

7/2/80 [1]

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/att	From Brzezinski to The President (3pp.) re: International Boxing Event in Kenya/enclosed in Hutcheson to McIntyre 7/2/80 opened per RAC NLC-126-22-2-1-4 1/9/14	6/30/80	A
memo	From Mondale to The President (2pp.) re: Visit to Nigeria and Nations of West Africa	7/1/80	A
memo w/att.	From Aaron to The President (14 pp.) re:MX Update/enclosed in Hutcheson to Brown 7/2/80 6 pp. declassified per RAC NLC-126-22-2-2-3 1/9/14	6/24/80	A

LP-JC STAFF NOTE -
 this withdrawal sheet
 was placed in this
 folder 1/2/14, RS

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec-Pres. Handwriting File 7/2/80 [1] BOX 194

RESTRICTION CODES

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- (B) Closed by statute or by the agency which originated the document.
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Revised July 2,
9:30 am.

THE PRESIDENT'S SCHEDULE

NOT ISSUED

Wednesday - July 2, 1980

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

9:30 Signing Ceremony for Proclamation Implementing
(20 min.) S.J. Res. 521, Draft Registration Bill. (Mr. Frank Moore) - The Cabinet Room.

10:00 Mr. Jack Watson and Mr. Frank Moore.
The Oval Office.

11:00 Auto Industry Meeting (Stu Eizenstat)
(30 min.) The Cabinet Room.

1:00 Interview with Adam Clymer of The New York Times
(30 min.) (Ray Jenkins) - The Oval Office.

2:00 signing Ceremony for S. 2698, Small Business
(20 min.) Administration Bill. (Mr. Frank Moore)
The Cabinet Room.

2:45 Meeting with President Nimeiri of Sudan
(15 min.) (Dr. Brzezinski) - The Oval Office.

3:30 Meeting with Foreign Minister Hans-Dietrich Genscher
(15 min.) of the Federal Republic of Germany (Dr. Brzezinski)
The Oval Office .

4:00 Meeting with His Excellency Kamal Hassen Ali,
(15 min.) Egyptian Foreign Minister, and His Excellency Joseph Burg, Israeli Interior Minister.
(Dr. Zbigniew Brzezinski) - The Oval Office.

THE WHITE HOUSE
WASHINGTON

July 2, 1980

Debbie Smith --

President Carter asked me to send you the enclosed copy of your letter which includes his note -- with his best regards!

-- Susan Clough



✓ cc Debbie Smith.
Thank you - and all
the others for showing
what America means.

Jimmy Carter
June 1, 1980

Smith, American National Red
just returned from 28 days
FB, Florida. Being a military
d got order to arrive at the
O noon, we packed our car and
away we went, not knowing what
o our surprise we watched
eyes, each day was a new
o be part of the Liberty, that
ie people.
asure to be part of this

THE WHITE HOUSE

Mrs. Debbie Smith
Box 695
Langley AFB, Virginia 23665

Col. Bratton at the Eglin Hospital put his staff
and personal on 12 shifts to gear up for the additional
work load, that could not be processed at the Fairgrounds
every system was working, many that I never got to see.
Col. Wentworth of the Eglin AFB, Hospital came to us
daily in the field hospital to assist any way possible.

The American Red Cross provided the small ditty
bags with the things needed tooth brushes, soap, wash
cloth, diapers, baby food, the list is endless, plus
a friendly smile and cool drink or coffee for the weary.

THE WHITE HOUSE
WASHINGTON

RSC:

I thought you might like to see a positive reaction to the Cuban refugee situation. The attached letter is from a Red Cross volunteer who worked at Camp Liberty in Florida.

Kathy

*I - you will enjoy this -
R*

KEC

✓ actual files cc sent 7/2/80



cc Debbie Smith.
Thank you - and all
the others for showing
what America means.

Jimmy Carter

June 1, 1980

Dear Mrs. Carter,

My name is Debbie Smith, American National Red Cross Volunteer, we have just returned from 28 days at Camp Liberty Eglin, AFB, Florida. Being a military dependant when my husband got order to arrive at the Fairground on May 5, 1980 noon, we packed our car and I put in my uniforms and away we went, not knowing what was awaiting us. Much to our surprise we watched a Phoenix rise before my eyes, each day was a new surprise and a delight to be part of the Liberty, that is soon to come to all the people.

It was such a pleasure to be part of this American process to watch, in action what our forefathers had planned for this country. We worked straight thru the first 2 weeks, my husband was reading the chest Xray in the Medical screening for the first 10,136 refugees that were processed thru Camp Liberty, I choose to work at the Lab table writing down RPR # for the blood screening work that was done on the Refugees. Our process went very smoothly under the conditions, we had no problems only solutions.

If one of our Volunteers got weary, another one came to take their place, 24 hours a day to reach our goal, the Public Health personal worked tirelessly to set up a system to file all the needed information to clear the Refugee, we assisted each other, with the Language problem, no one know unless they were there the first 2 weeks, what an outstanding job that was done by all these people, Robert M. Bond, Major General, U S A F Commander of Eglin AFB, called his community together and all responded. His wife worked at the clothing center until volunteers from the local Chapels could come in to help, as the donations continued to pile up every day, it was a beehive of active happy people helping other people.

Col. Bratton at the Eglin Hospital put his staff and personal on 12 shifts to gear up for the additional work load, that could not be processed at the Fairgrounds every system was working, many that I never got to see. Col. Wentworth of the Eglin AFB, Hospital came to us daily in the field hospital to assist any way possible.

The American Red Cross provided the small ditty bags with the things needed tooth brushes, soap, wash cloth, diapers, baby food, the list is endless, plus a friendly smile and cool drink or coffee for the weary.



The Volunteers were not allowed out into the tent city at least the female, but we knew that all that was being done that could be done for all the Xray my husband was reading showed that they all had full stomachs. And the new clothes were very evident as they passed thru the medical screening, they would be come excited about the many new devices they would see, and one that was most interesting was a copy machine in use by the Public Health Service.

The rufugees that could assist did assist and stayed on duty for 12 hours just as the military personal. Pedro and Maria stayed with us at the Lab table most of the time, to help with the language, and instrustion it is difficult as best to translate from English to Spanish and back again, "Cough in this sputum cup" So as you can see it was an interesting adventure for us all of us, the rufugees and the volunteers. We learned a new meaning of Brotherhood and the American way, many of our Volunteers had worked with the Boat people 5 years ago and were back again to help.

As we watch the Military and Volunteers being replaced by Civilian workers it sort of tugged on our hearts, and we knew that our work and assistance would be continued on by other for many months to come. But if they told me tomorrow that I could return, the car would be packed and ready in a short time. Thank you for your time and effort for all the rufugees they send you messages of love and grateful hopes for the future in America and thru your love and approval they were able to be together at Camp Liberty, Ft. Walton Beach Florida, U S A. Our thoughts and prayers remain with you in the years to come.

God Bless you and family

Debbie Smith

W USAF - Col Stuart J. Smith, md

Box 695

Langley AFB, Va 23665

804-827-9610



-2-

As the time passed and the work continued it began to dawn on me that the Primary Election time was coming in New Mexico our home state and I had not been able to get My election ballot in time to return it in the mail. Even at best it would be a week late and would not be counted, which made me very sad, that our votes would be lost. Hence the reason for this letter to you. It may not be official and certified but please note that we wanted our vote counted. We are registered voter of Otero County New Mexico Alamogordo, New Mexico

Stuart James Smith COL. USAF. M.C.

Stuart James Smith

Mary V. Smith

Mary V. (Debbie) Smith

CARTER, Jimmy



CARTER, Jimmy





*Debbie Smith, Volunteer
Raul Rodriguez Reyes
"The Professor" May 1980*

By JIM CHITWOOD
Fort Waller Bureau Chief

EGLIN AIR FORCE BASE — His eyes squinted as the professor flipped through the pages of a Spanish-to-English dictionary, seeking a "softer" word for curfew.

"You will have to excuse me," apologized Raul Rodriguez Reyes. "I broke my glasses on the boat coming to Key West. I will see better when I get some new glasses, maybe tomorrow."

Tomorrow will also be much brighter for the 45-year-old Spanish teacher who, like thousands of his former countrymen, fled Castro's Cuba in the "freedom flotilla" which eventually landed Rodriguez at the fairgrounds resettlement center.

With his command of the English language, the lean Rodriguez, minus some 20 pounds shed during his flight to freedom, put down the dictionary and returned to his position hunched over a typewriter preparing the next edition of "Campo Libertad Periodico."

"This will help to keep the refugees better informed because they have so many questions," said Rodriguez of the tent city newspaper he serves as translator and editorial assistant.

Because the Spanish word for curfew has a harsher connotation in Cuba where it was associated with the military, Rodriguez considered "regulations of the night" to be a better way of referring to the 11 p.m. curfew imposed on the refugees. See TEACHER, Page 1C

Teacher

From Page 1C

at Camp Libertad.

"We have trouble writing in English some time," said Rodriguez, running his hands through his salt and pepper hair to coax out the proper phrase, "so we try to freshen up the words a little bit."

After his arrival here two weeks ago, Rodriguez' bilingual abilities were quickly put to work, first as an interpreter in the camp hospital and then as translator-writer for the camp paper, picking up the nickname of the "professor" along the way.

How did he become proficient in English? "When I was in the United States as a children I went to high school in North Carolina," said the bachelor refugee, who taught classes in Cuba at what he describes as an adult learning institute.

To his regret, Rodriguez returned to Cuba a year before Castro came to power in 1959.

Why then was he allowed to go now? Rodriguez is not sure.

"I was at a friend's house having dinner when we were listening the Voice of America broadcast that said all who

wanted to leave could go to the Peruvian Embassy," he said. "My friend said we should go, but I told no, it was a trap."

After spending 10 days in the squalor and starvation at the embassy, Rodriguez returned to his friend's house where government officials came and told them to leave the country. "It was either go away or be killed or put in jail for four, five or 20 years," he said. "There are no trials. Cuba is a lawless country."

But that is in the past. "Now," he said, "we are full of hope."

Rodriguez also is enough of a realist not to think his talents will gain him a teaching position anytime soon. "If I went out of here tomorrow," he said, "I might have to have a job cleaning cars until I get a better job. Maybe someday I would write a book about this ordeal."

If that happens, the happy ending will include a Shalimar couple, Jim and Gidget Mix, who will sponsor the "professor" in beginning a new life. And the "Campo Libertad Periodico" could keep Rodriguez for a while.

Doctor

From Page 1C

HORARIO DE SIESTA

Debido a lo congestionado que se encuentra el campamento es muy difícil para alguien descansar por las tardes si todos no hacen lo mismo. También muchos trabajadores del Gobierno Norteamericano necesitan un tiempo de descanso en su trabajo para solicitar abastecimientos y ordenar los controles. Por consiguiente hemos establecido un horario para la siesta que será de 2 a 4 P.M. durante este tiempo cesarán las siguientes actividades:

- 1- Comedores
- 2- Telefonos
- 3- Tienda de ropa
- 4- Correos y Telegramas

Para que este horario de siesta resulte efectivo todas las personas deben de estar en sus tiendas. Nadie será autorizado a permanecer en las áreas públicas. No se jugará béisbol, ping pong, etc. La policía de seguridad velará por que esto se cumpla así como que todas las personas vuelvan a sus tiendas, con las siguientes excepciones:

- 1- Trabajadores Sanitarios, identificados por sus sombreros verdes y blancos.
- 2- Trabajadores acompañados por un supervisor Americano.
- 3- Los jefes de filas, identificados por sus sombreros azules, pueden moverse a través de sus respectivas filas.

ACTIVIDADES RECREATIVAS

Algunos "Disqueros" de esta vecindad presentarán un show con músicaailable en el anfiteatro a las 7.30 p.m.

VIERNES, SABADO Y DOMINGO

SIESTA HOURS

Because of the crowded conditions of the camp, it is very difficult for anyone to take an afternoon rest if everyone does not do the same. Also, many of the U.S. Government workers need a time to stop working and get supplies ordered and records straight, etc. Therefore, we have instituted siesta hours for the camp, from 2 PM. to 4 PM. During this time, the following activities will be closed.

1. Dining halls
2. Telephones
3. Clothing issue
4. Mail/Telegram

To make the siesta time effective, all persons must be in their tents. No persons will be allowed to be in the public areas. There will be no playing volley ball, ping pong, etc.

The Security Police will enforce this policy and direct all persons to return to their tents, with the following exceptions:

1. Sanitation workers, identified by their green and white hats.
2. Work parties accompanied by American Supervisor.
3. Row chiefs, identified by their blue hats, may move along their respective rows.

RECREATIONAL SCHEDULE

Several disc jockeys from the local area will put on a disco show with recorded music at the amphitheater. The show will start at 7:30 P.M.

FRIDAY, SATURDAY AND SUNDAY

The Camp Liberty Periodical is published daily or so in the interests of Cubans and Americans working and living at Camp Liberty, Eglin AFB, Florida.

Editor Jeanne Luciana

Editorial Assistants:

* Raul Rodriguez Reyes *

Jorge Luis Gutierrez Howard

CAMPO LIBERTAD PERIÓDICO



No. 2 Mayo 16-80

EGLIN AFB FLORIDA

No. 2 May 16 1980

AVISO

Es muy importante que Ud. nose mueva de la tienda que le ha sido asignada sin el permiso de las autoridades competentes. El motivo de esto que ha habido casos de personas que han sido señaladas para partir y no han sido encontradas, perdiendo de esta manera dicha oportunidad. Asi que por su propio bien permanezca en el lugar que le ha sido asignado.

Estamos tratando de asignar a toda mujer que sea sola y a las familias con niños al area de las tiendas de familias.

Si es Vd. una mujer sola o cabeza de familia con niños, por favor, digale al jefe de su tienda que usted desea mudarse al area de familias, y a Vd. le sera asignada una tienda a medida que el espacio lo permita.

HORARIO PARA LA CAPILLA

MISA CATOLICA

Todos los dias a las 10 A.M. en el anfiteatro y a las 9 P.M. en la tienda de la capilla.

SERVICIOS PROTESTANTES

Todos los dias a las 5 P.M. en el anfiteatro.

PROGRAMAS CATOLICOS ADICIONALES

A las 9 A.M. hay conferencias de devoción y biblicas en la tienda de la capilla. A las 4 P.M. habra educacion religiosa para adultos y niños.

TODAS LAS CREENCIAS

Los capellanes estan disponibles para dar consejos o visitar las tiendas todos los

NOTICE

It is very important that you do not move from your assigned tent without permission from the proper authorities. The reason for this is that there have been some instances where people have been scheduled to depart the camp but could not be found and missed their chance to leave. So for your own good, stay where you have been assigned.

We are trying to assign all single women and families with children to tents in the family area.

If you are a single women or the head of a family with children, please tell your tent chief that you wish to move to the family area and you will be assigned a tent there as space becomes available.

CHAPEL SCHEDULE

CATHOLIC MASS

Every day at 10 A.M. in the amphiteater and at 9 P.M. in the Chapel Tent

PROTESTANT SERVICES

Every day at 5 P.M. in the amphiteater

ADDITIONAL CATHOLIC PROGRAMS

At 9 A.M. there are devotions and biblical conferences in the Chapel Tent. At 4 P.M. there will be religious education for adults and children.

ALL FAITHS

Chaplains are available for counseling and tent visitation all day till 11 PM. They are also available for marriages and baptisms.

LA CAMPANA DE LA LIBERTAD

La Campana de la Libertad ha sido siempre un simbolo de libertad e independencia para el pueblo americano.

La campana fue originalmente fundida en Londres, Inglaterra, con una inscripcion de la biblia que dice: "Proclamar libertad a traves de toda la Tierra y a todos los habitantes de ella". Llego a Filadelfia, Pennsylvania en 1752.

Se rajo cuando fue probada y fue refundida con cobre adicional para reducir su fragilidad. Pero tanto cobre dano su sonido. Fue refundida de nuevo y esta vez con exito.

En Junio de 1753 la campana fue colgada en la Casa del Estado de Filadelfia, y en anos futuros toco eh desafio a las restricciones britanicas al impuesto y al comercio, y esta proclamo la primera lectura publica de la Declaracion de Independencia.

En Julio de 1835 la campana se rajo cuando tocaba en los funerales de John Marshall, Jefe de Justicia de los Estados Unidos. Por su asociacion con la guerra de independencia no fue refundida.

Esta ahora en exhibicion en el Hall de la Independencia en Filadelfia, donde miles de americanos pueden verla todos los años.

THE LIBERTY BELL

The Liberty Bell has long been a symbol of freedom and independence to the American peoples.

The bell was originally cast in London England with an inscription from the Bible which said "Proclaim Liberty throughout all the land unto all the inhabitants thereof." It arrived in Philadelphia, Pennsylvania, in 1752.

It was cracked while being tested and was recast with additional copper to reduce its brittleness. But too much copper damaged its tone, so it was recast again, this time successfully.

In June 1753 the bell was hung in the State House in Philadelphia, and in future years rang out in defiance of British tax and trade restrictions, and it proclaimed the first public reading of the Declaration of Independence.

In July 1835 the bell was cracked while tolling for the funeral of John Marshall, Chief Justice of the United States. Because of its association with the war of independence, it was not recast.

It now is on display in Independence Hall in Philadelphia, where thousands of Americans view the bell each year.



INSTRUCCIONES PARA LA NOCHE

Las horas de descanso nocturno para el campamento seran de 11 P.M. a 6 A.M. Todas las actividades incluyendo entretenimientos, cesaran a las 10 P.M. Las duchas cerraran a las 11:15, y nadie esta permitido entrar a ellas despues de las 11 P.M.

Todos deben estar en sus tiendas al comienzo de la hora de descanso y deben permanecer en sus tiendas excepto cuando necesitan ir al bano. La Policia de Seguridad patrullara el area de las tiendas y hara cumplir estas medidas.

Los trabajadores sanitarios que tengan la responsabilidad de limpiar los banos y las duchas seran exceptuados de la hora de descanso hasta que hayan terminado sus tareas. Estas personas pueden ser identificadas por sus gorras y sombreros blancos y verdes.

Los jefes de filas identificados por sus sombreros azules, pueden moverse en sus respectivas filas.

CURFEW

The hours of curfew for the camp will be 11:00 P.M. to 6 A.M. All activities of the camp, to include entertainment, will cease at 10 P.M. The showers will close at 11:15 and no one will be allowed to enter after 11:00

Everyone must be in their tents by the beginning of curfew and are expected to remain in their tents except when needing to visit the latrine. The Security Police will patrol the tent area and enforce this policy.

Those sanitation workers who have the responsibility for cleaning the latrines and showers will be exempt from curfew until they have completed the task. These persons can be identified by their green and white hats.

Row chiefs, identified by blue hats, may move about in their respective rows.

?

?

?

P: No tengo zapatos. Donde puedo conseguir un par?

R: Los zapatos son distribuidos igual que la ropa. No tenemos una buena seleccion de zapatos y es posible que tenga que probarse varios antes de que encuentre un par apropiado.

A medida que recibamos mas donaciones de nuestros amigos y vecinos la seleccion mejorara.

P: Me han asignado una tienda donde ya ha sido distribuida la ropa. Como puedo conseguir alguna?

R: A traves de su jefe de tienda que verificara las necesidades de las personas al distribuir la ropa. En la proxima distri

Q: I have no shoes. When can I get some?

A: Shoes are distributed with the clothing distribution for those in need. We don't have a very good selection of shoes and you may have to try on many of them before you get a good fit. As we get more donations from our friends and neighbors the selection should improve.

Q: I have been assigned to a tent which has already its clothing distributed. How do I get some clothes?

A: Work through your tent chief, who will verify your need to the people distributing clothing. Then you will be able to get clothing with the next scheduled distribution

THE WHITE HOUSE
WASHINGTON

02 Jul 80

Jack Watson
Arnie Miller

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

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

July 1, 1980

C

MEMORANDUM TO THE PRESIDENT

**Electrostatic Copy Made
for Preservation Purposes**

FROM:

JACK WATSON
ARNIE MILLER

Jack
AM

SUBJECT:

Securities and Exchange Commission (SEC)

Earlier this year Roberta Karmel resigned as a Member of the SEC. You appointed Steve Friedman as her replacement for the remaining two and one-half years of her term. Irving Pollock's term as a Member of the SEC ended last month. In conducting our search for his replacement we sought female candidates who have practical views of the impact of regulation.

Barbara Singer Thomas (Democrat - New York) is currently a partner in a major New York law firm. She has served extensively and with distinction on state and national bar association committees dealing with corporate law and securities regulation. She is not a Wall Street lawyer. Her practice is primarily with small and medium-sized businesses across the country. Like your last appointment, Steve Friedman, she is not well known but will rapidly acquire a reputation for being bright, tough minded, and balanced in her thinking. Her appointment would be well received by the established bar and consumer groups.

She is strongly supported by Senator Ribicoff and Bob Strauss.

Chairman Williams concurs with the following recommendation.

RECOMMENDATION:

Nominate Barbara Singer Thomas, of New York, as a Member of the Securities and Exchange Commission.

APPROVE

DISAPPROVE

BARBARA SINGER THOMAS
New York

EXPERIENCE:

1978 - Present Partner, Law Firm of Kaye, Scholer, Fierman, Hays & Handler, New York.

1973 - 1977 Associate Attorney, Kaye, Scholer, Fierman, Hays & Handler.

1969 - 1973 Associate Attorney, Law Firm of Paul, Weiss, Rifkind, Wharton & Garrison, New York.

OTHER ACTIVITIES:

Member and Chairman, Corporation Law Committee of the Association of the Bar of the City of New York.

Member, Committee on Federal Regulation of Securities, American Bar Association.

Member, Securities Regulation Committee, New York State Bar Association.

Director, New York University Law Review Alumni Association.

EDUCATION:

1966 B.A., University of Pennsylvania.

1969 J.D., New York University School of Law.

PERSONAL:

White Female
Age 33
Democrat

THE WHITE HOUSE

WASHINGTON

July 1, 1980

C

MEMORANDUM TO THE PRESIDENT

FROM:

JACK WATSON *Jack*
ARNIE MILLER *AM*

**Electrostatic Copy Made
for Preservation Purposes**

SUBJECT:

Associate Director of the International
Communications Agency (ICA) for Programs

We join with John Reinhardt, Director of ICA, in recommending that you nominate John W. Shirley, FSIO-1, as Associate Director of ICA for Programs, vice Hal Schneiderman, FSIO-1, resigned.

The Associate Director for Programs is responsible for ICA's film and television services, its press and publications service, program development and research. Reinhardt believes that important continuity can be achieved for ICA if a career officer is in charge of this division, under the overall policy guidance of ICA's director.

Shirley, 50, is presently Public Affairs Officer in Rome, and he has also served as an FSIO in Eastern Europe and Asia.

Zbig Brzezinski concurs.

RECOMMENDATION:

Nominate John W. Shirley as Associate Director for Programs of the International Communications Agency.

APPROVE

DISAPPROVE

JOHN W. SHIRLEY

EXPERIENCE:

1977 - Present Public Affairs Officer, Counselor of Embassy for Public Affairs, U.S. Information Agency; Rome, Italy.

1975 - 1977 Assistant Director, Europe, USIA.

1972 - 1974 Deputy Assistant Director, Assistant Director, Soviet Union and East Europe, USIA.

1970 - 1972 Press and Cultural Officer, USIA, Warsaw, Poland.

1969 - 1970 Polish Language and Area Training, USIA.

1968 - 1969 Policy Officer, Near East and South Asia, USIA.

1965 - 1968 Press Officer, Attache; USIA, New Delhi, India.

1963 - 1965 Assistant Press Publications Officer, Press Attache, USIA; Rome, Italy.

1961 - 1963 Branch Public Affairs Officer, USIA, Trieste, Yugoslavia.

1959 - 1960 Exhibits Officer, USIA; Belgrade, Yugoslavia.

1957 - 1958 Intelligence Research Analyst, Office of Research, USIA.

EDUCATION:

1957

B.A., Georgetown University School of Foreign Service.

PERSONAL:

White Male
Age 50

THE WHITE HOUSE

WASHINGTON

June 30, 1980

MEMORANDUM TO THE PRESIDENT

FROM:

Jack Watson *Jack*
Arnie Miller *AM*

Electrostatic Copy Made
for Preservation Purposes

SUBJECT:

Chairman of the Nuclear Regulatory
Commission

For the past several weeks we have been working with Frank Press, John Sawhill and others to identify a Chairman for the Nuclear Regulatory Commission. The available vacancy has to be filled by a Republican or an Independent. For this position we have sought individuals who have sufficient technical knowledge and administrative experience and who would be perceived by the public as balanced, open and fair.

After an extensive search, we recommend Albert Carnesale Ph.D., a nuclear engineer and currently a Professor of Public Policy at Harvard. While Carnesale clearly has the technical skills he is not as strong administratively as we would have liked. Carnesale worked with Secretary Brown on SALT, with Ambassador Gerry Smith on the Vienna nonproliferation talks and was one of the authors of the Ford-MITRE study which supported our light-water reactor and nonproliferation policies. He is bright, has the personal qualities to make an effective chairman, and is a balanced supporter of nuclear power. Frank Press, Jim McIntyre, Secretary Brown, Ambassador Smith and Stu support Carnesale. Gus Speth and John Sawhill are also comfortable with him.

RECOMMENDATION:

That Albert Carnesale of Massachusetts be nominated to be Chairman of the Nuclear Regulatory Commission.

 ✓ Approve

 Disapprove

ALBERT CARNESALE

EXPERIENCE

- 1974 - Date Harvard University, Professor of Public,
John F. Kennedy School of Government
- 1972 - 74 North Carolina State University, Raleigh,
North Carolina
- 1969 - 72 U.S. Arms Control and Disarmament Agency,
Washington, D.C.
- 1962 - 69 North Carolina State University, Raleigh,
North Carolina
- 1957 - 62 Martin Marietta Corporation, Baltimore,
Maryland, Senior Engineer, Nuclear Division

OTHER ACTIVITIES

Head of U.S. delegation to the Technical Coordinating
Committee of the International Nuclear Fuel Cycle
Evaluation (1978 - 80).

Member, Committee on Radioactive Waste Management,
National Academy of Sciences (1980 - present).

Member, Council on Foreign Relations

EDUCATION

- 1957 B.M.E., The Cooper Union
- 1962 Drexel Institute
- 1966 Ph.D., North Carolina State University
- 1979 A.M., Harvard University

PERSONAL

White Male
Age 44
Independent

THE WHITE HOUSE

WASHINGTON

June 30, 1980

Electrostatic Copy Made
for Preservation Purposes

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON
ARNIE MILLER

SUBJECT:

National Railroad Passenger Corporation (AMTRAK)

Currently there are two non-Democratic vacancies on the AMTRAK Board and the term of one Democratic Member will expire next month. We have identified two candidates for the non-Democratic vacancies and recommend the renomination of the Democratic Member.

William Cahill (Republican - New Jersey), a former Congressman and Governor, is a practicing attorney who serves on the boards of several large corporations.

W. Howard Fort is also practicing attorney and serves on several major boards as well.

Both Cahill and Fort have had extensive experience in highly competitive corporate environments and would bring that much needed perspective to the AMTRAK Board.

The Democratic member whose term expires next month is Charles Luna. A former President at the United Transportation Union, Luna has served on the Board since AMTRAK's establishment, and is its only union member.

Governor Byrne concurs with our recommendation of Cahill, Rick Hutcheson with Fort, and Landon Butler with Luna. Secretary Goldschmidt concurs with our recommendations of all three.

RECOMMENDATION

Nominate William Cahill, W. Howard Fort, and Charles Luna for Membership on the Board of the National Railroad Passenger Corporation.

approve

disapprove

WILLIAM T. CAHILL
New Jersey

EXPERIENCE:

1979 - Present	Senior Partner, Law Firm of Cahill, Wilinski & Cahill, Haddonfield, New Jersey.
1974 - 1979	Senior Fellow, Princeton University.
1969 - 1973	Governor, State of New Jersey.
1958 - 1969	Member, U. S. House of Representatives.
1951 - 1953	Member, New Jersey State Legislature.
1948 - 1951	County Prosecutor, Camden County.

EDUCATION:

1937	LL.B., Rutgers Law School.
1933	A.B., St. Joseph's College, Philadelphia, Pennsylvania.

PERSONAL:

White Male
Age 68

W. HOWARD FORT
Ohio

EXPERIENCE

1952 - Present

Partner
Schwab, Grosenbaugh, Fort & Seamon Co., L.P.A.
Cleveland, Ohio

OTHER ACTIVITIES

Member, Board of Directors, Goodyear Tire and Rubber Company

Member, Board of Directors, Ohio Bell Telephone Company

Member, Board of Directors, First National Bank of Akron

Former President, Akron Area Chamber of Commerce

Former Chairman, Board of Directors, University of Akron

Former President, Akron Community Service Center and
Urban League

PERSONAL

Black Male

Age 64

Democrat

CHARLES LUNA
Texas

EXPERIENCE:

1970 - Present	Member, Board of Directors, National Railroad Passenger Corporation (AMTRAK).
1969 - 1972	President, United Transportation Union.
1971 - 1972	Chairman, Board of Directors, United Transportation Insurance Association.
1963 - 1969	President, Brotherhood Railroad Trainmen.
1928 - 1963	Various positions in Brotherhood of Railroad Trainmen.

PERSONAL:

White Male
Age 73
Democrat

ID: 03513

THE WHITE HOUSE

WASHINGTON

DATE: 25 JUN 80

FOR ACTION: AL MCDONALD *no comment*

FRANK MOORE *no comment*

JACK WATSON

ANNE WEXLER

INFO ONLY: THE VICE PRESIDENT

SUBJECT: ~~CONFIDENTIAL~~ AARON MEMO WITH SECRET ATTACHMENT RE
UPDATE ON MX

+++++
+ RESPONSE DUE TO RICK HUTCHESON, STAFF SECRETARY (455-7052) +
+ BY: 1200 PM FRIDAY 27 JUN 80 +
+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

~~SECRET~~

DECLASSIFIED
Per: Rac Project
ESDN: NLC-136-22-2-2-3
BY: BS NARA DATE 1/2/14

<input checked="" type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND
<input type="checkbox"/>	NO DEADLINE
<input type="checkbox"/>	FOR APPROPRIATE HANDLING
<input type="checkbox"/>	LAST DAY FOR ACTION

DECLASSIFIED

Per, Rac Project

ESDN; NLC-126-22-2-2-3

BY K3 NARA DATE 1/2/84

<input type="checkbox"/>	ADMIN CONFID
<input type="checkbox"/>	CONFIDENTIAL
<input checked="" type="checkbox"/>	SECRET
<input type="checkbox"/>	EYES ONLY

ACTION
FYI

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

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

THE WHITE HOUSE
WASHINGTON

02 Jul 80

The Vice President

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

Rick Hutcheson

~~CONFIDENTIAL~~

DECLASSIFIED

Per, Rac Project

ESDN; NLC-136-22-2-2-3

BY 125 NARA DATE 1/2/14

THE WHITE HOUSE
WASHINGTON

7/1/80

Mr. President:

State and NSC concur.

Rick



THE VICE PRESIDENT
WASHINGTON

VP
J

CONFIDENTIAL

July 1, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: The Vice President *WJ*
SUBJECT: Visit to Nigeria and Nations of Western Africa

Your policy toward Africa has been one of the strongest successes of the Administration's foreign policy. This deserves attention, and I have been giving some thought to a visit to western Africa during the period July 16-23, 1980 to highlight our good relations with the nations of Africa.

Nigeria. Because of its size, wealth, and influence, Nigeria is of importance to us not only bilaterally but also because of its influence and impact on the continuing success of your African policy. On July 22, the United States and Nigeria are scheduled to have the next round of formal bilateral talks, talks initiated by you and Obasanjo, in Lagos.

It is my understanding that the Nigerians would be extremely pleased if the United States were to be represented at the political level at this next round of talks, and I believe this would pay dividends for us bilaterally -- there will be an agricultural agreement to be signed, and we will be beginning important talks on a US purchase of Nigerian LNG. It would also permit us to give recognition to the new civilian democratic government under President Shagari. I would plan on opening the bilateral talks, and including a visit to Kano in the north of the country in addition to the formal schedule in Lagos.

Overall Trip Objectives. While Nigeria would provide the principal news and focus for an African trip, I believe such a visit would be of importance internationally and domestically in a broader context. Accordingly, I would plan on inviting a high-level delegation of Black-Americans to accompany me on the trip.

~~CONFIDENTIAL~~

CLASSIFIED BY THE VICE PRESIDENT
REVIEW ON JULY 1, 1986

DECLASSIFIED
Per, Rac Project
ESDN: NLC-126-22-2-2-3
BY KS NARA DATE 4/2/14

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for Preservation Purposes

This is a timely moment to highlight the good will generated in Africa by our firm stand on sanctions against Rhodesia, our support for the new government of Zimbabwe, our continuing efforts in southern Africa, and our increased attention to Africa's development and refugee meetings.

In addition to Nigeria there are a number of countries in western Africa which might well be included in such a visit -- e.g., the Ivory Coast, Cameroon, and Niger.

In the Ivory Coast, a visit with President Houphouet-Boigny, the senior statesman of Africa's democracies and one of the founding members of the OAU, would repay his several visits to the United States and allow talks on international issues, issues in which the Ivory Coast gives us strong support.

Niger, which has received relatively little high-level attention from the United States, is of increasing importance economically, exercising a strong voice in the OAU, and has become a member of the UN Security Council this year. A visit might well pay political dividends in the UN, it would also permit consultations on assistance to the Sahelian nations.

Cameroon is another young African democracy that is making good use of our aid in its agricultural development. We have a number of US firms and banks in the major port city of Douala, and in addition to talks with the leadership I might host a reception highlighting our commercial interests.

With your approval, I will ask State and the NSC staff to contact the countries concerned to explore their receptivity to the proposed trip.

✓ APPROVE DISAPPROVE

*Fritz -
The trip to Africa is ok.
I'm not sure about the countries
chosen, but if NSC & State agree,
they're ok to me -
J*

THE WHITE HOUSE
WASHINGTON
7/2/80

Jim McIntyre
Zbig Brzezinski

The attached was returned in
the President's outbox today
and is forwarded to you for
your information. The signed
allocation has been given to
Tom Jones for appropriate
handling.

Rick Hutcheson

cc: Jody Powell

~~confidential~~

DECLASSIFIED
Per, Rac Project
ESDN: NLG-126-22-2-1-4
BY: JCS WRA DATE: 1/3/11

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

~~CONFIDENTIAL~~

June 30, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI *ZB.*

SUBJECT: International Boxing Event in Kenya (U)

Secretary Muskie, Lloyd Cutler and I strongly support the \$200,000 allocation to the Department of State requested in the attached memo from Jim McIntyre. The United States is deeply committed to an international boxing event in Nairobi and our relationship with Kenya would be adversely affected if the event does not take place. (C)

Attachment

*ok - with trepidation -
I hope you all can
explain it to the
public better than you
have to me
J*

~~CONFIDENTIAL~~

Review June 30, 1986

Electrostatic Copy Made
for Preservation Purposes

~~CONFIDENTIAL~~

DECLASSIFIED
Per: Rac Project
ESDN: NLC-126-22-2-1-4
BY: KB NADA DATE 1/2/14



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

JUN 24 1980

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. McIntyre, Jr. *James T. McIntyre, Jr.*

SUBJECT: Allocation to the Department of State

Attached for your consideration is an allocation to the Department of State in the amount of \$200,000 from the appropriation "Unanticipated Needs" for necessary expenses associated with staging an international boxing event in Kenya.

The proposed allocation would cover the costs of the Department of State in providing seating for the auditorium in Nairobi and sending an American advance team to Kenya to begin preparations for the event. While other funds will be raised (from U.S. corporations, T.V. revenues, and the USOC), these funds are necessary in order to initiate work on the site. The staging of this event in late August is in keeping with the Administration commitment to the U.S. Olympic athletes--and other Olympic boycotting nations--to sponsor alternative international sports events as appropriate, and in accordance with the responsibilities of the Department of State.

RECOMMENDATION

It is recommended that you sign the attached allocation of funds.

Attachment

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HONORABLE EDMUND S. MUSKIE
Secretary of State

SUBJECT: Allocation to the Department of State

Pursuant to the authority in the Executive Office Appropriations Act, 1980, I hereby allocate from the appropriation "Unanticipated Needs":

<u>TO</u>	<u>AMOUNT</u>
Department of State	\$200,000

for necessary expenses associated with staging an international boxing event in Kenya.

I hereby determine that this allocation is to meet unanticipated needs in furtherance of the national interest.

Jimmy Carter

THE WHITE HOUSE
WASHINGTON

02 Jul 80

Esther Peterson

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

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

July 1, 1980

cc
Esther -

Thanks -

J

Dear Mr. President:

This is the result of a great deal of hard work by many. If you should get a few minutes to look through it, I think you will find it inspiring and heartening. Wonderful things are happening all over our country. Mrs. Carter experienced this firsthand when she visited many of the projects we have highlighted. We hope this book will stimulate even more.

Sincerely
Esther Peterson
Esther

ATTACHMENT

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

02 Jul 80

Frank Moore

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

Rick Hutcheson

Original to Bill Cable for handling and delivery.

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

ACTION
FYI

*orig to
Stewart
via
Cable*

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

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

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

THE WHITE HOUSE
WASHINGTON

July 1, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: BILL CABLE *Bill*

SUBJECT: Bennett M. Stewart

Congressman Bennett Stewart was unhappy with the conclusions reached in the Black Caucus statement. We talked about his unhappiness during your meeting with the Caucus several weeks ago. Stewart sent the attached letter as a follow up. I thought you should be aware of his feelings.

BENNETT M. STEWART
FIRST DISTRICT, ILLINOIS

APPROPRIATIONS COMMITTEE

SUBCOMMITTEES:
TRANSPORTATION
HUD-INDEPENDENT AGENCIES



Congress of the United States
House of Representatives
Washington, D.C. 20515

SENT FROM:
 WASHINGTON:
503 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
TELEPHONE (202) 225-4372

DISTRICT:
THIRD FLOOR
7801 COTTAGE GROVE AVENUE
CHICAGO, ILLINOIS 60619
TELEPHONE (312) 994-8300

June 26, 1980

Mr. William H. Cable
Deputy Assistant for
Congressional Liaison (House)
The White House
Washington, D. C. 20500

Dear Mr. Cable:

Enclosed please find a copy of a letter
I sent this date to Ms. Barbara Williams,
Executive Director, Congressional Black Caucus.

This information is personal and
confidential for President Carter and yourself
only.

Sincerely,

A handwritten signature in black ink that reads "Bennett M. Stewart". The signature is written in a cursive, flowing style.

BENNETT M. STEWART
Member of Congress

Enclosure

BMS:ama

BENNETT M. STEWART
FIRST DISTRICT, ILLINOIS

APPROPRIATIONS COMMITTEE

SUBCOMMITTEES:
TRANSPORTATION
HUD-INDEPENDENT AGENCIES



Congress of the United States
House of Representatives

Washington, D.C. 20515

June 26, 1980

SENT FROM:
 WASHINGTON:
503 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
TELEPHONE (202) 225-4372

DISTRICT:
THIRD FLOOR
7801 COTTAGE GROVE AVENUE
CHICAGO, ILLINOIS 60619
TELEPHONE (312) 994-8300

Ms. Barbara Williams
Executive Director
Congressional Black Caucus
306 House Annex #1
Washington, D. C. 20515

Dear Ms. Williams:

I am in receipt of your memorandum of June 25, 1980 transmitting the draft statement, "Towards Economic Recovery for America (A Six-Month National Emergency Action Program)" requesting on behalf of Chairwoman Collins, my review, approval and comments.

I have reviewed the document and while I endorse the proposed actions and objectives, I cannot in good faith endorse the conclusion, to wit, "... find it difficult if not impossible to support, Presidential candidates whose policies are injurious (sic) to our constituency which we represent."

My position is that while I am not at all satisfied with the present economic policies, I intend to exercise my right not only to vote, but to campaign for the Presidential candidate of my choice, Jimmy Carter. I cannot put myself in the position of even suggesting that I will vote Republican when I know that economic policies for my poor, Black and other minority constituents would not be improved, but rather would deteriorate.

Sincerely,

BENNETT M. STEWART
Member of Congress

BHS:ama

✓ bcc: Mr. William H. Cable
Dp Asst, Cong Liaison, House

cc Bennett Stewart
Thank you!
Jimmy Carter

THE WHITE HOUSE

WASHINGTON

ADMINISTRATIVELY
CONFIDENTIAL

June 30, 1980

MEMORANDUM FOR THE PRESIDENT

Electrostatic Copy Made
for Preservation Purposes

FROM: ANNE WEXLER *AW*

SUBJECT: Activities Report -- Week Ending June 27, 1980

1. Energy. Business groups supporting us on EMB began reporting last Thursday, as was confirmed in the vote on Friday, that Republicans had decided not to give you another energy victory. Our friends will stick with us and try to get the EMB with whatever strategy we deem appropriate. Many of the lobbyists at the ESC signing today offered to help on the EMB and urged us to bring it up after the Republican Convention. They think they can be more effective with the Republicans if we give them enough time to get organized.

Working with a number of White House offices, we have set out a schedule of activities for July which should provide continued visibility building off of the Summit and the signing of S.932. This includes the possible July 10 trip, the late July energy conservation event, extensive national and local press briefings, speech inserts and talking points for Administration officials, a new set of energy materials for public distribution, and mailings to each person who has been to the White House on energy matters since I came here in May of 1978 (and that is a long list). All of these activities relate your energy successes to our efforts to reduce inflation and to national security. I thought the ESC signing ceremony was terrific - so did everyone else.

2. Economic Policy. As a companion to the sessions the Vice President has had with labor leaders, I have initiated luncheons with business leaders, Bill Miller and the other Economic Advisors. At the first meeting on June 17, before the Reagan Tax Announcement, most of the business leaders strongly supported supply side tax reductions in 1981, but less so now. Although they favored beginning public discussion about the tax cut, some favored no tax cut at all. Others felt that a tax cut was more important than balancing the FY 81 budget. Many are privately very critical of the

Reagan-Kemp-Roth tax cut proposal as endangering the dollar and the progress we have made against inflation. On incomes policy, most recommended an abandonment of the wage price program after the election with creation of a tripartite (business-labor-government) committee or study group in the interim to study wage price actions. Additional luncheons are scheduled next week and then every two weeks for a month. I will keep you informed of reactions to the shifting economic/political front as we have these luncheons.

3. Fair Housing. The fair housing victory represented the best example of a White House/Administration effort on any legislation I have seen. It is impossible to say who got the key votes, but our supporting coalition of labor, civil rights and liberal groups used every mechanism possible in working in a coordinate effort with us out of Don Edwards' office. We are now working with the groups on Senate strategy on two fronts. First, they are developing a general Senate vote count to show that there are 60 or more votes to defeat a filibuster. Second, they are developing targets on the Judiciary Committee as well as developing constituency pressure for prompt action.
4. Miscellaneous.
 - o Vice President Mondale hosted a reception for groups supporting the Child Welfare Act which you signed just before your European trip. Thank you's from you went out to key supporters and I have written a wider, national child welfare constituency. We have also included this accomplishment in relevant speeches and press briefings.
 - o We have been working closely with State and local interest groups on general revenue sharing, the \$500 million transitional assistance proposal and the EDA legislation. The groups were very helpful in getting the \$500 million program included in in the House subcommittee although in a counter-cyclical form. We have almost no support on our formula reforms for revenue sharing, but will seek to have at least some of them adopted in the full committee next week.
 - o We have good support from the business groups to remove the House proposed cap on Senior Executive Service bonuses. They report the major problems are Congressional staff making less money than career Federal employees, perceived abuses in bonuses already granted by NASA and SBA and fear of future abuses.

- We are now working with EPA to target increased publicity on the superfund proposal in those areas where the press is actively involved in describing lists of dangerous sites. A more extensive outreach effort will be undertaken once we have further progress on the Hill and a better feeling about where the third party liability issue will come out.
- It now appears that the Alaska Bill will come up after the Republican Convention and we are working with Frank's office on activities to increase your visibility in support of this last major environmental legislation for your first term.
- Approximately 10 Olympic fund raising luncheons have now been scheduled and we are working with the U.S.O.C. to assure an Administration presence at most of them. So far, the fundraising effort has been very successful.
- We are working with the education interest groups (particularly NEA and the American Council on Education) to explain our concerns about the Higher Education Authorization. We will seek to turn their concerns into support for possible compromises in the Conference Committee given the differences in the House and Senate versions.

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for Preservation Purposes

C

June 30, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: ANNE WEXLER *AW*

SUBJECT: ADDENDUM TO THE WEEKLY REPORT

NEA Convention - John Ryor, the immediate past NEA president, has been on my staff for the last six months. He has handled several projects excellently and has been organizing for the NEA Convention. He is highly respected by NEA members and will be flying with you on Air Force One. NEA will distribute 10,000 packets including an explanation of NEA's endorsement process, a letter from NEA's President Willard McGuire applauding your education record, and papers comparing your record to that of Reagan and Anderson, information on Anderson's low education and labor rankings. So far we've determined no problem with a formal endorsement which will follow your speech by a couple of days. It also does not appear that the NEA will adopt any resolutions contrary to your policies although the resolution process does allow for new matters to come up through June 30. Thus, anti-draft or anti-nuclear resolutions are always a possibility. We are working closely with NEA's staff to keep track of this.

THE WHITE HOUSE
WASHINGTON

02 Jul 80

Stu Eizenstat

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

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

July 1, 1980

*Stu - Did you
discuss this
Richard?*

MEMORANDUM FOR THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT:

Vinson-Trammel Act

**Electrostatic Copy Made
for Preservation Purposes**

In a memorandum dated August 17, 1979, I indicated to you that OMB, Treasury and Defense, working with my staff, had agreed that the best strategy to insure adequate policing of defense industry profits after the demise of the Renegotiation Board was to amend the Vinson-Trammel Act to make it more effective and workable. The Act, currently administered by the Internal Revenue Service, provides for the recovery of excess profits on DOD contracts for completed ships and planes. Contracts of \$10,000 or more come under the Act, and excess profits are defined as 10% of the contract price for ships and 12% for planes.

Defense, Treasury and OMB drafted amendments that were incorporated in a bill introduced by Rep. Patterson, H.R. 5433. Our final recommendation is to adopt this bill as the Administration's position. These amendments would:

- o Extend coverage under the Act to all negotiated DOD contracts, where adequate price competition does not exist;
- o Raise the threshold level for application of the Act from \$10,000 to \$5 million;
- o Redefine excess profits as at least 15% of the contract price before taxes;
- o Designate the Defense Department as the agency responsible for administering the Act; and
- o Add a sunset provision for review of the Act after five years.

OMB, the Defense Department and I recommend that you adopt the Patterson bill as the Administration's position. Treasury does not want any further responsibility for administering the Act, and supports the amendment transferring this function to DOD. These changes are necessary to make passage a possibility.

DECISION:

Adopt H.R. 5433 as Administration's position _____ ✓
(OMB, DOD, DPS, Counsel's Office and CL recommend)

Other _____ ✓

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for Preservation Purposes**



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

JUN 12 1980

MEMORANDUM FOR: STU EIZENSTAT

FROM: JOHN P. WHITE *[Signature]*

SUBJECT: Administration Proposal for Amendments to the
Vinson-Trammell Act

myle

The Vinson-Trammell Act of 1934 was automatically reinstated with the abolition of the Renegotiation Act. It is the Federal Government's only statute now on the books to recover excess profits from defense contractors. Unfortunately, the Vinson-Trammell Act is outmoded; it has not changed substantially since the 1940's.

As you will recall, the President was alerted to this issue in your memorandum of August 17 (Tab A). He concurred with your recommended approach of developing amendments to the Vinson-Trammell Act.

The specific amendments have been developed by the Department of Defense (DOD), the Department of Treasury and the Office of Management and Budget (OMB). I am transmitting them to you for your consideration and forwarding to the President--your August 17 memorandum stated that you would inform the President "...briefly of the substance of our amendments when they are ready."

The process of developing specific amendments began with the Patterson/Morgan bill (H.R. 5433 & S.2331) which was originally drafted by DOD and given to Rep. Patterson. Various changes to this bill were considered by DOD, Treasury and OMB. In some instances, the views of other agencies were solicited.

The final agreed upon amendments would adopt the Patterson bill as the Administration position with no significant changes.

OMB did make one administrative change, which was agreed to by DOD and Treasury. This was to relook at the question of whether DOD should continue as the administering agency after two years of operation. This is not written into the bill because it can be done administratively within the Executive branch. This relook was added to make doubly certain that DOD is performing fairly and adequately in administering the excess profits provisions.

The Patterson bill relies heavily upon competition in the marketplace to restrain profits wherever possible. It captures excess profits only on large, negotiated contracts. It applies a mechanical formula to determine excess profits in order to avoid the numerous litigations which plagued the Renegotiation Board.

The main provisions of the bill follow:

- (1) Applies a mechanical formula to the determination of profits;
- (2) Raises the minimum threshold level on contracts subject to the Act from \$10K to \$5M;
- (3) Extends excess profit coverage from only completed ships and planes to all DOD contracts;
- (4) Raises the excess profit limitation from 10% of the contract price for ships and 12% for planes to 15% for all contracts;
- (5) Applies only to contracts where there is not adequate price competition;
- (6) Changes the enforcement agency from the Internal Revenue Service in the Treasury Department to the Department of Defense; and
- (7) Contains a sunset provision of five years.

DOD and Treasury have already indicated in hearings before Senator Morgan's Armed Forces Subcommittee that the Administration supports the thrust of the Patterson bill. The agencies did not agree, however, to any specific provisions because the President had not been consulted on the proposed amendments.

The Office of Management and Budget and DOD believe the bill is adequate to prevent the most flagrant forms of excess profits. Treasury has taken no position except to oppose strongly any involvement in administering the amended Act. I recommend that you urge the President to adopt the Patterson bill as the Administration proposal for amending the Vinson-Trammell Act.

The addendum to this letter contains a list of the significant issues which were considered by DOD, Treasury, and OMB. It also contains a short discussion of the issues and the agency positions. My staff (Jim Jordan X4620) would be pleased to provide you with any further materials which you may need.

- Attachment A - Stu Eizenstat's August 17 memorandum to the President.
- Attachment B - Diagram of covered contracts.
- Attachment C - Bo Cutter's memorandum to Stu Eizenstat on the Vinson-Trammell Act.
- Attachment D - Patterson/Morgan bill H.R. 5433 and S. 2331.
- Attachment E - Vinson-Trammell Act of 1934, as amended.

Addendum

The significant issues which were considered by OMB and the agencies are discussed below.

- (1) Should the excess profit limitation be limited to DOD contracts, as in the Patterson bill, or extended to all Government agencies?

From an equity standpoint, the percentage profit limitation should be extended to the contracts of all government agencies. On the other hand, other government agencies have very few negotiated contracts, and even fewer contracts above \$5 million. Therefore, the extension of the excess profit limitation to these agencies would result in many regulations and administrative controls with few benefits in terms of contract coverage.

Agency views: OMB, DOD and all the large contracting agencies (NASA, HEW, DOT, GSA, and DOE) favor limiting coverage to only DOD contracts.

- (2) Should the threshold level for contract coverage be kept at the \$5 million level, as in the Patterson bill, or be reduced to some lower figure.

Any threshold level could be selected. If the \$10 thousand level in the original Vinson-Trammell Act of 1934 were raised to keep up with inflation, it would be increased to \$50 thousand. This level is quite low. It would cover almost all contracts, including many contracts with small businesses. DOD and OMB believe the level should be set high enough to exempt most small businesses and reduce the administrative costs.

<u>Threshold level</u>	<u>Administrative cost</u>	<u>No. of contracts covered</u>	<u>Contract Obligations Covered</u>
\$10 million	\$.4M	800	50%
5 million	\$.5M	2,000	57%
2 million	\$1.0M	5,000	67%
1 million	\$1.6M	8,000	72%

Agency views:

DOD and OMB believe that \$5M is reasonable in terms of a balance between administrative costs and the coverage of a given percentage of defense obligations. In 1979, DOD had \$53B in contracts. Approximately \$40B were negotiated, non-competitive contracts. Coverage at the \$5B level would have equaled \$25B in 1979. This represents almost half (45%) of all contracts and a majority (57%) of negotiated contracts. DOD wanted a threshold level at least this high in order to provide some room for compromise if a lower figure is pushed by the Congress.

- (3) Should the excess profit limitation be kept at 15% of the contract price, as in the Patterson bill, or reduced to some lower figure?

The 15% profit limit before taxes equates to approximately an 8% after-tax profit. This is generally consistent with the upper limits of after-tax profits in those sectors of the economy that supply defense equipment and services. The 15% profit limitation is also consistent with the maximum fees for cost-plus-fixed-fee type research and development contracts (10 U.S.C. 2306(d) and 41 U.S.C. 254(b)). A 15% profit level represents the 99th percentile in distribution of estimated profits in negotiated defense contracts.

Agency views: OMB and DOD believe 15% is a reasonable profit rate.

- (4) Which type of contracts should be covered?

The Patterson bill covers only negotiated contracts where adequate price competition does not exist. This is the vast majority of contracts -- in 1979, DOD had \$53B of contract obligations and \$40B were negotiated, non-competitive contracts. Excluded are advertised contracts (\$4B in 1979) and negotiated, competitive contracts (\$9B in 1979) where DOD determines that adequate price competition exists or catalogue prices are available (Chart I at Tab B provides a diagram of contracts subject to the proposed profit limitation). The covered contracts would be the same as those covered by the Truth-in-Negotiation Act (P.L. 87-653). "Excess profits" could occur, however, in a number of these exempted contracts if DOD misjudged the competitiveness of the market.

Agency views: OMB and DOD favor covering only negotiated contracts where adequate price competition does not exist.

(5) Which agency should be responsible for administering the amended Act?

The Patterson bill designates DOD as the administering agency. The original Vinson-Trammell Act designated Treasury as the primary administering agency.

DOD is the logical administering agency. It has experience in working with defense contractors and with the Defense Contract Audit Agency (DCAA) which should make it the most efficient agency. On the other hand, DOD may be perceived as a weak enforcement agency. Some will criticize that DOD's enforcement is akin to having "the fox guard the chicken coup."

Agency views: OMB, DOD and Treasury favor DOD as the administering agency. Treasury strongly opposes any involvement in administering this Act. OMB recognizes the perception problem of DOD as the administering agency; however, OMB believes that the headquarters operation of DOD is far enough away from defense contractors to prevent any bias. In addition, the mechanical formula will lessen the opportunity for bias toward defense contractors.

A

THE WHITE HOUSE
WASHINGTON

August 17, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Vinson-Trammell Act

As you are aware we are considering what steps to take to insure adequate policing of Defense industry profits, now that the Renegotiation Board has gone out of existence. In May I indicated that a memo on this subject would be forwarded to you. (A copy of my memo is attached.)

OMB, Treasury, and DOD, working with my staff, have agreed that the best strategy would be to amend the existing law (the Vinson-Trammell Act) to make it more effective and workable. These agencies are working to develop an appropriate set of amendments. Meanwhile regulations to implement the reporting requirements of the current Vinson-Trammell Act are being promulgated by the IRS.

I anticipate that the interagency group that drafts the amendments should be able to reach agreement on all issues. Unless it proves necessary or you prefer otherwise, we will not return to you for decisions, but will inform you briefly of the substance of our amendments when they are ready.

THE WHITE HOUSE
WASHINGTON

Bill Johnston

May 26, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: The Renegotiation Board

You asked me to assess the attached memo concerning the Renegotiation Board and the Vinson-Trammell Act. In addition you recently asked for information on the attached letter from Joe Minish and Henry Gonzales. The memo concerns steps to preserve the Renegotiation Board while the letter focuses on our postponement of the implementation of the Vinson-Trammell Act.

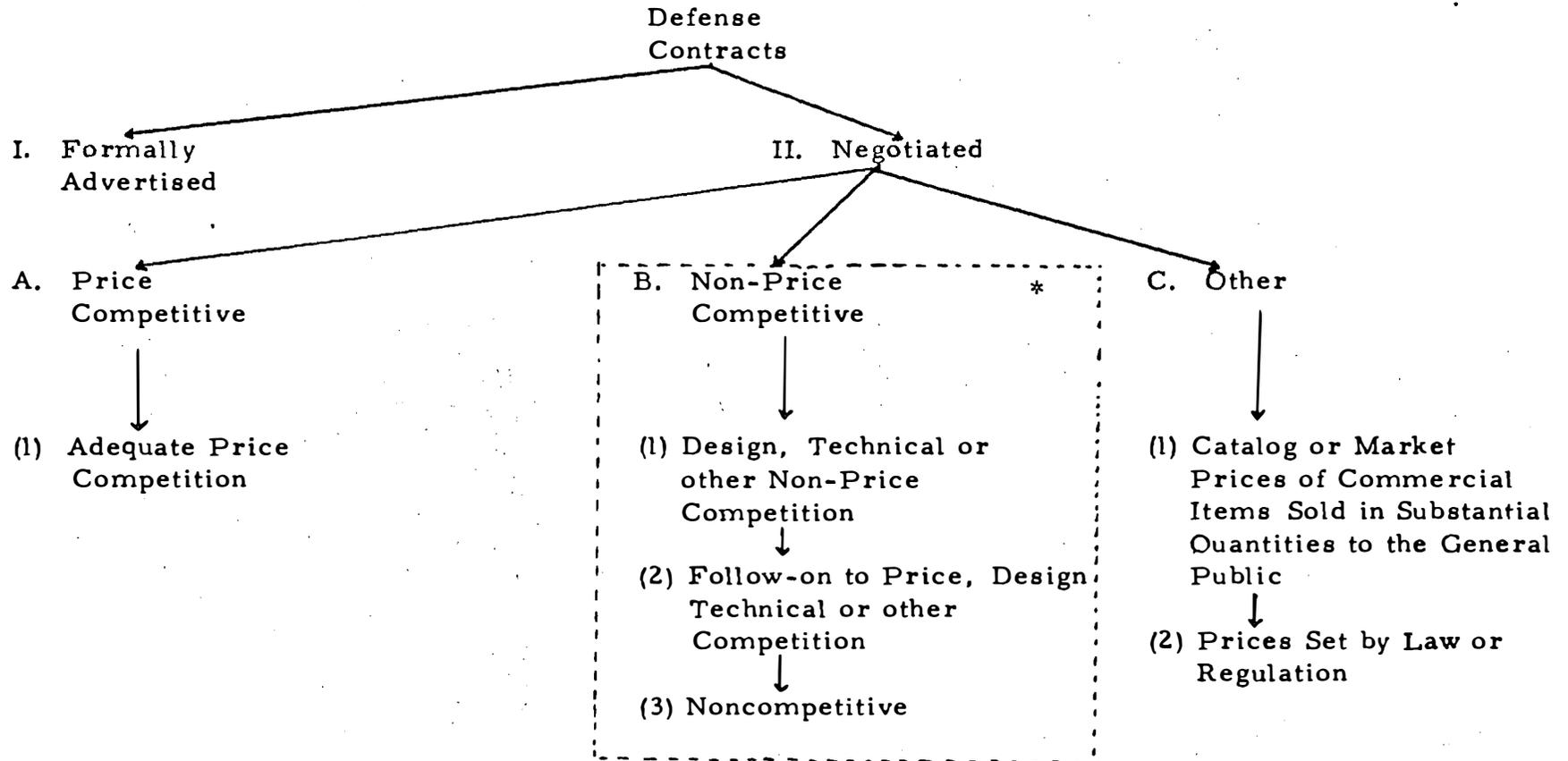
Now that the Board has gone out of existence we face the issue of whether and how to implement the Vinson-Trammell Act. OMB, DOD and Treasury agree that the Act as currently written is unfair and burdensome. It sets numerical profit limits on contracts relating to ships and planes but entirely exempts missiles, rockets, and other hardware. The limits themselves are lower than the average profits for all manufacturing. In addition the Vinson-Trammell Act would require substantial additional personnel in IRS to implement, and there is continuing disagreement between IRS and DOD as to what accounting rules should be applied. For these reasons the IRS has delayed its implementation date until October 15, 1979. This delay will not exempt contractors from excess profit recovery but will simply delay their filings pending further Congressional or administrative action.

Our choices at this point are:

- 1) Implement the Vinson-Trammell Act as written.
- 2) Propose modifications in the Act to make it more workable.
- 3) Propose to replace the Vinson-Trammell Act with a new profit recovery mechanism.
- 4) Repeal Vinson Trammell and allow the Defense Contract Audit Agency to protect against overcharges.

An options paper regarding these alternatives is in preparation by OMB and will be forwarded to you shortly.

CONTRACTS WHICH WOULD BE SUBJECT TO PROFIT LIMITATIONS IN H. R. 5433



* Contracts subject to profit limitation

C

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

JUL 20 1979

MEMORANDUM FOR: STU EIZENSTAT
FROM: BO CUTTER *of 30*
SUBJECT: Vinson-Trammell Act

Attached is an option paper on the Vinson-Trammell Act which I agreed to provide Bill Johnston at a meeting on April 30, 1979.

During the April 30 meeting on Vinson-Trammell, Bill and I believed that an option paper would probably need to go to the President for decision. Now that a consensus on the recommended option has been reached among the agencies (DOD, Treasury, OMB), you may wish to just ask for the President's approval of this approach.

My staff has met with representatives of both the Department of Defense and the Department of the Treasury. The attached option paper has been circulated to them and revised to incorporate their comments.

As you will recall from the meetings and efforts to save the Renegotiation Board, the Vinson-Trammell profit law was automatically reinstated when the Renegotiation Board's authority ended. That occurred on September 30, 1976. The reporting requirements under Vinson-Trammell were delayed through repeated extensions by the Internal Revenue Service (IRS) while we feverishly tried to save the Renegotiation Board. With the abolition of the Board on March 31, 1979 due to a lack of appropriations, our hopes for renewal of the Renegotiation Board were dashed.

The question now is what to do concerning the Vinson-Trammell profit law. The law contains a number of technical problems which are primarily due to its age. Even if these technical problems were overcome, the need for a broad-based, percentage profit limitation on defense contracts is questionable under today's contracting rules and procedures.

The Department of Defense and OMB agree that the best course of action is to amend the Vinson-Trammell Act. The Department of the Treasury defers to Defense. (Treasury has no independent policy judgement as to whether Vinson-Trammell should be amended or repealed.) Treasury does agree that the act should be amended in order to facilitate administration which currently rests with the IRS. Treasury quickly points

out, however, that it strongly believes that Treasury should not have any responsibility for administering Vinson-Trammell or any amended version.

The drafting of the amendments to Vinson-Trammell would be done by a working group. The group would be composed of the Departments of Defense, Treasury, and the Office of Federal Procurement Policy within the OMB. The amendments would:

- (1) assure that unreasonable high profits on large negotiated contracts are classified as excess profits and paid to the Treasury.
- (2) correct the major technical flaws; thus bringing the Vinson-Trammell Act into the 1980's.
- (3) exempt all but the large negotiated contracts, and simplify the reporting and monitoring burden as much as possible.
- (4) determine the appropriate accounting rules for determining cost and profit.
- (5) designate the Federal agency to administer the amended Act, and
- (6) determine whether the percentage profit limitation should be limited to only Defense contracts or extended to all Federal contracts. (If coverage were extended to non-defense agencies, then the working group might be expanded.)

The working group should be able to reach agreement on the first three amendments (No. 1, 2, & 3) without too much difficulty. The latter three amendments (No 4, 5, & 6) are interrelated to some extent. Agreement on the designation of the proper Federal administrative agency will be very difficult.

- Treasury strongly resists any administrative role because Vinson-Trammell is not a tax provision and Treasury's personnel do not have the requisite cost accounting skills.
- Defense has the accounting skills in the Defense Contract Audit Agency and is willing to administer a statutory profit limitation for Defense contractors. OMB believes administration of the Act must be outside of Defense to assure public confidence in the independence of the administering agency. Furthermore, if coverage is extended to non-defense contracts, selection of Defense as the administering agencies would clearly be inappropriate.

--Administration of Vinson-Trammell does not fall under the functions of any other existing Federal agency; designating an independent agency would appear to recreate the Renegotiation Board.

I believe the designation of the administrative agency can and should be decided later by the working group. If no resolution is reached, the issue could be raised at that time when we had better knowledge of the interrelated questions, such as whether the accounting rules for costs will be the tax rules or the Defense contract rules.

While the working group is developing proposed legislation for an amended Vinson-Trammell Act, the Internal Revenue Service will move ahead to promulgate proposed regulations for public comment on the reporting requirements under the current Vinson-Trammell Act. This should silence, to some extent, the charges that IRS is not enforcing the law. It will also alert Congress to the problems associated with the current Act. The usual delays (in publishing proposed regulations, holding public hearings, and setting an implementation date for the reporting requirements) should provide adequate time, perhaps as long as six months to a year, for the Congress to consider our proposed amendments to the Vinson-Trammell Act.

As soon as you indicate that the President agrees with the approach of revising the Vinson-Trammell Act, OMB will move ahead with the affected Departments to draft the legislation.

cc:
Official File (Treasury)
PAD/EGD
Mr. Mullinix (2)
Mr. Howard
Mr. Williamson
✓ Mr. Jordan

JTGM:JFJordan:emd:7/18/79

OPTION PAPER ON THE VINSON-TRAMMELL ACT

Background

The Vinson-Trammell (V-T) Act of 1934 imposes a fixed, percentage profit limitation on certain defense contracts.

The V-T profit law has been in effect for only 5 years. It was suspended, but not repealed, when the Renegotiation Board, an independent agency, was established as the Government's watchdog against "excess" profits on defense contracts.

The end of the Renegotiation Act automatically brought the V-T profit law back into effect on September 30, 1976. However, the V-T reporting requirements were repeatedly extended by administrative action of the Internal Revenue Service (IRS) because the Administration was pushing hard to extend the Renegotiation Board and its authorizing Act. The lack of agreement between the Departments of Defense and Treasury over the proper accounting rules for V-T also contributed toward the need for repeated extensions. The Renegotiation Board, which had been processing cases which occurred prior to September 30, 1976, went out of business on March 31, 1979 when the Congress would not appropriate any additional funds.

With the abolition of the Board, the V-T law will have to be implemented by the IRS. The IRS has again extended the reporting requirements for V-T to October 15, 1979 in order to provide time to publish and evaluate public comments on proposed regulations to implement V-T. The usual delays in publishing and implementing any new rules will require a further extension past October 15. This provides a short period for the Administration to decide if V-T should be repealed, amended, or superseded by other legislation.

The Department of Treasury, Defense, and just about everyone who has written on the subject agree that the V-T Act is practically unworkable in its present form. It would produce a mound of paperwork, since it applies to all contracts and subcontracts for naval vessels, airplanes, and component parts thereof amounting to over \$10,000.

Discussion of the Vinson-Trammell Act

The original Vinson-Trammell Act of 1934 provided a major expansion of the Navy's shipbuilding program. It contained a fixed profit limitation of 10% on the Navy's shipbuilding contracts. A number of amendments to this fixed profit limitation were added over the next few years, including the extension of coverage to aircraft contracts.

Major Provisions

The current Vinson-Trammell Act, as amended, requires:

- A separate profit report to the Department of Defense and to the Secretary of the Treasury from each contractor and subcontractor for the manufacture of all or part of any complete aircraft or naval vessel;
 - (1) Profit is reported as a percentage of the contract price when the contract is completed;
 - (2) Profits in excess of 10% for naval vessels and 12% for aircraft are declared excess profits, and shall be owed and paid to the Treasury;
 - (3) Profit reports are required for all contracts and subcontracts in excess of \$10,000.
 - (4) The Secretary of the Treasury with the agreement of the Secretary of Defense will determine the accounting rules for ascertaining the amount of excess profit.

Technical Flaws

The V-T Act contains two major technical flaws primarily from being outdated:

- The \$10,000 threshold level for application of the Act is outdated and unreasonable in 1979. The threshold level has not changed since 1934.
- The limited coverage of only aircraft and ship contracts is inequitable. It exempts a major portion of the defense industry (e.g., manufacturers of missiles, machine guns, tanks, etc.) and does not apply to non-defense contracts. It is also difficult for DOD to designate which parts will be used on completed aircraft and naval vessels, and which will be used for repair.

Need for Fixed Percentage Profit Limitation

A. Distortion of the Profit Incentive

In addition to the technical flaws, the regulation of contracts by means of a fixed, percentage profit limitation distorts the traditional profit incentive. This could lead to higher prices to the Government and less profit to the private sector. It could also promote continuation of outdated technology. Two examples of this could occur follow.

- (1) A percentage profit ceiling, which lowered or eliminated the profit incentive, could lead to higher prices to the Government and less profit to the private sector. For example, a contractor has a \$100 contract with \$8 profit in the contract. He also has an incentive fee where he will receive 10% of any underruns in cost. He would be most interested in lowering cost because he would share in the benefits, i.e., his incentive fee would increase. If he was also subject to a 10% profit limitation under the V-T Act, his incentive to decrease costs would cease when costs decreased from \$100 to \$90 (his profit would increase from \$8 to \$9). Any further lowering of costs would be a disincentive-- the more he lowered costs, the less would be his profits.
- (2) The profit ceiling may encourage continuation of the status quo in production methods, instead of development of newer, more risky technology. For example, a contractor was selling his product at \$100 and making a maximum profit of \$10. He finds a new production technique that might decrease costs by 50%; however, it is costly to develop and might fail. When he balances his risks to his rewards, the incentives under a fixed, percentage profit limitation are the wrong way. First, if he cuts costs by 50%, he must sell twice as much of the product to make the same profit because he can not exceed the 10% profit margin. Second, he must attempt a costly new technology which will cut into his present profit if he fails. He may therefore stick with the status quo.

B. Contract Monitoring

The amount and sophistication of government controls on defense contracts has increased greatly.

- The 3000 auditors in the Defense Contract Audit Agency (DCAA) monitor all large defense contracts in order to evaluate the legitimacy of costs which are claimed.
- New legislation, such as Truth in Negotiations, has strengthened DOD & DCAA's ability to monitor defense contracts. Changes incorporate the cost accounting standards through the Cost Accounting Standards Board, authority to examine contractor's pricing records for defense contracts which are not let through competitive bidding, wider solicitation of bids, additional pricing data and more written justification on bids.

While contract monitoring has improved, it is aimed toward ascertaining the legitimacy of cost data, not the amount of profit.

C. Authority to recover excess profits

While a fixed, percentage profit limitation is not essential, it would be another weapon in the Government's arsenal against possible gouging on defense contracts. If V-T were repealed, the Government would have no statutory means of recovering "excess profits" on contracts.

D. Central question on the need for V-T

The crux of the need for V-T, boils down to whether the cost of imposing the fixed, percentage profit limitation in terms of reporting burden, auditing and legal costs, and possible disincentives is worth the deterrent effect in reducing excess profits.

Agency Views

DOD believes a statutory profit limitation is needed to deal with situations where a contractor or subcontractor exploits its sole source position to demand much higher prices than would be sought in a commercial environment. DOD recommends a statutory profit limitation only for negotiated, non-competitive contracts. DOD believes a profit limitation is not needed for contracts where there is adequate price competition, catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation. (DOD position letter is attached.)

OMB believes the cost of the program will probably not be worth the deterrent effect because of possible disincentives from the profit limitation, and the difficulties of devising a simple but effective percentage profit program. While OMB believes most problems with excess profits could be avoided through better negotiations of contracts, there would still be some instances of unreasonable profits. In order to have some mechanism on the books to prevent this and avoid criticism of opening a hole in the government's armor against excess profits, OMB favors a statutory profit limitation for large negotiated contracts.

Treasury takes no position on the need for a statutory profit limitation. (Treasury believes that it should have no involvement with the administration of V-T; this can be accomplished either by repealing or amending V-T to eliminate Treasury's involvement).

There is little sentiment according to DOD for repeal of V-T by Congress. In the process of seeking repeal, the Administration would be criticized for opening a hole in the Government's armor against "excess profits".

Options

Two possible options were too weak to be included. They were:

- (A) Implementing V-T without amendment -- discarded because of the mounds of paperwork, and inequities caused by the technical flaws of V-T.
- (B) Repealing V-T and reproposing some new type of fixed profit limitation -- discarded because amending V-T accomplishes the same objective and may be better received by the Congress according to DOD.

DOD and OMB see only two sensible options.

- (D) Repealing V-T -- repealing V-T is not recommended because (1) DOD believes Congress would reject the proposal, and (2) the repeal would be perceived as weakening the Government's control over possible gouging by defense contractors.

- (D) Amending V-T --DOD and OMB favor amending V-T. This will assure that the Government has some mechanism for collecting large excess profits when they occur. The amendments to Vinson-Trammell should be developed in such a way as to minimize any disincentives which would inhibit reducing the costs of Federal contracts or the development of more efficient technology.

Details on Developing Amendments to V-T

The working group would develop the amendments to V-T. The group would be composed of OMB's office of OFPP, DOD and Treasury. The thrust of the amendments would be to: (1) assure that unreasonably large profits can be recovered by the Government, (2) correct the major technical flaws, thus bringing V-T into the 1980's, (3) exempt all but the largest contracts and simplify as much as possible the reporting and monitoring burden, (4) determine the appropriate cost accounting rules for determining cost and profit, (5) designate a Federal agency to administer the amended Act, and (6) determine whether the percentage profit limitation should be limited to only Defense contracts or extended to all Federal contracts. A legislative proposal would be transmitted to the Congress in late August or early September.

The working group should be able to reach agreement on the first three amendments (no.'s 1, 2, & 3) without too much difficulty. The latter three amendments (no.'s 4, 5, & 6) are interrelated to some extent. Agreement on the designation of the proper Federal administrative agency will be very difficult.

- Treasury strongly believes that it should not have any responsibility for administering Vinson-Trammell or any amended version. The Act is not a tax provision and the IRS does not currently have the personnel with the requisite cost accounting skills to prepare regulations and rules for implementation of Vinson-Trammell and to conduct necessary audits. To properly administer Vinson-Trammell, as it is currently in effect, the IRS estimates that it will have to add significant additional personnel, perhaps up to 1000, depending on the scope of audit coverage, or train a similar number of people which would result in the reduction of personnel available for the collection of tax revenues. Of course, such personnel requirements would be reduced if the scope of the application of the Act is narrowed.
- Defense has the requisite accounting skills and has no objection to administering a statutory profit limitation for Defense contractors. OMB believes that administration of

Vinson-Trammell must be outside of Defense. This is essential to assure public confidence in the independence of the administrative agency. OMB and Defense believe that Treasury is the logical administrative agency. Treasury could rely on audits of the Defense Contract Audit Agency in order to minimize the personnel problems.

--Administration does not logically fit into any other existing Federal agency. (It only fits into Treasury because it has historically administered the V-T Act). Designating a new independent agency would be reasonable but would appear to recreate the Renegotiation Board. The new agency would also require additional personnel.

Because the designation of the administrative agency is interrelated with other issues (such as the cost rules and whether all government contracts are subject to the amended act), the working group should attempt to resolve this issue. If no resolution is reached, the issue can be more easily resolved when the other parts of the amending legislation are known.

While the working group is developing the proposed amendments, the IRS will move ahead to promulgate proposed regulations to implement V-T. This will focus Congressional attention on the problems of implementing an unamended V-T, and will silence the critics' charges that IRS is not moving to implement the Act. The IRS regulations will take six months to one year to develop and implement, thus allowing the Congress adequate time to act on amending V-T.

Decision

Option 1 - Repeal V-T _____.

Option 2 - Amend V-T (favored by DOD and OMB) _____.

Other - _____.

RESEARCH AND
ENGINEERINGOFFICE OF THE UNDER SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

5 JUL 1979

Mr. Frank Raines
Program Assistant Director for
Economics in Government
Office of Management and Budget
New Executive Office Building
Washington, D. C. 20503

Dear Mr. Raines:

This letter is in response to a request by Mr. Jim Jordan of your staff for a statement of the Department of Defense regarding the need for and administration of a profit limitation that would be substituted for the existing provisions of the Vinson-Trammell Act.

A statutory profit limitation is not needed for national defense contracts, the price of which is based upon adequate price competition, catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation. A statutory profit limitation is needed, however, to deal with situations where a contractor or subcontractor exploits its sole source position to demand much higher prices than would be sought in a commercial environment. Often these sole source prices are inflated by estimating on a "worst case" basis instead of assuming reasonable economy and efficiency, or by including cost contingencies for highly unlikely events such as catastrophic test failures or dramatic business downturns.

Existing statutory tools are not designed to prevent an unreasonable profit in these sole source situations. The contractor or subcontractor will have complied with the Truth in Negotiations Act (10 USC 2306(f)) in disclosing and certifying the proposed cost and in presenting such cost in conformity with the Cost Accounting Standards Act (50 USC App 2168). Nothing in these laws forces a contractor to exercise the same measure of reasonableness in estimating as would be applied in a competitive situation. In those situations where we cannot realistically negotiate a fair price at the outset, we need a statutory profit limitation to recapture any excess profit realized when the contract is completed.

We would have no objection to administering a profit limitation statute that is limited in application to large Department of Defense negotiated contracts and which utilizes an objective standard for determining excess profits.

Sincerely,

R. F. Trimble

ROBERT F. TRIMBLE
Director, Contracts and
Systems Acquisition

D



96TH CONGRESS
1ST SESSION

H. R. 5433

To amend title 10, United States Code, to eliminate certain limitations imposed on excess profits arising from any contract with any military department of the United States for the construction or manufacture of all or part of any complete aircraft or any contract with the Secretary of the Navy for the construction or manufacture of all or part of any complete naval vessel, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 27, 1979

Mr. PATTERSON (for himself, Mr. CORMAN, and Mr. VAN DEERLIN) introduced the following bill; which was referred to the Committee on Armed Services

A BILL

To amend title 10, United States Code, to eliminate certain limitations imposed on excess profits arising from any contract with any military department of the United States for the construction or manufacture of all or part of any complete aircraft or any contract with the Secretary of the Navy for the construction or manufacture of all or part of any complete naval vessel, and for other purposes.

1. *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*



96TH CONGRESS
2D SESSION

S. 2331

To amend title 10, United States Code, to eliminate certain limitations imposed on excess profits arising from any contract with any military department of the United States for the construction or manufacture of all or part of any complete aircraft or any contract with the Secretary of the Navy for the construction or manufacture of all or part of any complete naval vessel, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 26 (legislative day, JANUARY 3), 1980

Mr. MORGAN introduced the following bill; which was read twice and referred to the Committee on Armed Services

A BILL

To amend title 10, United States Code, to eliminate certain limitations imposed on excess profits arising from any contract with any military department of the United States for the construction or manufacture of all or part of any complete aircraft or any contract with the Secretary of the Navy for the construction or manufacture of all or part of any complete naval vessel, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

Vinson-Trammel Act of 1934 as amended

§ 2332. Aircraft: contract requirements

(a) The Secretary of a military department may not contract for the manufacture of all or part of any complete aircraft, unless the contractor agrees—

(1) to report under oath to the Secretary, when the contract is completed, as prescribed in subsection (b);

(2) to pay any excess profit into the Treasury;

(3) to make no division of any contract or subcontract for the same article for the purpose of evading this section;

(4) that the books and manufacturing spaces of its plant, affiliates, and divisions may at any time be audited and inspected, respectively, by any person designated by the Secretary of the military department concerned, the Secretary of the Treasury, or an authorized committee of Congress; and

(5) to make no subcontract unless the subcontractor agrees to the conditions set forth in this subsection.

(b) The report required under subsection (a)(1) shall be in the form prescribed by the Secretary of the military department con-

cerned. It shall state the total contract price, the cost of performing the contract, the net profit or loss, and the percentage of the contract price that is net profit or loss. A copy shall be sent to the Secretary of the Treasury to be considered with the Federal income tax returns of the contractor.

(c) For the purposes of this section, "excess profit" means so much of the profits as the Secretary of the Treasury determines to be greater than 12 percent of the total contract price for contracts covered by this section and completed by a contractor or subcontractor within the taxable year. The method of computing excess profits shall be determined by the Secretary of the Treasury in agreement with the Secretary of the military department concerned. It shall be made available to the public.

(d) When an excess profit is found owing, the Secretary of the Treasury shall allow credit for any Federal income taxes paid or to be paid on the excess profit. If a contractor or subcontractor has a net loss, or a net profit of less than 12 percent, on the aggregate of contracts or subcontracts covered by this section and completed in a taxable year, the deficiency shall be allowed as a credit against any excess profit for the next succeeding four taxable years.

(e) When paid into the Treasury, an excess profit becomes the property of the United States. The surety under the contract is not liable for its payment.

(f) This section applies to any division of a contract or subcontract covered by this section.

(g) This section does not apply to—

(1) a contract or subcontract for scientific equipment for communications, target detection, navigation, or fire control if the Secretary of the military department concerned designates the contract or subcontract for exemption; or

(2) a contract or subcontract, or division thereof, if the amount involved is \$10,000 or less.

Aug. 10, 1956, c. 1041, 70A Stat. 136.

Historical and Revision Notes

Revised Section	Source (U. S. Code)		
2382(a)	34:496 (1st sentence, less last 97 words of 1st proviso, less 2d and 5th provisos, and less 32d through 54th words of clause (c); as applicable to aircraft)	2352(d)	34:496 (2d proviso of 1st sentence, and proviso of 5th sentence; as applicable to aircraft)
2382(b)	34:496 (2d and 3d sentences, as applicable to aircraft)	2352(e)	34:496 (59th through 97th words of 1st proviso of 1st sentence, as applicable to aircraft)
2382(c)	34:496 (19th through 88th words of 1st proviso of 1st sentence, 4th sentence, and 5th sentence, less proviso; as applicable to aircraft)	2352(f)	34:496 (32d through 30th words, and 47th through 54th words, of clause (c) of 1st sentence; as applicable to aircraft)

§ 7300. Contracts for construction: profit limitation

(a) The Secretary of the Navy may not contract for the construction or manufacture of all or part of any complete naval vessel, unless the contractor agrees—

- (1) to report under oath to the Secretary, when the contract is completed, as prescribed in subsection (b);
- (2) to pay any excess profit into the Treasury;
- (3) to make no division of any contract or subcontract for the same article for the purpose of evading this section;

(4) that the books and manufacturing spaces of its plant, affiliates, and divisions may at any time be audited and inspected, respectively, by any person designated by the Secretary of the Navy, the Secretary of the Treasury, or an authorized committee of Congress; and

(5) to make no subcontract unless the subcontractor agrees to the conditions set forth in this subsection.

(b) The report required under subsection (a) (1) shall be in the form prescribed by the Secretary of the Navy. It shall state the total contract price, the cost of performing the contract, the net profit or loss, and the percentage of the contract price that is net profit or loss. A copy shall be sent to the Secretary of the Treasury to be considered with the Federal income tax returns of the contractor.

(c) For the purposes of this section, "excess profit" means so much of the profits as the Secretary of the Treasury determines to be greater than 10 percent of the total contract price for contracts covered by this section and completed by a contractor or a subcontractor within the taxable year. The method of computing excess profits shall be determined by the Secretary of the Treasury in agreement with the Secretary of the Navy. It shall be made available to the public.

(d) When an excess profit is found owing, the Secretary of the Treasury shall allow credit for any Federal income taxes paid or to be paid on the excess profit. If a contractor or subcontractor has a net loss on the aggregate of contracts or subcontracts covered by this section and completed in a taxable year, the deficiency shall be allowed as a credit against any excess profit for the next taxable year.

(e) When paid into the Treasury, an excess profit becomes the property of the United States. The surety under the contract is not liable for its payment.

(f) This section applies to any division of a contract or subcontract covered by this section.

(g) This section does not apply to—

(1) a contract or subcontract for scientific equipment for communications, target detection, navigation, or fire control if the Secretary of the Navy designates the contract or subcontract for exemption; or

(2) a contract or subcontract, or division thereof, if the amount involved is \$10,000 or less. Aug. 10, 1956, c. 1041, 70A Stat. 450.

Historical and Revision Notes

Source (U. S. Code)

Source (Statutes at Large)

24 U.S.C. 498 (less applicability to aircraft) Mar. 27, 1934, ch. 95, § 3 (less applicability to aircraft), 48 Stat. 545.

7/2/80 - 9:30 AM

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THE WHITE HOUSE
WASHINGTON

July 1, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: Al McDonald⁶⁴
Gordon Stewart

SUBJECT: Presidential Talking
Points: Registration
Proclamation Signing

Scheduled Delivery:
Wed, July 2, 9:30 a.m.
Cabinet Room

A revised version of your talking points for the signing of this proclamation is attached. John White in OMB has made changes on the second page, which are underlined in red, and salutations have been added.

Clearances

Zbigniew Brzezinski
Dept of Defense
OMB
David Rubenstein

[Salutations to be confirmed
by Patty DeSouza x7750 no
later than 8 AM Wed.]

Stewart/Schnurer
A-2; 7/1/80
Scheduled Delivery:
Wed, July 2, 9:30 AM

Talking Points for Registration Bill Signing

1. MAJORITY LEADER BOB BYRD, CHAIRMAN JOHN STENNIS, CHAIRMAN SAM NUNN, CHAIRMAN EDDIE BOLAND, CONGRESSMAN NORM DICKS, CHAIRMAN SONNY MONTGOMERY, AND CONGRESSMAN JACK MURTHA:

2. IT IS IMPORTANT TO UNDERSTAND WHAT THIS PROCLAMATION MEANS, WHAT IT WILL ACCOMPLISH, AND WHY IT IS NECESSARY THAT WE TAKE THIS STEP NOW. WE ARE AUTHORIZING SELECTIVE SERVICE REGISTRATION NOT TO THREATEN WAR, BUT TO PRESERVE PEACE.

3. TODAY'S STEP IS A DIRECT RESPONSE TO THE BRUTAL AND ILLEGAL INVASION OF AFGHANISTAN. FOR THE FIRST TIME IN DECADES THE SOVIET UNION HAS USED ITS OWN MILITARY FORCE TO INVADE AN INDEPENDENT NATION OUTSIDE THE WARSAW PACT. THEIR ACTION HAS DRAWN WORLD-WIDE CONDEMNATION. THE UNITED STATES MUST CONTINUE TO TAKE ACTIONS TO LEAD THE WORLD'S RESPONSE.

4. SINCE DECEMBER 25, WE HAVE TAKEN A SERIES OF ECONOMIC AND POLITICAL AS WELL AS MILITARY MEASURES TO MAKE CLEAR OUR CONDEMNATION OF THE AFGHANISTAN OUTRAGE AND OUR DETERMINATION TO DETER, OR IF NECESSARY DEFEAT, ANY SIMILAR AGGRESSION IN THE FUTURE. NO ONE MEASURE WILL BY ITSELF PREVENT SUCH AGGRESSION, BUT TAKEN TOGETHER THEY PROVIDE THE SUBSTANCE AND THE SYMBOL OF AMERICAN POWER AND WILL.

5. REGISTRATION IS NOT THE DRAFT. I DO NOT FAVOR A PEACETIME DRAFT. A DRAFT WILL BE NECESSARY ONLY IN TIME OF WAR OR NATIONAL EMERGENCY AND WOULD REQUIRE AN ACT OF CONGRESS. FAR FROM BEING A PRELUDE TO THE DRAFT, REGISTRATION COULD PROVE TO BE A MAJOR

REASON WHY WE DO NOT NEED A DRAFT.

6. EVEN IN PEACETIME, REGISTRATION IS A MASSIVE UNDERTAKING. MILLIONS OF PEOPLE MUST FILL OUT FORMS, WHICH MUST THEN BE COLLECTED AND PROCESSED. PERHAPS ALL OF THIS COULD BE DONE QUICKLY AND EASILY IN THE MIDST OF A TURBULENT MOBILIZATION, BUT "PERHAPS" IS NOT GOOD ENOUGH.

7. AS LONG AS OUR NATION REMAINS AT PEACE -- AND THE INTENT OF OUR ACTIONS IN OPPOSING SOVIET AGGRESSION IS TO ENSURE THAT WE SHALL -- OUR MILITARY FORCES WILL CONTINUE TO RELY ON VOLUNTARY ENLISTMENT. MY 1981 BUDGET AND LEGISLATION I HAVE ENDORSED PROVIDE OVER \$1 BILLION IN NEW COMMITMENTS TO BETTER RECRUITMENT AND RETENTION IN OUR ARMED FORCES. MY DECISION TO RENEW REGISTRATION DOES NOT ALTER MY COMMITMENT TO OUR FINE VOLUNTEER FORCE.

8. THIS PROCLAMATION IMPOSES A DIRECT OBLIGATION ON YOUNG MEN BORN IN 1960 AND 1961. BUT ALL OF US HAVE AN OBLIGATION TO HELP INFORM AND COOPERATE WITH THEM AND WITH THE POSTAL EMPLOYEES WHO ARE CARRYING OUT THIS REGISTRATION. I URGE ALL AMERICANS TO LEND THEIR SUPPORT TO THIS RESPONSIBILITY OF CITIZENSHIP.

9. REGISTRATION DOES MEAN THE AMERICAN PEOPLE ARE RESOLVED THAT AGGRESSION AGAINST THE LIBERTY OF PEOPLES, THE FREEDOM OF NATIONS, AND THE PEACE OF THE WORLD WILL NOT BE ACCEPTED. IN ACTING ON THIS MEASURE NOW, WE ACT TO STRENGTHEN OUR NATIONAL RESOLVE TO MEET THE CHALLENGES OF THE YEARS TO COME.

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Not for speech inclusion....
however for possible mention
when shaking hands after
speech.

9:30 AM

THE WHITE HOUSE

WASHINGTON

July 1, 1980

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MEMORANDUM FOR THE PRESIDENT

FROM: ANNE WEXLER *AW*

SUBJECT: Registration Proclamation Signing Ceremony

Frank Hamilton, National Commander of the American Legion, is attending the signing ceremony. He strongly supported our registration proposal, including the registration of women. The American Legion testified and lobbied for our proposal.

While it is inadvisable to single out the American Legion in your remarks, it would be very helpful if you mentioned Frank's support when you greet him at the signing ceremony.

THE WHITE HOUSE
WASHINGTON

7/1/80

Mr. President:

The original copy of the
proclamation is to be signed
at the ceremony.

Rick/Bill

9:30 AM

THE WHITE HOUSE
WASHINGTON

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for Preservation Purposes

July 1, 1980

SIGNING OF REGISTRATION PROCLAMATION

Wednesday, July 2, 1980

9:30 a.m.

Cabinet Room

From: Frank Moore *F.M./m*

I. PURPOSE

To sign the Presidential Proclamation directing the resumption of peacetime registration.

II. BACKGROUND

Last week you signed H.J. Res. 521 which provided the additional funds necessary for the Selective Service System to resume registration of young men. The proclamation you will sign this morning creates the legal obligation on the part of 19 and 20-year-old men to report to their local post offices and register.

Under the terms of the proclamation, registration will begin on July 21st for all men born in 1960 and 1961.

III. INVITED GUESTS

Members of Congress

Cong. Norman D. Dicks
Cong. Marjorie S. Holt
Cong. Melvin Price
Cong. G. V. Montgomery
Cong. John P. Murtha
Cong. Lindy Boggs

(Note: The Congressional attendance is reduced because both the House and Senate are expected to be in session. The Senate is finishing the Defense Authorization Bill.)

John White, Deputy Director, Office of Management and Budget
Dr. Bernard Rostker, Director, Selective Service System
William Bolger, Postmaster General, U.S. Postal Service
W. Graham Claytor, Deputy Secretary of Defense
Frank Hamilton, National Commander, American Legion

In addition, Congressional staff, members of other outside interest groups (including AFL-CIO, AFGE, VFW, the Paralyzed Veterans of America, and the Women's Equity Action League) and staff from OMB, DOD and Selective Service who worked on the funding resolution will be present.

IV. SCENARIO

9:20	Guests arrive and proceed to Cabinet Room
9:30	President arrives at Cabinet Room and makes a short statement (none of the participants will be asked to speak.)
9:40	President leaves

THE WHITE HOUSE
WASHINGTON

July 2, 1980

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MEMORANDUM FOR THE PRESIDENT

FROM:

LLOYD CUTLER *LCC*

RE:

Proposed Executive Order Entitled:
Credit Control Revocation

On March 14 you signed Executive Order No. 12201 which gave the Federal Reserve the authority to establish selective credit controls, and the Fed has since imposed such controls. As Charlie Schultz has informed you, the Fed will announce tomorrow that it is removing its controls on credit in three steps to be taken July 28, August 11 and October 31.

The attached order, proposed by Treasury and coordinated with the Fed, will supplement the Fed's action by providing for phasing out of the authority to impose credit controls, so that they could not be reimposed without a new Presidential decision.

Justice and OMB approve the attached order. DPS concurs.

Type in appropriate date

J

Announced: 7/3/80

To Archives: 7/3/80

REFERRED: TREASURY.
FED.

EXECUTIVE ORDER

- - - - -

CREDIT CONTROL REVOCATION

By the authority vested in me as President of the United States of America by Sections 205 and 206 of the Credit Control Act (12 U.S.C. 1904, 1905), and for the purpose of phasing-out in an orderly fashion the credit controls authorized by Executive Order No. 12201, it is hereby ordered as follows:

1-101. Section 1-101 of Executive Order No. 12201 is amended effective July 28, 1980, to read as follows:

"The Board of Governors of the Federal Reserve System is authorized to exercise authority under the Credit Control Act (12 U.S.C. 1901 et seq.) to establish uniform requirements for changes in terms in open-end credit accounts for consumer credit; provided however, such authorization is revoked as of October 31, 1980."

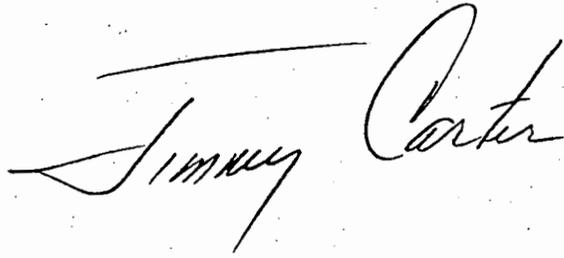
1-102. The authorization granted by Section 1-102 of Executive Order No. 12201 is revoked as of August 11, 1980.

1-103. The authorizations granted by Sections 1-103 and 1-104 of Executive Order No. 12201 are revoked as of July 28, 1980.

1-104. Section 1-105 of Executive Order No. 12201 shall be amended, effective July 28, 1980, to read as follows:

"For purposes of this Order 'consumer credit' and 'open-end credit' shall have such meaning as may be reasonably prescribed by the regulations of the Board of Governors of the Federal Reserve System."

1-105. Section 1-106 of Executive Order No. 12201 is
revoked.

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

THE WHITE HOUSE

July 3, 1980.