~~

Review on June 4, 1986

DECLASSIFIED

Per, Rac Project

ESDN: NLC-126-21-40-1-3

BY 125 NARA DATE 12/17/12

The President. Sometimes other people around here think of good ideas, but this was something I thought of myself. (U)

Ambassador Watson. Well, you deserve real congratulations for it! My second point is the need to find some way to go on with a strategic dialogue with the Soviets, particularly if the SALT process flounders. Both my DCM and I think it would be a good idea to form high level groups of strategists from both sides to continue the dialogue process. There has to be some way to follow up and to talk together, especially if SALT won't apply. (C)

(Dr. Brzezinski entered the Oval Office.)

As far as the sanctions which we are undertaking against the Soviets, I am completely with you all the way, even though many of them will lose their effectiveness as time goes on. But we have no choice, it seems to me, except to continue them, and not to make any basic changes in what we are doing. (C)

The President. I think we ought to hold firm on that. (C)

Ambassador Watson. My third point (turning to Dr. Brzezinski) and here you might disagree with me, because I'm going to mention China. The Soviets have a paranoid fear of China. They have a long border with that country and they are irrational on the subject. They do not talk about China. In fact, during my tour there no Soviet has even mentioned the subject to me. So I think it important that we do not take actions that will be misunderstood by them and that we maintain an evenhanded policy and not hurt them in this regard just to hurt them. (C)

The President. All the actions we have taken toward China are based on our desire to improve relations with that very important country. We are not normalizing our relations with the Chinese just in order to hurt the Soviets. (C)

Ambassador Watson. I am no historian, and Dr. Brzezinski certainly knows more about the subject than I do, but it seems to me that the Chinese have a tendency to jump around from bed to bed. And I think we ought to make sure that they are lashed down to our bed before we undertake actions which we might regret later on. (C)

Dr. Brzezinski. You have to remember that we are very sexy people. (U)

Ambassador Watson. The fourth point I would like to make, if I may, is to raise the confusion and conflict between the NSC and the State Department. This is bad for our country and, when such confusion exists, it cannot help but affect morale in our embassies, particularly when there is disagreement about basic policies. (C)

The President. What kinds of policies? (C)

Ambassador Watson. Well, China would be one thing -- the policy of evenhandedness, especially the question of MFN and of supplying strategic products to the Chinese. We seem to be sending out mixed signals. (C)

The President. This is a misconception. There have been no high level differences on China policy. You can ask both Ed Muskie and Cy Vance and they will tell you that all our decisions about China were reached with complete compatibility at the top level. There are, of course, differences within the State Department, with each area and head of area thinking his area should be preeminent and that his area is the most important for our foreign policy. Dick Holbrooke's attitude toward China is different from that of the man in charge of European affairs. I think that is the real origin of any confusion regarding our policies. The State Department is an unwieldy, compartmentalized bureaucracy. That is its nature and it is not going to change. On MFN, we wanted to move together with both the Soviets and the Chinese, but events made that impossible. I can assure you that on the question of normalization with China and on the sale of military related equipment to China there have been no major differences at the top levels of this Administration. Isn't that so, Zbig? (C)

Dr. Brzezinski. There's been only one difference that I am aware of. And that is that Fritz pushed for MFN for China even before we did. (C)

Ambassador Watson. Still, I think we should keep in mind the basic nature of the Chinese and what they believe in. What are the real differences between the Chinese takeover of Tibet and what has happened in Afghanistan? (C)

Dr. Brzezinski. One main difference is that the Chinese invasion of Tibet took place many years ago and the Soviet invasion of Afghanistan took place last December. We cannot as policy-makers deal with events which took place in the distant past, or continually place in the forefront such occurrences as the Soviet takeover of the Baltic States. In fact, the President's policy on the USSR was quite clearly articulated in his speech in Philadelphia. (C)

Ambassador Watson. I did not in any way mean to suggest that we should condone what the Soviets did in Afghanistan. If you look back at the original telegram sent out by Garrison and me on December 25, you will see that our recommendations encompassed about 80% of what the Administration finally decided to do about Afghanistan. We are in complete agreement with that policy. (C)

The President. Did you get a copy of my letter to Gromyko? (C)

Ambassador Watson. No, I don't think so. (U)

~~CONFIDENTIAL~~

The President. You ought to see it. (U)

Ambassador Watson. I have not seen it as yet, but I have been out of Moscow for some time. (C)

Dr. Brzezinski. Unless you have had an advance copy, you probably have not seen it, because Warren Christopher will be taking it to Europe with him to discuss with our allies. But the letter will be delivered through you in Moscow. We think it is important that the Embassy be used more in the future than it has been in the past, when we relied too much on Dobrynin. You should know that it is the NSC that has been urging greater utilization of Embassy Moscow. (C)

The President. We will be greatly minimizing our use of Dobrynin. (C)

Ambassador Watson. I think that is important. Thank you very much. I certainly appreciate all the support which you have given me. (C)

The President. Has there been any change in the way they have been treating you since the Afghanistan crisis began? (C)

Ambassador Watson. Nothing at all. They treat me with the greatest respect. And I have instant access to high level Soviets. It was for this reason that I thought it important to see you. I wanted to demonstrate the importance which you attach to the work of my Embassy. And I intend to go out now and get our message across to every member of the Politburo. (C)

(The President walked across the room to his desk, took a copy of his Philadelphia speech from the desk and handed it to the Ambassador.) (C)

The President. This is a basic document. Ed Muskie worked on it. You ought to take a careful look at it, if you have not read it. (C)

Ambassador Watson. I have not seen it as yet. I think it may have been given when I had already left Moscow. I will study it carefully. Thank you very much for your time. I hope that someday we will have a chance to see you in Moscow. Mrs. Brement has been there recently, but we have not had many other visitors and no high level visits. (C)

The President. I don't rule out a visit to Moscow at some point. (C)

Dr. Brzezinski. I will be glad to travel there. (U)

Ambassador Watson. If we could contrive some way to get you to visit us, it would really be a fine thing. (C)

Dr. Brzezinski. Perhaps the President could stop off on his way to China. (C)

Ambassador Watson. Sometimes I think that all you would need would be a half hour and you could straighten the whole thing out. (C)

The President. Thank you for coming by. I think it is very important to convey to the Soviets how disturbed we are about the invasion of Afghanistan and at the same time that we are ready to resume a productive relationship as soon as they withdraw their troops from that country. (C)

Ambassador Watson. Every chance we have we try to get that message across. (C)

FACT SHEET ON THE GASOLINE CONSERVATION FEE

FEE: The gasoline conservation fee (\$4.62 per barrel) which the President imposed on March 14 will increase the price of gasoline at the pump by ten cents. No other petroleum product's price will be increased by the fee. The fee will be collected directly by the Federal government; it will not increase oil company revenues or profits.

OIL SAVINGS: The additional dime per gallon will save the United States 100,000 barrels of imported oil each day by the end of this year and 250,000 barrels each day within 2 to 3 years. That savings, over the next 2 - 3 years, represents 25% of the progress we have made in reducing oil imports this year as compared to last.

CURRENT GASOLINE TAX: The U.S. now has a 4¢ per gallon tax, the lowest in the Western world. It has been at that level since 1960. (When the tax was set, gasoline sold for 30¢ a gallon with the tax; the tax was thus about 13% of the retail price. The average retail price is now \$1.22 with the 4¢ tax. If 10¢ were added to the price, the tax would be about 10% of the retail price - or 3 percentage points below what it was in 1960!)

By contrast, France has a \$1.67 per gallon tax (total cost per gallon - \$2.85). Since the 1973 oil embargo, France has increased its gasoline tax by more than 100%. Italy has a \$1.92 per gallon tax (total cost - \$3.06). Since the 1973 embargo, the Italian tax has been increased by more than 200%.

FOREIGN POLICY: To stand up to an Iran or a Libya -- countries which threaten to use oil as a weapon for political purposes -- we must have the will and the discipline to curb our own consumption. Now, our dependence on imported oil - last year 7.9 million barrels per day - compromises our ability to do this. Simply stated, it compromises our national security.

Our ability to influence OPEC pricing decisions and Allied energy conservation efforts, both so vital to our anti-inflation effort - will be all but lost by the Federal government's failure to follow through on the gasoline fee. Both OPEC and our Allies see this as a test of U.S. commitment to reducing dependence on foreign oil. Failing this test could produce economic and other consequences that will make a 10¢ fee pale by comparison.

To fail to allow the President to follow through on the fee is tantamount to telling the world that we cannot muster the will to pare back demand in the area where it hurts the least -- unnecessary driving. This signal to the world will be especially damaging to the President and our Nation if given right before the Economic Summit in Italy.

EFFECT OF OPEC DEPENDENCE: Unless and until we can control our appetite for imported oil, we will not be able to reduce our inflation problem.

- o In 1979 alone, the price of each barrel of imported oil rose 120% -- an average of 10% each month. More than 2 points of our CPI increase in 1979 can be attributed directly to the OPEC increases.
- o As long as nearly one out of every two gallons of gasoline we consume comes from abroad, that inflationary "tax" levied by OPEC will continue.
- o This year we will pay \$90 billion for foreign oil -- \$400 for each person in the U.S. Along with that \$90 billion, we export jobs and import inflation.

BUDGET IMPACT: The fee has been imposed for energy conservation reasons, but its revenue-raising effect cannot be ignored. The fee will raise \$10 - \$12 billion in FY '81. Without those revenues, the prospect of a balanced budget is dim, and revenues for future tax cuts will be severely diminished. A vote on the fee authority is thus also a vote with severe budgetary and fiscal consequences.

INFLATION IMPACT: The fee will have a short term inflation effect: for the 30-day period following the effective date of the fee, the CPI will reflect an increase of about one-half of one percentage point. Thereafter during the year, the CPI will reflect a total increase of one-quarter of one percentage point.

But the long-term effect of the fee is not inflationary -- it is deflationary. First, the fee will save money that would otherwise be sent to OPEC. Second, the fee is a vital part of an anti-inflation package which is beginning to take hold. To the extent that part of this package is removed, the impact will be serious, in financial markets here and abroad. The consequence could be an increase in inflationary market pressures.

AD VALOREM GASOLINE TAX: When the President announced that he was imposing the gasoline conservation fee, he also asked Congress to pass a separate ad valorem 10¢ gasoline tax bill to replace the fee. You will have an opportunity to vote on that tax at a later date. Not opposing the imposition of the fee indicates no commitment on the tax.

VOTE ON FEE: The fee is a unilateral act taken by the President. It is not a popular step but one which the President believes to be in the national interest. He is prepared to take the political consequences and asks you merely to let his action stand so that our country's national security, economic welfare, and international freedom of action will be enhanced. He is not asking that you vote in favor of the fee, but only that you not vote to remove his authority under the Trade Expansion Act to impose a fee.

Received 3:50 pm
Carp/Rubenstein/Stewart
Draft A-1; 6/4/80
Scheduled Delivery:
Wed, June 4

Oil Import Conservation Fee

Congress is today considering legislation -- ~~sponsored~~
~~by Senator Dole and others~~ -- that would deprive America of a
serious weapon in our nation's vital struggle for energy
security.

Our country must decrease its dependence on imported oil
and the \$90 billion drain on our resources that this represents.
My decision to institute an oil import conservation fee as part
of our anti-inflation package in March was another important
step toward that goal.

The Dole Amendment to override my decision is bad energy
policy, bad economic policy, and bad foreign policy. It
encourages domestic energy consumption, adds to our intolerable
oil import bill, hinders our efforts for energy security, and
evades our responsibility for leadership among the oil consuming
nations.

**Electrostatic Copy Made
for Preservation Purposes**

If legislation blocking my decision on the oil import fee is placed on my desk in any form, I will veto it.

I did not take action in the first place because it was popular. I am not making this veto stand because it is expedient.

I took this action -- after extensive consultation with the leaders of Congress -- because it was right. And I intend to use my veto power because it is best for our country's future.

The fee on imported oil is an integral part of energy, economic and foreign policy goals that hold important benefits both for the welfare of our citizens and for the security of our nation.

- The fee reduces our imports of foreign oil by 100,000 barrels a day within the first year and much more in future years. Over 40 percent of all the oil consumed in this country today is imported.

Unless we continue this kind of courageous action,
we will remain dangerously vulnerable to severe
economic disruptions from terrorism, accident,
embargo, war or political strategy.

*Budget
Tax Cut*

- ° The United States is a leader in trying to forge a joint program, with our allies, to secure greater energy independence. But we use about half of all the oil consumed in the Western industrial nations, and a larger proportion of gasoline than anywhere else in the world. U.S. gasoline taxes are 4 cents a gallon, and with the fee would rise to 14 cents. But in most allied countries taxes are well over one dollar a gallon. The oil import fee is a symbol of our own willingness to take the painful steps needed to conserve oil. If we are to lead, we must act like a leader.

- We are finally putting in place the energy policy that America needs for energy security, for economic security, and for national security. Only by encouraging greater conservation, stimulating new production, and making alternative energy sources competitive, will we eventually stop the price of gasoline from rising. Only if we are prepared to take strong actions and make tough stands now -- like this import conservation fee -- can we assure adequate supplies of gasoline and limit the crippling escalation of gasoline prices later.
- Finally, the import fee is a matter of good common sense. The more America depends on imported oil, the more of our own money we must send abroad. This fee will help us keep needed American resources here at home to build our own economic strength.

I recognize the political pressures. I know that this is a difficult issue for many Members of Congress. But it does no good for public officials to make speeches about inflation and unemployment if we are not willing to make the politically difficult decisions necessary to deal with the principal cause of those problems.

I call on the Congress to remain consistent with the fight for energy security that is already producing good results, and uphold the fee.

The oil import conservation fee is good public policy, and it is good common sense.

That is why I acted to impose it. That is why I will fight to preserve it.

I urge the public and all Members of the Congress to join me in carrying on the fight for America's energy security.

###

THE WHITE HOUSE

WASHINGTON

June 3, 1980

9
/

MEMORANDUM FOR THE PRESIDENT

FROM: DAN TATE

SUBJECT: Phone Call to Senator John Warner

Mr. President, I saw Senator Warner last evening. He indicated that you had called him, and asked me whether he should call you back. I suggested that it would be the courteous thing to do.

He asked the subject matter of your call, and I told him I believed you wanted to discuss the gasoline conservation fee. He stated that he could not vote with us on that issue.

I tried to make it clear to him that you were primarily interested in the support of the veto override issue. He said that his answer would have to be "no, at this time."

He said he was reluctant to return your call and take up your time simply to say "no."

27
NAME Senator John Warner (R)

1484

TITLE _____

Requested by Frank Moore

CITY/STATE VIRGINIA

Date of Request 5/30/80

Phone Number--Home (804) 782-2579

Work (602) 224-2023

Other () _____

INFORMATION (Continued on back if necessary)

Senator Dole has indicated his intention to attach an oil import fee resolution of disapproval to the five-day debt limit extension bill this afternoon. The purpose of these calls is to convince Senators to support a veto of legislation disallowing the fee, whether it be the debt limit bill or a free-standing resolution of disapproval.

You are familiar with the factual justification for the fee. It is

NOTES: (Date of Call _____)

especially important to emphasize the foreign policy implications of a veto override.

Senator Warner has indicated his opposition to the fee.

**Electrostatic Copy Made
for Preservation Purposes**

THE SECRETARY OF STATE
WASHINGTON

good
J

June 2, 1980

Dear Ted:

This week you may be considering a proposal to block the 10 cent per gallon oil import fee. As Senator, I supported President Carter's decision to impose the fee. My new duties as Secretary of State have confirmed my belief the fee is in our national interest.

US dependence on imported oil threatens our economic well being, the political cohesion of the Western Alliance and, ultimately, our national security. We have made great progress in stabilizing our oil imports. Yet we are still so dependent on imported oil that last year a small, temporary interruption of supplies caused a doubling of prices.

The US still uses about as much gasoline as the rest of the industrial world combined. Even at \$1.30 per gallon, gasoline prices in the US are less than half the price in Europe and Japan. Our Allies impose gasoline taxes as high as \$1 or \$2 per gallon. They view the 10 cents per gallon fee as encouraging evidence of our American commitment to reduce gasoline consumption. The politically moderate oil exporters take the same view.

The fee will make a significant contribution toward enhancing our national security and strengthening the United States' position in the Western Alliance. Its defeat on the eve of the Venice Summit would have the reverse effect.

My own support for the oil import fee is not new.

As Senator from Maine and Chairman of the Senate Budget Committee, I viewed the fee as a fiscal cushion which could finance a balanced budget in the event of a more serious economic downturn than was contemplated in March. The Committee agreed that the uncertainty of long-range economic forecasting required the \$10 billion "safety net" the fee provides.

The Honorable
Ted Stevens,
United States Senate.

**Electrostatic Copy Made
for Preservation Purposes**

The sad fact is the economy has deteriorated beyond our expectations. Economic deterioration could well unbalance the budget even with the \$10 billion cushion. Balance is almost certainly lost if the fee is rejected.

An unbalanced budget carries with it a great price in terms of international confidence in the dollar and, more importantly, in our own people's confidence in government's ability to manage its affairs. Time and again, the Congress has solemnly vowed to balance the budget, and to make the tough decisions that balance would require. Now those promises are asked to stand the test of political and economic reality.

No energy question is easily resolved. I know you are carefully considering your vote. I stand ready to discuss the matter further with you if you wish.

With best personal regards, I am

Sincerely,

Edmund S. Muskie

NAME DOUGLAS COSTLE

1526

TITLE EPA ADMINISTRATOR

Requested by Frank Moore/
Bob Thomson

CITY/STATE _____

Date of Request June 3, 1980

Phone Number--Home () _____

Work () _____

Other () _____

INFORMATION (Continued on back if necessary)

The purpose of the call is to discuss Senator Byrd's charges that Costle is lobbying against the Utility Oil Backout Bill.

BACKGROUND: Since you will be meeting with Senator Byrd tomorrow at the leadership breakfast, you should follow up on his complaint that Doug Costle is lobbying against the Administration's Utility Oil Backout bill. As a matter of fact, Costle has missed few

NOTES: (Date of Call 6-4) *Byrd's allegation not true - done. He will remind his people again not to work against legislation, & will await Frank's call to meet & discuss situation.*

opportunities to discuss publicly acid rain problems caused by excessive coal burning. There is little question he is unenthusiastic about the backout bill.

However, we believe he is not lobbying against the legislation, despite Senator Byrd's perceptions to the contrary.

We are asking you to call Costle so you can tell the Majority Leader you followed up on his complaint.

TALKING POINTS

1. As my staff has informed you, Senator Byrd criticized your position on the Utility Oil Backout Legislation at the leadership breakfast last week. Stu and Frank tell me they have not observed you or your staff overtly lobbying against the legislation. Thus, I am not so concerned about that charge.
2. However, we are dealing with perceptions on the Hill and for some reason, Senator Byrd and others who favor the backout bill think you and your agency are working against it.
3. Could you work with Frank and Stu to develop a plan for dealing with those unfortunate perceptions.

We would ask you to appear briefly at the beginning of the meeting to reiterate the importance you attach to reaching an agreement and to set forth the general principles you would like to see included in any compromise legislation. After your departure, Stu would carry on the discussion of details with the Members and the staff.

Talking Points: (for call to Neal Smith)

1. I know you would like to see a small business authorization bill enacted this year, and I share your concern about the needs of the small business community.
2. I am committed to disaster lending reform and to improving the government's ability to respond quickly to the needs of disaster victims.
3. At the same time I am concerned about sound budgetary procedures. The House, Senate, and the Administration have been going back and forth on the issue for months. I think we can reach a compromise satisfactory to all of us.

4. To that end, I'd like you to come down to the WH to meet with me, Stu Eizenstat, Vernon Weaver and Jim McIntyre as soon as it can be arranged. I have in mind asking Tom Foley, Jim Wright, and Ed Jones; Senators Nelson, Nunn and Huddleston as well.

5. I hope this meeting will enable us to reach an agreement that will result in a good bill--one we can all take pride in--being passed and signed into law.

THE WHITE HOUSE

WASHINGTON

June 3, 1980

C

MEMORANDUM FOR THE PRESIDENT

FROM: LLOYD N. CUTLER LNC

SUBJECT: Participation in debate sponsored by
nonprofit organizations

You may be interested in the enclosed memorandum from
Mike Berman on the FEC Regulations applicable to a
League of Women Voters debate.

copies to: Hamilton Jordan
Jody Powell

**Electrostatic Copy Made
for Preservation Purposes**



OFFICE OF THE VICE PRESIDENT

WASHINGTON

May 31, 1980

MEMORANDUM FOR LLOYD CUTLER

FROM: MIKE BERMAN *Mike*

RE: Participation in debate sponsored by nonprofit organizations

Those nonprofit organizations which are exempt from federal taxation under 26 U.S.C. Secs. 501 (c)(3), 501 (c)(4) and bona fide news organizations may stage nonpartisan candidate debates. 11 CFR 110.13(a). The structure of the debates is left to the discretion of the staging organization provided that the debates include at least two candidates and the debates are nonpartisan in that they do not promote one candidate over another. 11 CFR 110.13(b). Corporations and labor organizations may contribute funds to stage debates conducted pursuant to 11 CFR 110.13. 11CFR 114.4(e).

In its explanation of the regulations the Commission notes that the precise structure of the debates is left to the sponsoring organization but that they must be nonpartisan and that the primary question in determining nonpartisanship is the selection of candidates. While suggesting that a general election debate may not be structured to promote one candidate over another, the Commission says that candidates may be invited to participate on the basis of party affiliation and that a debate could be staged to which only major party candidates are invited.

While it appears an organization could stage a debate including only the Democratic and Republican candidates for President there is nothing on the face of the regulations that would preclude them from including an independent candidate. Undoubtedly, independent candidates will argue that a debate that only includes major party candidates violates the requirement of the regulation that the debates not promote one candidate over another.

cc: Mike Cardozo

THE WHITE HOUSE
WASHINGTON

04 Jun 80

Frank Moore

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

Rick Hutcheson

8:00 AM

THE WHITE HOUSE

WASHINGTON

ADMINISTRATIVELY CONFIDENTIAL

CONGRESSIONAL LEADERSHIP BREAKFAST

Wednesday, June 4, 1980

8:00 a.m.

State Dining Room

From: Frank Moore

1666
3332
20
13

I. PRESS PLAN

White House Photographer.

II. PARTICIPANTS

See attached list.

III. AGENDA

A. RECONCILIATION WITH KENNEDY

The primary season has now come to an end. It is apparent that I have far more than enough votes to win our party's nomination at the August convention. We will be facing a tough challenge from Ronald Reagan coupled with the unknown impact of the John Anderson candidacy.

Ted Kennedy has run a strong race and been a good candidate. However, it is now time for all of the factions in our party to pull together and unite behind a common purpose if we are to avoid disaster in the Congressional and Presidential races this Fall. We cannot afford continuing intra-party strife through the convention.

Thus, I need your help to bring Senator Kennedy and the others who have supported him back into the fold. As all of you know, I have made numerous overtures myself. A number of Senator Kennedy's supporters have now pledged their support of a united Democratic ticket in the Fall. Nevertheless, it is imperative to us all that we not have divisive, visible floor fights at the convention over rules or platform issues. It is likely that Senator Kennedy himself is the only one who can prevent that from happening.

**Electrostatic Copy Made
for Preservation Purposes**

B. GENERAL RELATIONSHIP WITH CONGRESS

1. Just as important, I must talk to you about the increasing harshness of the attacks on me by Members of the Democratic majority in Congress. I believe it arises from a basic misunderstanding about what tactic will best serve individual Members in this quest for reelection. There is no question that Fritz Hollings can get a day or two of good coverage from calling me an "appeaser" and a "hypocrite" for opposing his defense figure -- even though he knows full well he has devised a budget \$7 billion in excess of mine in defense. However, in the long run, attacks like this drive a deep wedge in our party, fragment our efforts and contribute to the defeat of us all.

2. I would like to be helpful to Congressional candidates in South Carolina, North Carolina and other neighboring states. But I cannot campaign effectively for them or for myself if a senior Senator from the region is attacking me in terms bordering on impropriety.

3. Certainly, I expect criticisms from the Congress. However, I do not appreciate criticisms that are misleading, deliberately malicious or based on half-truth. For three years I have responded with restraint to criticisms of this nature, but with the threat of Ronald Reagan looming over us all, you should tell your colleagues to expect retaliation by me and by my allies.

C. SPECIFIC LEGISLATIVE ITEMS

Talking Points

Perhaps even worse than the personal criticisms of me is the Congress' apparent paralysis in dealing with a number of major problems that confront our nation.

Inflation

We have instituted an aggressive plan to control the expansion of credit and escalating wages and prices without a complicated system of mandatory controls. The Congress has responded by passing an amendment to sunset my authority to impose credit controls and rejecting attempts to expand staff at COWPS to administer the voluntary program -- all this at a time when the program is just beginning to show very positive results in the Consumer Price Index and interest rates have fallen dramatically.

Energy

We agreed in March that I would take responsibility for imposing a small 10 cent gasoline fee. At this time, Congress is poised to disapprove even that effort at conservation and possibly override a veto of mine for the first time, as well. The charge (by Senator Byrd) that we have not made an effort to educate Senators and Congressman on this issue is just not true. I, the Vice President, four Cabinet officers and a large part of my staff have spent hundreds of hours talking to Members about this subject. It is plain to me the fee is generally recognized as necessary and wise, but not politically feasible for Members seeking reelection this year. However, it is my clear impression the fee is more of an issue in the Halls of Congress than anywhere else in the nation.

Balanced Budget

My March budget includes approximately \$8 billion in savings associated with authorizing legislation. It is essential that the Congress move swiftly on these proposals since we need the savings assumed here in order to balance the 1981 budget.

I am pleased that the Congress has recently approved some legislative savings for the food stamp program in the food stamp authorizing bill. Chairman Perkins has reported out a nutrition authorizing bill without my nutrition savings proposals. I understand that Congressman Panetta will offer a floor amendment to add my nutrition savings to the bill. I hope the Leadership will support this amendment.

The largest savings in my March budget include the following:

(\$ in billions)

	<u>1981 outlays</u>
Pay reform	-2.7
Annualizing COLA (for Federal retirees and for nutrition programs)	-1.4
Health programs (medicare/medicaid)	-1.2
	<u>-5.3</u>

I need your help to assure that the authorizing committees report these and other legislative savings proposals during this month so both the Congress and my Administration can see the results of the savings before the fiscal year begins. At this time, success on these items appears doubtful.

(Note: The Congressional budget resolution contains reconciliation language requiring authorizing committees to report \$6.4 billion in legislative savings. If the Congress adopts a budget resolution and this process proves successful, we will achieve a large portion of the total savings requested in your budget.)

In addition to legislative savings, I am interested in legislation proposed in my budget to increase revenues by \$6-7 billion (over and above the oil import fee) by improved cash management. These include withholding on dividends and interest (\$3.4B), restrictions on tax-exempt housing bonds (\$0.8B), cash management proposals (\$1.5B) as well as some small items. I would urge the Congress to move ahead with revenue raising legislation along the lines I proposed in the March budget.

(Note: The budget resolution also includes a reconciliation requirement for \$4.2 billion in new revenue legislation.)

The Congressional Budget

Most of you have misunderstood the implications of my position on the Congressional Budget Resolution. We took a position in support of our figures at every step in the process this year. In the end, the budget was balanced but the priorities were different than mine. Consequently, I opposed the resolution. If I did not respect the Congressional Budget process, I suppose I could have ignored the resolution altogether and made the fight in Appropriations and Authorizing Committees. However, I see the Congressional Budget as a credible and powerful instrument for setting legislative priorities. To duck a fight over priorities in that forum would have been unconscionable.

Supplementals

As I've mentioned before, many key programs are running out of funds, including disaster relief, black lung, trade adjustment assistance and the space shuttle. The Congress also needs to move expeditiously on these.

Rescissions

How much?
The 45-day period for Congressional action on rescissions runs out on Thursday. Jim McIntyre wrote to the Appropriations Chairmen yesterday to urge them to move the rescission bill, and if necessary, separate it out from the supplemental bill. I urge the Leadership to help in this effort, or else we will lose the outlay savings from the budget reductions contained in my March budget and in the Congressional budget resolution.

Fair Housing

General debate may begin this week, votes are likely next.

You should tell the Leadership that Members of your Cabinet and your staff are continuing their efforts on this bill. Many House Members are reluctant to flatly commit to oppose the Sensenbrenner gutting amendment. The vote is so close on the amendment that the efforts of the Leadership may make the difference.

You should press them to work with you on this important piece of civil rights legislation.

Truck and Rail Deregulation

You should tell the House Leadership that you would like both deregulation bills to be scheduled for floor action as soon as possible. The longer the trucking bill is held up the more likely that some controversy will develop -- at this point there is none other than the Levitas one-house veto threat.

Utility Oil Backout

At some point during the breakfast you should turn to Senator Byrd and tell him that you have talked to Doug Costle about the issue Byrd raised with you last week. You should continue with the following:

You have reminded Costle of your position on this issue.

However, you feel the major threat to the bill comes from the lobbyists for utilities in the Southwest who want exemption from the off-gas provisions of the Fuel Use Act. Dingell will not move a bill with such an exemption.

D. PLEA FOR CLOSER COOPERATION

In summary, I think the relations between the Administration and the Democrats in Congress are at a low point at precisely the time when we should be working more closely together. I am certain you know of several instances where I and my cabinet or staff are at fault. I have been frank with you about my feelings.

One thing is certain. We must circle our wagons as soon as possible and emerge from the convention united. Other-

wise, we will suffer dramatic losses in the Congressional races and possibly lose the Presidency, as well.

I hope we can talk today about how we can reduce the tensions between us and minimize the rhetorical excesses by Democrats against other Democrats.

CONGRESSIONAL LEADERSHIP BREAKFAST

Wednesday, June 4, 1980

PARTICIPANTS

The President
The Vice President

Senator Robert Byrd
Senator Warren Magnuson
Senator Daniel Inouye
Senator Wendell Ford

Speaker Thomas P. O'Neill, Jr.
Congressman Jim Wright
Congressman John Brademas
Congressman Thomas Foley
Congressman Dan Rostenkowski
Congressman Jim Corman

Frank Moore
Zbig Brzezinski
Jim McIntyre
Alonzo McDonald
Bill Smith
John White
Dan Tate
Bill Cable
Jim Copeland
Bob Thomson
Bob Schule
Bob Maher



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

MEMORANDUM FOR THE PRESIDENT

FROM:

John White
Frank Moore

A handwritten signature in black ink, appearing to be "J. White", written over the printed name "John White".

SUBJECT:

Telephone Calls To Senators Robert Byrd and Baker
Regarding Floor Debate On Selective Service
Registration

Attached are telephone call requests for phone calls to Senators Byrd and Baker to seek their assistance and advice regarding the upcoming floor debate on Selective Service registration. Senator Byrd was very helpful in getting the funding resolution out of the Appropriations Committee and has been working to bring the resolution to the Senate floor next week. While Senator Baker supported registration during his Presidential campaign, he is not a Member of the Appropriations Committee and has not been active to date. Since a large block of Republican votes are essential if we are to pass registration, we need to get Baker more actively involved. Senator Stevens, the Republican Whip, supports registration and voted for it in the Appropriations Committee.

We have two serious problems as we go to the Senate floor:

- (1) Timing - It will take at least 4 to 5 weeks after the supplemental appropriation is signed into law before registration can begin. It is no longer possible to register in June. Worse yet, if the appropriation resolution does not reach your desk by June 13th, it will not be possible to commence registration before the Democratic convention begins.
- (2) Amendments - In order to have a reasonable chance of final Congressional action before June 13th, we must avoid the adoption of amendments to the resolution. Any amendments would require a conference with the House and would provide a further opportunity for Senator Hatfield to delay by filibustering the conference report.

During markup, the Appropriations Committee adopted one of Senator Hatfield's amendments requiring that conscientious objectors be permitted to indicate their views on

the registration forms. This amendment must be tabled or defeated when the resolution comes to the floor. If either Senator raises questions about the substance of the Hatfield amendment, you should know that:

- a. Since we propose only registration at this time, there is no reason for conscientious objectors to indicate their views. A determination of C.O. status requires a formal claim and a hearing.
- b. If we are forced to reprint the registration forms, 25 million forms will have to be reprinted.
- c. The inclusion of such an option on the registration forms might be used as a referendum on your decision to propose peacetime registration. It would be very troublesome politically if 30 - 40 percent of the registrants protested by listing themselves as "C.O's."

We are working closely with the Defense Department contacting other Senators, and are providing information to Senator Stennis and Senator Byrd's staffs in preparation for the floor debate.

Talking points for the telephone calls are on the cards.

Attachments

psk

NAME Robert Byrd

1467

TITLE Senator

CITY/STATE Democrat - West Virginia

Phone Number--Home () _____

Work () 224-3954

Other () _____

Requested by John White
Frank Moore *FM*

Date of Request _____

INFORMATION (Continued on back if necessary)
Background

Phone call to seek assistance and advice on upcoming floor debate on Selective Service registration (see memo attached).

Talking Points

1. Thank Byrd for his assistance in getting the resolution out of the Appropriations Committee and for his efforts to get it to the Senate floor next week.

NOTES: (Date of Call _____)

*Frank
not done
J*

2. Indicate that you have not yet spoken with Senator Stennis and that you are calling Byrd because timing is such a critical issue and because you want his advice on how best to proceed.
3. Explain the timing problem that we face - emphasizing a fear that the issue will become embroiled in election year politics if final action is delayed past June 13th.
4. Explain the need to defeat all amendments in order to avoid a conference and the risk of yet further delay.
5. Indicate that you are going to talk to Senator Baker and ask Byrd for his advice on what else needs to be done. Indicate that you are willing to do anything that Byrd feels would be helpful, including a meeting with key Senators such as Stennis, Nunn, Baker, Stevens, Tower, and himself.

BBK

1468

NAME Howard Baker

TITLE Senator

CITY/STATE Republican - Tennessee

Phone Number--Home () _____

Work () 224-4944

Other () _____

Requested by John White
Frank Moore *FM.*

Date of Request _____

INFORMATION (Continued on back if necessary)

Background

Phone call to seek assistance and advice on upcoming floor debate on Selective Service registration (see memo attached).

Talking Points

1. Thank Baker for his support for registration.

NOTES: (Date of Call _____)

2. Indicate the importance you attach to this issue - emphasize the need to correct a serious mobilization deficiency.
3. Explain the timing problem that we face - emphasizing a fear that the issue will become embroiled in election year politics if final action is delayed past June 13th.
4. Explain the need to defeat all amendments in order to avoid a conference and the risk of yet further delay.
5. Indicate the importance of maintaining bipartisan support and ask Baker for his advice on how best to proceed.

THE WHITE HOUSE
WASHINGTON

04 Jun 80

Jody Powell
Phil Wise

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

Rick Hutcheson

cc: Fran Voorde

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

June 3, 1980

Jody
Phil
J

MEMORANDUM FOR: THE PRESIDENT
FROM: JODY POWELL *JJP*
SUBJECT: Interviews Prior to Your June 19-26
European Trip

In keeping with past practice and to obtain maximum advantage at minimum expense of your time, I recommend you schedule two brief television interviews (one for Italy, one for Yugoslavia) and two photo sessions (one for Spain, one for Portugal) to hand over written answers to written questions in advance of your visits to these four countries. Both Yugoslavian and Italian television interviews would be done by those countries' network correspondents in the United States accompanied in each case by experienced and favorably disposed newspaper writers/commentators whose participation in the interview will assure serious questioning and credibility. Since neither Spain nor Portugal have journalists in the U.S. of such repute, I recommend the less prominent format of the written interview.

The specifics follow:

1. Italy: A 15-20-minute interview in the Oval Office for RAI-TV with Sergio Telmon, the network's New York correspondent, and Arrigo Levi, a senior editor of the Turin paper La Stampa who is a much-respected Italian commentator. The transcript of the interview would be made available to ANSA, the Italian news agency, for publication June 19, the day you arrive in Rome. The interview itself would be broadcast on the evening of June 18.

Approve Disapprove

2. Yugoslavia: Again a 15-20-minute Oval Office interview with Goran Milic, the Yugoslavian television correspondent in New York, and Juri Gustincic, the U.S. correspondent for the Belgrade daily paper Politika for many years and probably the best known Yugoslavian journalist writing about the United States. That television interview would be broadcast Monday night, June 23, the evening before we arrive in Belgrade, and the transcript made available to Tanjug, the Yugoslav news agency, for publication the morning of June 24.

Approve Disapprove

Electrostatic Copy Made
for Preservation Purposes

3. Spain and Portugal: Separate brief photo sessions in the Oval Office with the news agency representatives in the United States for Spain and Portugal at which they would receive written answers (prepared by the State Department) to their written questions and a few nonsubstantive remarks by you about your forthcoming visits to Madrid and Lisbon. Both "interviews" would be embargoed for publication the morning of your arrival in the respective capitals.

✓

 Approve Disapprove

1:45 PM

THE WHITE HOUSE

WASHINGTON

Meeting with George W. Stone, President
of the National Farmers Union

Wednesday, June 4, 1980

1:45 p.m. (15 minutes)

Oval Office

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

I. PURPOSE OF MEETING

There are two purposes for this meeting: (1) To greet Mr. Stone as the newly elected President of the National Farmers Union and (2) to hear Mr. Stone's views of the current agricultural economic situation and his policy recommendations.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

Background. George Stone was elected President of the National Farmers Union this past March at their Annual Convention. He succeeds Tony Dechant who served as head of the organization for 13 years. Mr. Stone is a farmer from Choctaw, Oklahoma and for four years served as Trustee and Mayor of Choctaw. After graduating from Oklahoma Baptist University, he served as Pastor for ten years in Oklahoma City. Before being elected as President of the National Farmers Union, Mr. Stone had been President of the Oklahoma Farmers Union since 1956.

In his letter of April 3 requesting this meeting, Mr. Stone expressed concern over the "credit crisis in agriculture" and offered the following suggestions, based on comments of NFU members:

1. The federal government must recognize that a credit crisis exists, so severe, that emergency economic action is required.
2. The federal lending agencies should immediately declare a moratorium until October 1, 1980, on all loans owed by farmers and ranchers who have a demonstrated need for emergency assistance.
3. The U.S. Department of Agriculture, through its Commodity Credit Corporation, should provide qualified farmers and ranchers with advance loans of up to 50 percent of the value of their 1980 normal crop yields. This should be contingent on the producer's signing up for a voluntary acreage diversion program.

4. We urge you, Mr. President, to use your authority under the Emergency Credit Control Act of 1969 to roll back interest rates and to give first priority to loan funds to agriculture, food, housing, and small business. Farmers cannot afford to pay even the 14 percent interest rate now being charged by the Farmers Home Administration. Agricultural income cannot possibly absorb such high interest rates.

Subsequently, the Vice President met with Mr. Stone and Mr. Cy Carpenter, President of the Minnesota Farmers Union (and a good friend of the Administration). At this meeting, they emphasized the need for four actions:

1. Advance payments on 1980 crop loans to farmers who voluntarily divert 15 percent of cropland ... together with increased loan rates (\$3.63 for wheat and \$2.35 for corn) for those farmers who participate in the diversion.
2. Release the additional \$1 billion of FmHA emergency loan funds that have been authorized and lift the existing 5 percent (of existing outstanding loans) limit the Federal Reserve Board placed on lending under its temporary seasonal credit program.
3. Exempt agricultural users from effects of the pending Crude Oil Import Fee.
4. Higher loan rates if Soviet export contracts now held by CCC are retendered, to avoid depressing market prices.

As you know, the major cause of our farm income problem in 1980 is rapidly rising input prices ... led by fuel (up 49 percent), short-term interest (30 percent), and fertilizer (27 percent). Unfortunately, much of this has been unavoidable -- associated either with OPEC or with our actions to reduce dependence on foreign oil and to break the inflationary spiral. The USDA unofficially estimates that net farm income in 1980 will be \$21 to \$26 billion, down 21 to 36 percent from the 1979 level. Also, about \$15 billion of this is nonmoney income -- i.e. the imputed rental value of farm dwellings, the value of home produced food, etc.

Historically, the Farmers Union has probably been more pro-Democratic than any of the other major farm organizations. The NFU has always favored a strong Federal presence in agriculture, with emphasis on protecting the economic interests of smaller family farms. Over the past 3 years, however, the NFU policy positions have become so extreme vis-a-vis our judgment as to what was economically and politically feasible (e.g. their support for 100 percent of parity loan rates) as to seriously strain the relations between this Organization and the Administration. We believe the present circumstance -- a new NFU President and the prospect of a Republican Presidential candidate who will have little sympathy for NFU policy views -- makes this a good time to mend fences.

Participants: George Stone, President, NFU
Secretary Bergland
Stu Eizenstat
Lynn Daft

Press Plan: White House photographer only.

III. TALKING POINTS

Attached

TALKING POINTS

1. Congratulations on being elected President of the Farmers Union. The NFU has traditionally been a key source of advice and support for Presidents ... particularly Democratic ones. Since I would like to see this tie continued and strengthened, I particularly welcome this opportunity.
2. I know the farm economy is going through a very difficult period. Although commodity prices have begun to strengthen, they are still not as strong as we would like (price charts attached).

It is important to note that farm prices, when viewed over the broad sweep of the last 3 years, have reversed the sharp downturn that was underway when I assumed office. And we have done so despite record large farm output in each of the last 4 years ... with farm output in 1979 representing the largest deviation above trend since the mid-1930's (chart and table attached).

3. As you know, we have taken a number of recent steps to make additional credit available to farmers and to strengthen farm prices. This includes:
 - * Authority to expand the Farmers Home Administration Economic Emergency loan program by \$2 billion ... \$1 billion of this was allocated on enactment and another \$150 million has just been made available.
 - * The provision of money for seasonal agricultural needs through small, nonmember banks by the Federal Reserve.
 - * Authority for higher target prices.

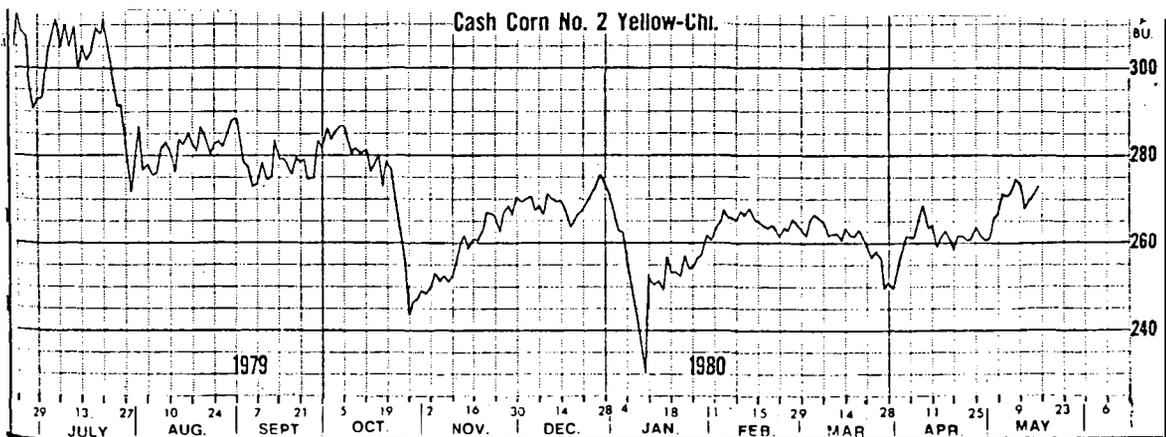
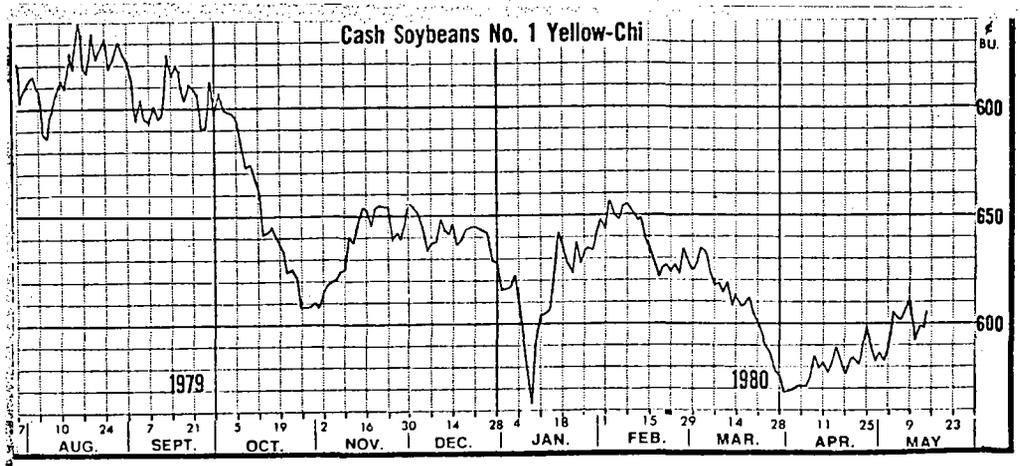
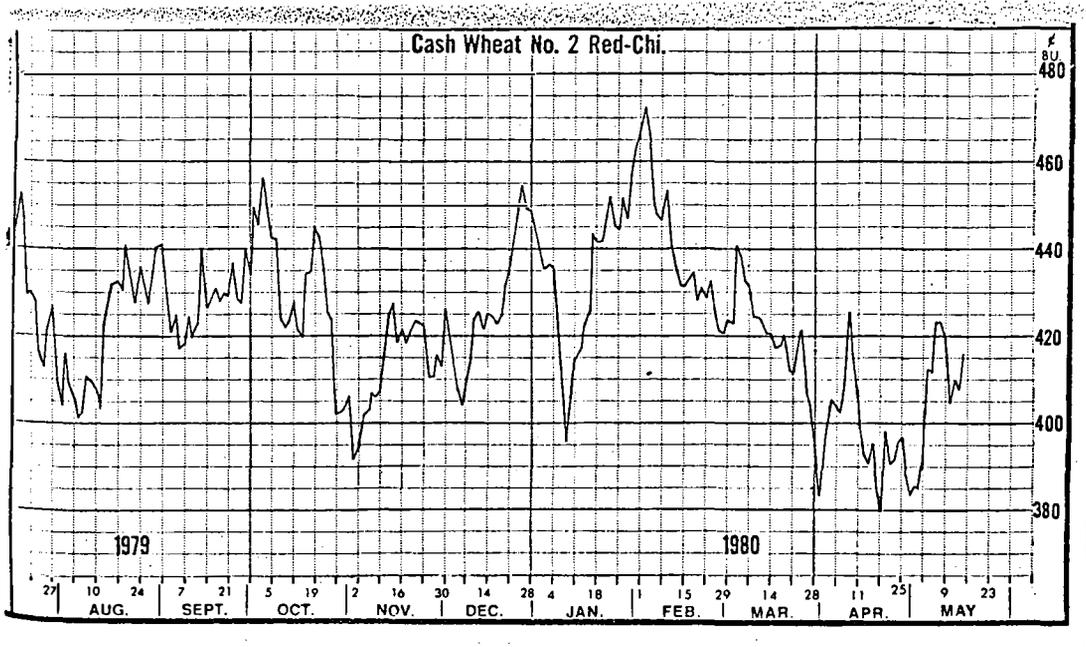
To off-set the effects of the Soviet grain suspension:

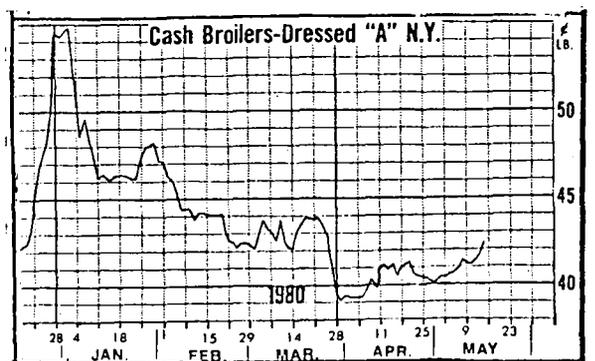
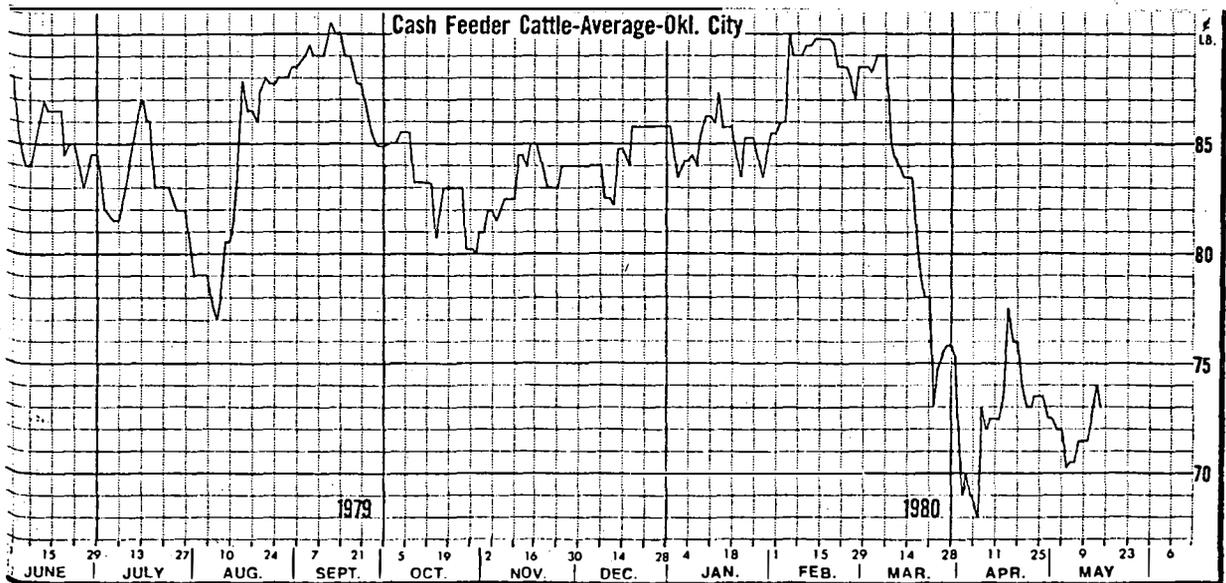
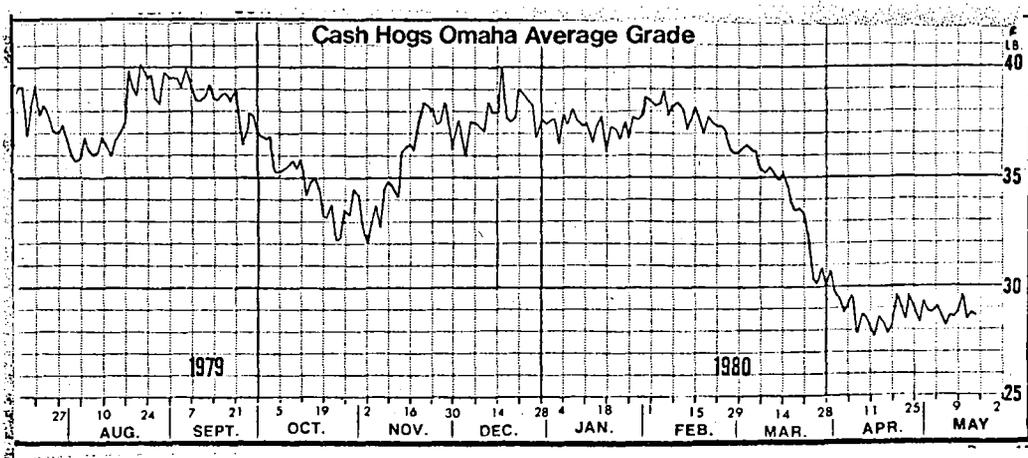
- * With improved incentives for participation, have attracted an additional 8.3 million metric tons (mmt) of grain into the farmer-owned grain reserve since the first of the year.
- * The CCC has purchased 4.2 mmt of wheat and 2.7 mmt of corn.
- * With the help of an aggressive export promotion policy, we have increased sales to countries other than the USSR by 14 mmt since January 1. We will set another farm export record this year -- \$38 billion (\$19 billion positive balance), 22 percent above last year's level.

5. Despite all this, I recognize that we still have work to do. Although I believe we have essentially off-set the impact of the Soviet suspension, we must now concentrate on bringing farm returns more into line with the higher costs our farmers face. I have asked Secretary Bergland to assess the options -- including the legislative measures recently reported out of the Agriculture Committees of both Houses of Congress (which would raise loan rates for grain entering the reserve).

This is not an easy assignment. While I am firmly committed to maintaining an economically viable and healthy agriculture, we must be very careful to ensure that our actions do not worsen our longer-term inflation problems or detract from our efforts for fiscal restraint.

If we are going to succeed, we will need your help, your ideas, and your support.

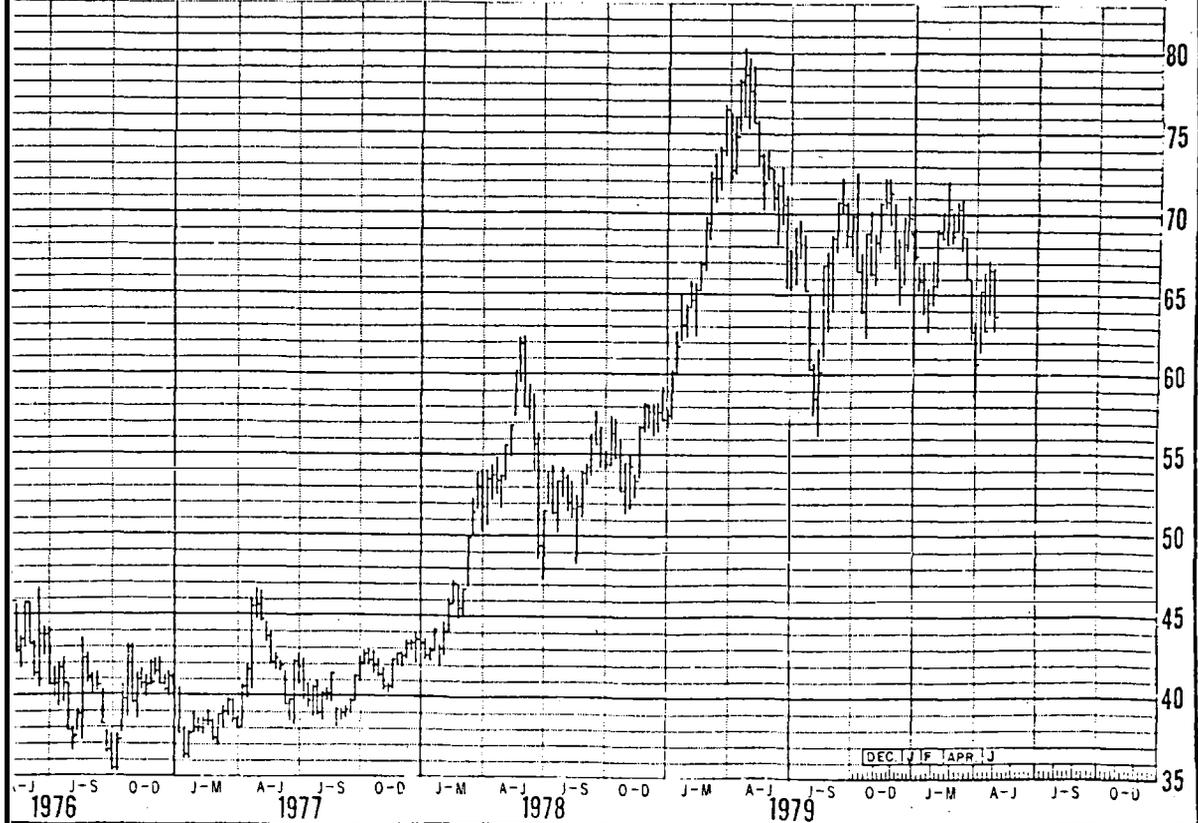


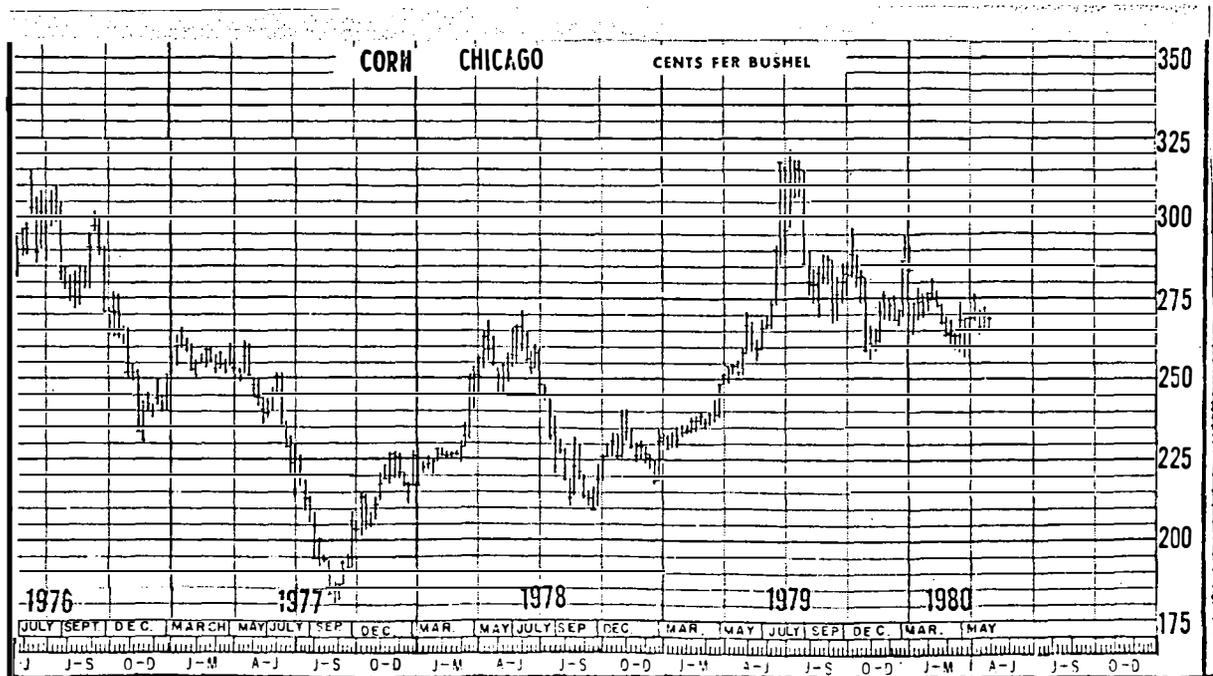
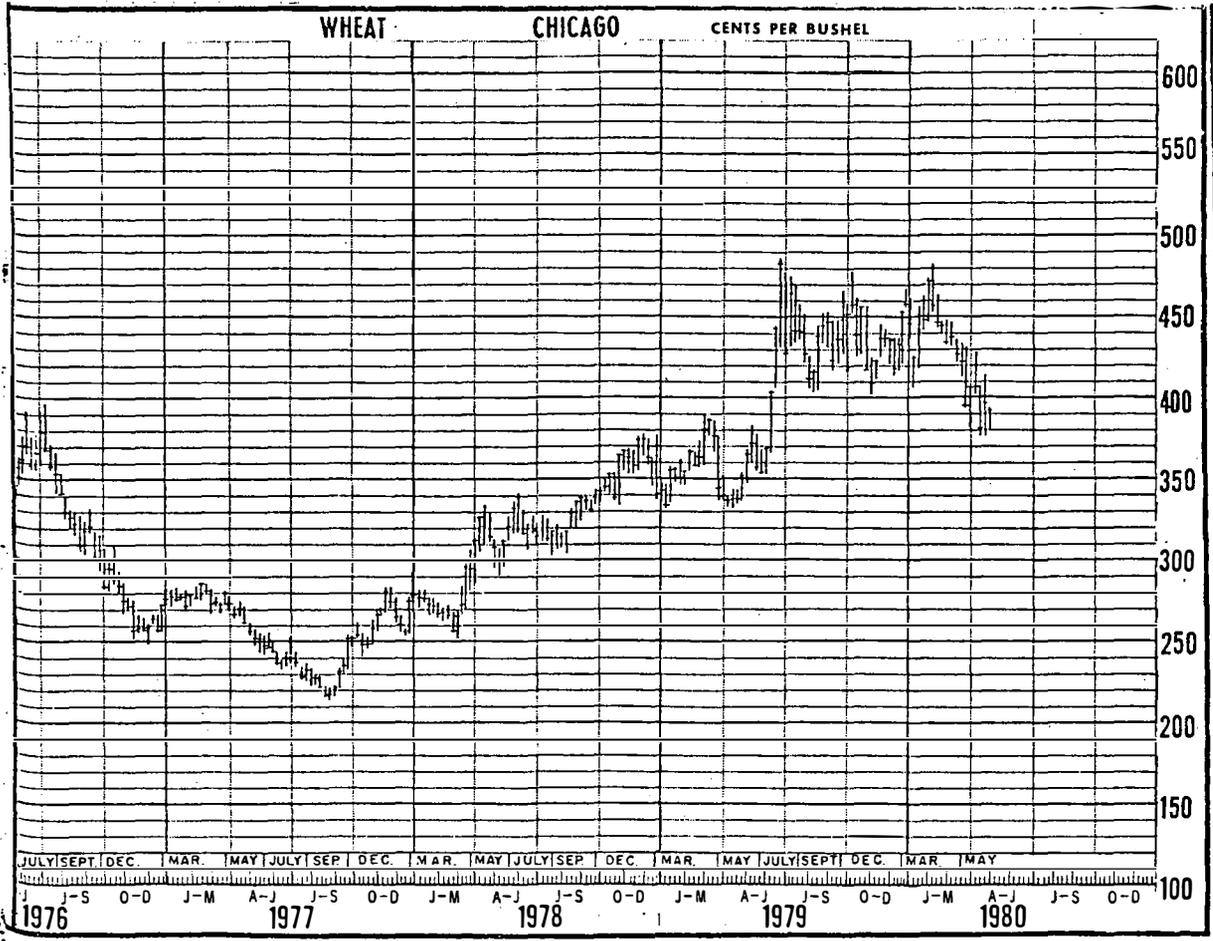


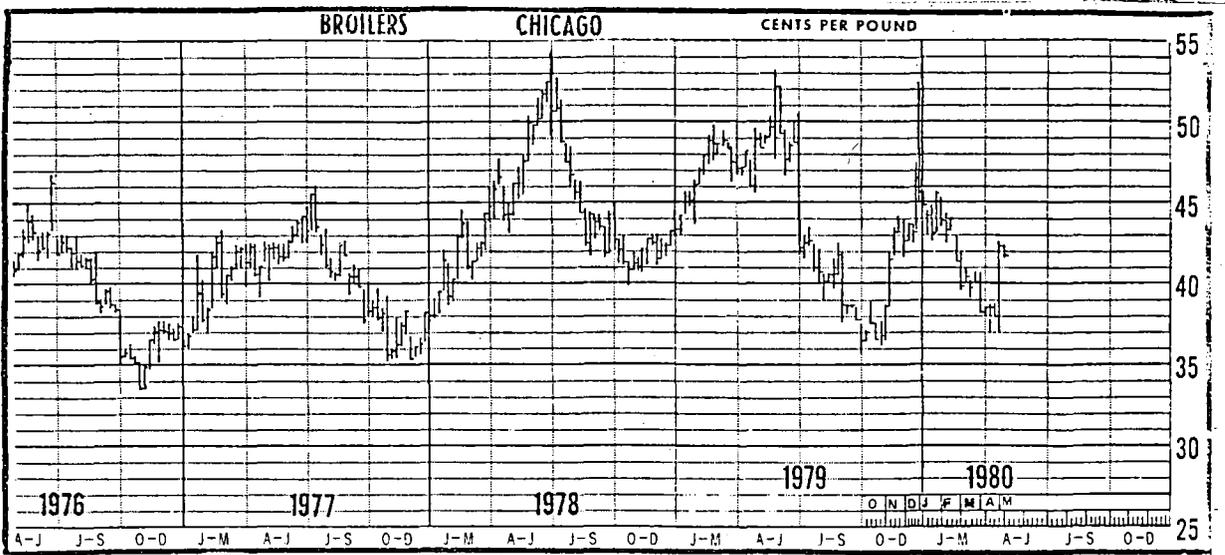
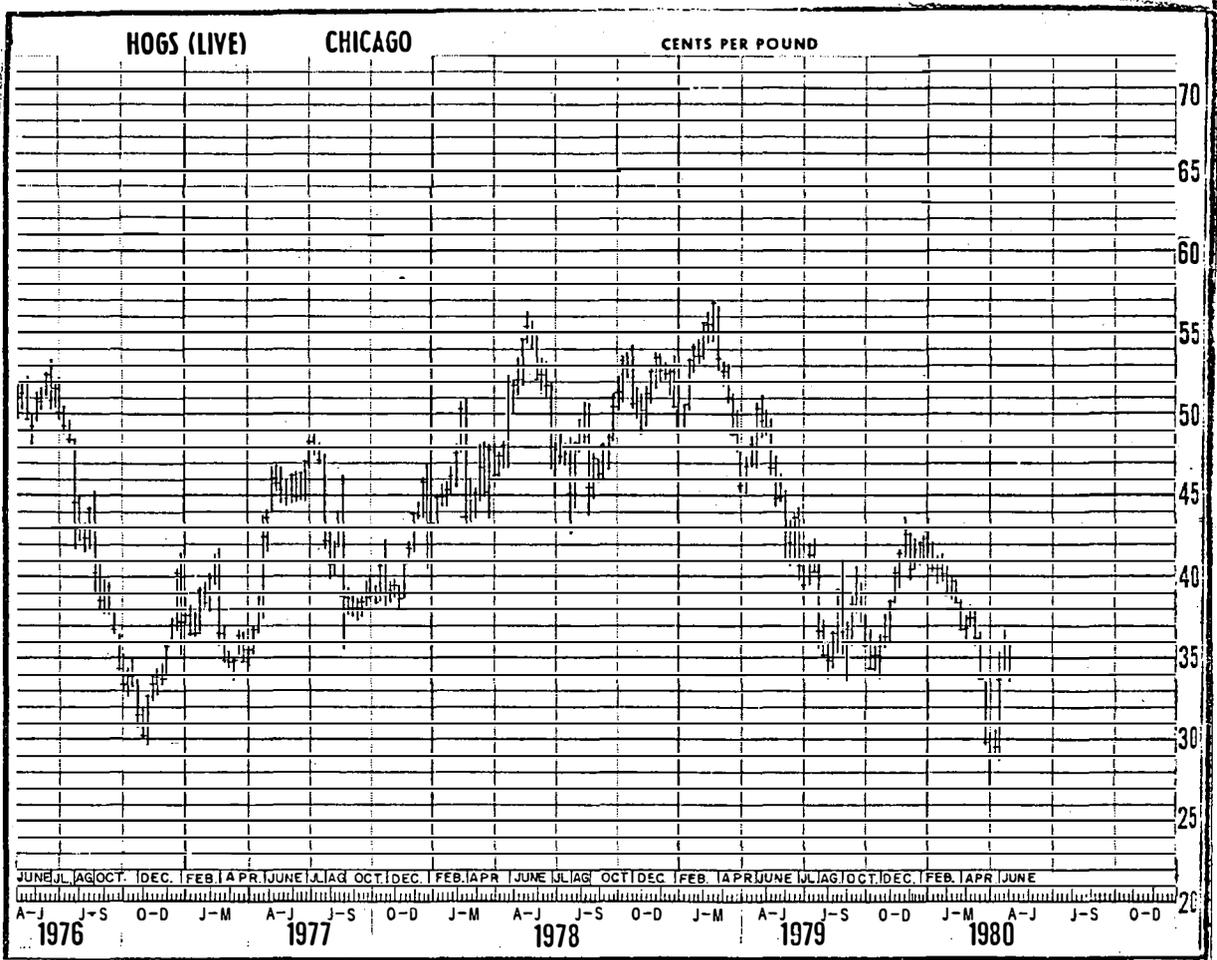
SOYBEANS CHICAGO CENTS PER BUSHEL



CATTLE (LIVE) CHICAGO CENTS PER POUND



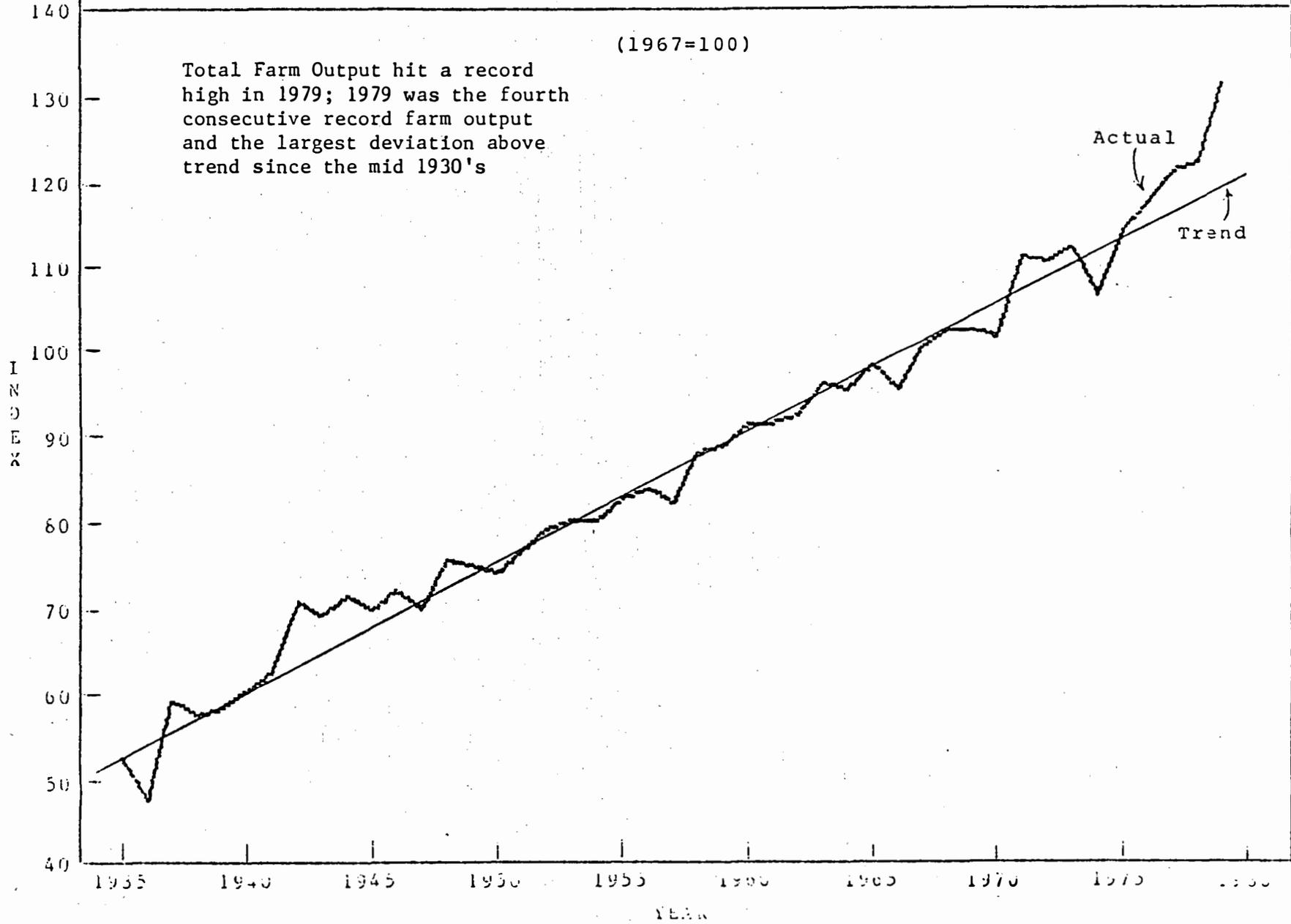




INDEX OF TOTAL FARM OUTPUT

(1967=100)

Total Farm Output hit a record high in 1979; 1979 was the fourth consecutive record farm output and the largest deviation above trend since the mid 1930's



FARM INCOME and RELATED STATISTICS

Farm Price and Income Statistics	1977	1978	1979	1980				1980	*** 1981 ***		
	Annual	Annual	Annual	I	II	III	IV	Annual	I	II	III
				Base	Good	Poor					
									Weather	Weather	Weather
Prices Received Indexes (1967 = 100)											
Crops	192	203	223	219	223	226	227	224	243	215	287
Livestock and products	175	216	257	253	247	257	264	255	285	281	287
Total	183	210	241	236	236	242	246	240	265	250	287
Percent change from year earlier ...	-1.6	14.8	14.8	-1.7	-3.7	0.8	3.8	-0.4	10.4	4.2	19.6
Gross Farm Income (\$ Billions)											
Cash receipts from marketings											
Crops	48.2	52.1	61.7	63.9	65.6	68.7	64.6	66+/-4	69	66	75
Livestock and products	47.4	59.0	67.2	67.4	64.4	67.2	68.4	67+/-3	75	75	76
Total	95.7	111.0	128.9	131.4	130.0	135.8	133.0	133+/-7	144	141	150
Nonmoney and other income*											
Value of inventory change.....	11.8	13.8	13.4	15.1	15.2	15.3	15.5	15+/-1	17	17	17
	1.1	1.1	4.4	3.0	2.0	1.0	-1.0	1+/-2	1	1	1
Total.....	108.5	126.0	146.7	149.5	147.2	152.2	148.8	149 +/-6	162	159	168
Production Expenses	88.8	98.1	113.7	122.1	126.4	130.3	133.9	128 +/-3	138	138	138
Net Farm Income											
Current dollars.....	19.8	27.9	33.0	27.4	20.8	21.9	13.6	21 - 26	24	21	30
1967 dollars**.....	10.9	14.3	15.2	11.8	8.6	8.9	5.4	8.8 - 10.9	9.0	7.9	11.3

* Includes imputed rental value of farm dwellings, value of home consumption, other nonmoney income, and government payments.

** Current dollar income deflated by CPI.

*** The 1981 FORECASTS have NOT BEEN RELEASED by the USDA as official estimates. ***

PRODUCTION EXPENSE FORECAST

	Amount (bil. \$)	1979 (P)			Amount (bil. \$)	1980 (F)		
		Total	Quantity	Price		Total	Quantity	Price
Purchased feed	16.9	17	5	12	17.9	6	2	4
Purchased livestock	12.0	21	-10	34	12.1	1	0	1
Seed	3.3	8	3	5	3.5	7	2	5
Fertilizer	7.0	11	5	6	8.3	20	-7	27
Repair and operation	7.0	13	3	10	8.0	14	0	14
Fuel	6.4	45	3	41	9.3	46	-3	49
Hired labor	8.0	4	-5	9	8.6	7	-2	9
Machine hire	2.9	15	3	12	3.3	14	2	12
Pesticides	1.9	6	4	2	2.3	15	0	15
Short-term int.	5.8	34			8.1	40	10	30
Other operating expenses	7.2	14	2	12	8.1	13	0	13
Depreciation	18.6	12	0	12	20.6	11	0	11
Taxes	4.5	7	0	7	4.8	7	0	7
Real estate int.	6.6	26	16	10	7.8	18	5	13
Net rent to NOL	<u>5.3</u>	12			<u>5.5</u>	4		
TOTAL	\$113.4	16			\$128.2			
PPI	260	15			291	12		

THE WHITE HOUSE
WASHINGTON

Phil has

Sam

THE WHITE HOUSE
WASHINGTON

6/3/80

Mr. President:

Al Rusher called this morning and asked that I pass a message to you concerning the refugee situation. He feels the reaction by the public is very critical and the press is bad. The military responded in an inadequate way to the weekend events. He knows you are seeing Bumpers and Pryor and wanted you to know this beforehand.

Phil

P
THE WHITE HOUSE
WASHINGTON

7:45 pm
10:00 pm

June 2, 1980

MR. PRESIDENT:

The Campaign has organized approximately 25 fundraising victory parties around the country tomorrow night with a minimum goal of \$5,000 at each. You are being requested to make four 5-minute calls between 7:30 and 10:00 p.m. to these parties. Each call would cover 6-8 parties. May I arrange this on your schedule?

Yes No

J
PHIL

Electrostatic Copy Made
for Preservation Purposes

SENATE HEADCOUNT FOR SELECTIVE SERVICE REGISTRATION

	<u>1</u>		<u>2</u>	<u>3</u>		<u>4</u>		<u>5</u>
Baucus		Jepsen	Bumpers		(1)	Biden		Armstrong
Baker		Johnston	Javits			Heinz		Bellmon
Bayh		Laxalt	Moynihan			Riegle		Boschwitz
Bentsen		Long	Ribicoff		(3)	Roth		Bradley
Boren		Lugar				Sarbanes		Church
Burdick		Morgan					(1)	Cohen
Byrd (Va.)		Nunn						Cranston
Byrd (W. Va.)		Pell						Culver
Cannon	(2)	Percy						Danforth
Chaffee		Pryor						Dole
Chiles		Randolph						Eagleton
Cochrane		Sasser						Gravel
DeConcini		Schmitt						Garn
Domenici		Schweiker						Hart
Durenberger		Simpson						Hatfield
Durkin		Stafford						Kassenbaum
Exon		Stennis						Kennedy
Ford		Stevens						Leahy
Glenn		Stevenson						Levin
Goldwater		Stewart						Magnuson
(5) Hatch		Talmadge						Mathias
Haywakawa	(2)	Thurmond						Matsunaga
Heflin		Tower						McClure
(3) Helms		Wallop						McGovern
Hollings		Warner						Melcher
Huddleston		Weicker						Metzenbaum
Humphrey		Young						Mitchell
Inouye		Stone						Nelson
Jackson		Zorinsky					(2)	Packwood
							(3)	Pressler
								Proxmire
								Tsongas
								Williams
	(58)		(4)			(5)		(33)
	56		7	3		3		39

Number in parenthesis indicates position on cloture where it is different from final passage.

THE WHITE HOUSE
WASHINGTON

Rick --

Please hold attached "close"

Thanks--ssc

Out Box June 4, 1980

6 5 6 = 17
OREGON 21
9 7 5

THE WHITE HOUSE
WASHINGTON

Riley/Platform

Panamanian ship/Cuba → us

~~IEA 625 - 570 ~~~

~~Ag Exp '80/385 '79/325~~

~~FHA int 13% → 11 1/2%~~

~~Visit → Yupo, sp~~

~~Calif wine labeling - Fritz~~

> Involve M E Henry PRC, etc
~~Congratulate Belmont~~

> Lawyers re Demo Com & Anderson
~~Prime Ho → Miller~~

> ~~Fahd msg re oil price - ch & Stu~~
~~AG report~~

~~Pat re my Medicaid &~~

~~Esteban Torres / ^{Kid} Abelardo Valdez~~

~~Debate & Anderson~~

~~Ga Tech blog - #~~

~~Trip → Miami~~

~~Vacation - Calif?~~

~~Chite~~

~~Aid → Pakistan~~

Out Box June 4, 1980

THE WHITE HOUSE
WASHINGTON

- > NYT - mtg
- > USCM in Seattle/Miami
- > Families speech
- > Hollings - mtg?
- > Riley/Udall
- > Carcy call
- > Budget resolution - help
- > Refugee troublemaker - statement
Yosemite, Plains
Kirbo re Ham
Strauss re Ken - PrimGen - none of Above
Strauss → NYT

MAR-CONSULT. FEE

NOT POPULAR, NECESSARY

EN/EC/NAT SEC

40% of \$906 - INF/5005 - 100,000
1/2 WIND

ALLIES - WORLD PRO/DEM/R

#1 → #2 vs 14 &

SMALL INC NOW VS LARGE LATER

SYMBOL - TANGIBLE - CONSERVE

LEGIS TO PANCEL

VETO

CONG/PUB ACCEPT

ENERGY SEC

Out Box 6/4/80

(Regular) Congressional Leadership
Breakfast
Wednesday, June 4, 1980

THE WHITE HOUSE
WASHINGTON

Cong Scls

6-4-80

Campaign - ~ 2000 - Ken Coop } strong
Cong. Hollings - "chamberlain" } response

Inflation - CowPS - credit controls
bal budget

Energy - Legis - Import fee
educ. Cong/Sen - issue in Congress

Bal bud -
(Bud Leo 6⁴) \$8b/1 savings - auth legis { pay reform
(Bud R. 4²) 6 b/1 inc Lev. { annual COLA
Health

\$11 imp fee

'80 Sup. disaster rel. of, black lung - Trade adj-
Rescissions - Thurs - ^{space}

Cloture on judges

Fair housing

At food point