

8/20/80

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder:
8/20/80; Container 172

To See Complete Finding Aid:

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

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo	From Brown to The President (2 pp.) re: Activities of Sec. of Defense/enclosed in Hutcheson to Brzezinski 8/20/80 <i>Opened 9/8/92</i>	8/8/80	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres. Hand-writing File 8/20/80 BOX 200

RESTRICTION CODES

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

THE WHITE HOUSE
WASHINGTON
20 Aug 80

Zbig Brzezinski

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

Rick Hutcheson

The Vice President

4186

~~SECRET~~

THE SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301



August 8, 1980

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Significant Actions, Secretary and Deputy Secretary of Defense (August 2-8, 1980)

PD-59, Nuclear Weapons Employment Policy: To implement your guidance of this morning, and in view of continuing Congressional and media interest in PD-59 strategic doctrine, my speech at the Naval War College a week from Wednesday will address our evolving strategic doctrine. The points I will emphasize--and the ones we will work to have the media understand--are: we are talking about what we could and (depending on the nature of a Soviet attack) would do in response to a Soviet first strike--nothing in the policy contemplates an American first strike; this evolution in our doctrine enhances deterrence, because--like our nuclear modernization programs--it emphasizes the survivability of our forces, and it conveys to the Soviets that any or all of the components of Soviet power can be struck in retaliation, not only their urban-industrial complex; finally, the pursuit of careful strategic policy decisions such as this one, and not reckless searches for "superiority" or indiscriminate weapons procurement programs, is the prudent way to assure our security. (c)

Egyptian Negotiations: Assistant Secretary Dave McGiffert's meetings with Egyptian Vice President Mubarak and General Badawi, Minister of Defense, were successful in securing agreement in principle for increased U.S. access to Egyptian facilities, particularly Ras Banas, and for joint U.S./ Egyptian exercises. We are now working to develop a strategy to negotiate a detailed agreement on Ras Banas, and hope to reach an accord during follow-on meetings later this month in Cairo. (S)

NATO Family of Weapons Concept: Yesterday we signed a Memorandum of Understanding with the UK for development and production of the Advanced Medium Range Air-to-Air Missile and the Advanced Short Range Air-to-Air Missile. This agreement implements one of the first programs in our Family of Weapons concept, an initiative designed to avoid duplication of development costs among NATO allies. West Germany

Classified by Sec Def
Declassify on Aug 8, 1986

~~SECRET~~

Jay 8/8/92

See Def Cont Nr.

X09944

and France are expected to sign the MOU next week. Under this program, we will develop and produce the medium range missile and the UK and West Germany will jointly develop and produce the short range version. (France has a special status as a signatory government; it retains the option to become a full participant at a later date, but for the moment they are trying to have it both ways--to gain information from this association, and then use it to build a competitive missile of their own.) This program will save an estimated \$200 million for each missile system, facilitate cross-servicing of armaments in NATO, enhance aircraft armaments interoperability, and substantially reduce logistics costs. (U)

Marine AV-8B Harrier Aircraft: The V/STOL Harrier is ready to begin Full Scale Engineering Development. There is a serious question, however, whether the Marine Corps requirement for 336 aircraft represents an economical production quantity. Moreover, whether it makes sense to procure the aircraft at all also depends on the anticipated level of U.S. defense budgets during the next five years.

The UK has completed its own technical evaluation of the AV-8B and is anxious to enter a joint program with us. Such a venture would allow the British to discontinue their other on-going V/STOL development programs, as well as add a minimum of 60 aircraft to the initial buy. In addition to significantly enhancing third-country sales potential, a joint program would also be consistent with our NATO Rationalization-Standardization-Interoperability objectives.

Yesterday the British Chief of Defence Procurement visited me to press for a decision on the joint program, and to gain assurance of our support before terminating their separate V/STOL efforts. I agreed only to consider the matter as part of the FY 82 budget process. (C)

Industrial Responsiveness Study: I have become increasingly concerned about the inflation and schedule delays apparent throughout the entire aerospace industry and the expected impact on DoD acquisition programs. As a result, I have asked the Defense Science Board to study these problems--as well as other related issues such as industrial productivity--and to recommend short- and long-term remedial actions. I expect this task force of prominent outside engineers and businessmen to develop a broad spectrum of proposals to increase the productivity of defense industry. The study report will consider changes in investment policy, modifications in contracting procedures, and enhancement of industry competition. (U)

David Brown

THE PRESIDENT'S SCHEDULE

Wednesday - August 20, 1980

8:00 Mr. David Aaron - The Oval Office.

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

Control file.

ONE BATTERY PARK PLAZA
NEW YORK, N. Y. 10004

Electrostatic Copy Made
for Preservation Purposes

Dear Mr. President:

It was exciting and very interesting to be present on the last night of the convention. It was also a great pleasure to see many old friends and to participate in the enthusiasm of the evening. Thank you so much for inviting us.

Jay joins in sending our our warmest best wishes to you and Rosalynn.

Respectfully,

cc by - I'm glad you were there with the cabinet. I called on the loudspeaker for you to come to the podium. We'll have to try the trout fishing together. Your friend,
Jimmy

THE WHITE HOUSE
WASHINGTON

8/20/80

Lee Robinson --

The President asked me
to send you the enclosed
copy of your letter with
his note -- along with
his best regards.

Sc
-- Susan Clough



The State Senate

From the desk of . . .

W. LEE ROBINSON

August 15, 1980

Susan:

Please make sure the President sees this letter. I will be in town on August 22 and 23, and would like for him to know that.

I appreciate your helping me on this.

LEE



LEE ROBINSON
SENATOR
TWENTY-SEVENTH DISTRICT

The State Senate
Atlanta

August 15, 1980

864 WINCHESTER CIRCLE
MACON, GEORGIA 31210

cc Lee -
Thanks for your
continuing help. I'll
be counting on you -

Jimmy

Electrostatic Copy Made
for Preservation Purposes

The Honorable Jimmy Carter
President of the United States
The White House
Washington, D. C. 20500

Dear Mr. President:

Four years ago while I was campaigning for you someone decided to challenge me for my seat and as you recall, I had to stop long enough to defeat him. Well, history has a way of repeating itself and this year someone challenged me again and once again we were able to defeat him soundly.

I wanted you to know that is behind me now and I am willing to do anything that you or the campaign needs of me.

Also, the next two weeks, I will be in Ft. Indian Town Gap, Pennsylvania at Command General Staff College on Reserve Duty, but will be travelling to Alexandria, Virginia to be with my brother John on the middle weekend. I read in news accounts that you will be in Boston on Thursday, but if you should be back at the White House that weekend and need a running partner, I did bring my running gear. I thought it would give us an opportunity to visit with each other, and I could tell you some of the interesting things I heard during the past three months of campaigning.

If this is possible, Susan could reach me at Johns at 703-683-5903. I will be looking forward to seeing you. With warmest personal regards.

Sincerely,

LEE

Lee Robinson

THE WHITE HOUSE
WASHINGTON
20 Aug 80

Jack Watson

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

Rick Hutcheson

Received 11:20 am

THE WHITE HOUSE
WASHINGTON

8/20/80

Mr. President:

Amb. McHenry called
this morning and asked to
speak with you by secure
phone. I checked with the
VP and Muskie's office and
they both recommend you re-
turn the call but stay firm
with your instructions to
him. They think this is the
only way to deal with Mc-
Henry's ego.

Electrostatic Copy Made
for Preservation Purposes

Phil

(note: he called
+ left msg w/ me at 10:40 am.
+ I told Phil) ~~☐~~
n

Done
J

THE WHITE HOUSE
WASHINGTON

20 Aug 80

FOR THE RECORD

FRANK MOORE RECEIVED A COPY
OF THE ATTACHED.

75
NAME Paul Tsongas

1642

TITLE United States Senator

CITY/STATE Massachusetts

Phone Number--Home (703) 836-1372

Work (202) 224-2742

Other ()

Requested by Frank Moore *F.M.M.*

*Date of Request 8/19/80

*We request these calls be made by COB today.

INFORMATION (Continued on back if necessary)

As you know, the Senate passed the Alaska Lands legislation this afternoon by a vote of 78-14. We feel that thank you calls would be appropriate to Senators Jackson and Tsongas.

1. I would like to thank you for your help over many months in getting this legislation passed.
2. I'm pleased that you will be accompanying me on my trip to Boston.

NOTES: (Date of Call 8-19)

done -

Electrostatic Copy Made
for Preservation Purposes

85
NAME Henry "Scoop" Jackson

1643

(Chairman, Energy & Natural Resources Committee)

TITLE United States Senator

CITY/STATE Washington

Phone Number--Home (202) 363-4934

Work (202) 224-3441

Other ()

Requested by Frank Moore *F.M.M.*

*Date of Request 8/19/80

*We request these calls be made by COB today.

INFORMATION (Continued on back if necessary)

As you know, the Senate passed the Alaska Lands legislation this afternoon by a vote of 78-14. We feel thank you calls should be made to Senators Jackson and Tsongas.

1. I would like to express my appreciation to you for your hard work in passing this bill. You have demonstrated fine leadership ability.

NOTES: (Date of Call 8-19)

*done -
Senate cannot pass again in any
version -*

THE WHITE HOUSE
WASHINGTON

August 18, 1980

dove
J

Mr. President -

Senator Cranston called for you at 5:15 p.m. and asks that you return his call.

Frank and Dan Tate say he may just be calling to wish you well after the Convention ---- or he may have heard that OMB is going to recommend to you a veto on the Veterans Health Care Bill. He will lobby otherwise. Frank recommends that you simply say you haven't had a chance to look at the bill yet.

fran *fran*

**Electrostatic Copy Made
for Preservation Purposes**

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

①

August 18, 1980

EYES ONLY

**Electrostatic Copy Made
for Preservation Purposes**

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*

Subject: Revised estimate of GNP in the second quarter
(released at 10:30 a.m., Tuesday)

This month's revision in the estimate of GNP in the second quarter is virtually unchanged from the originally-published estimate released last month.

GNP is now estimated to have declined 9.0 percent rather than 9.1 percent. This trivial difference has no meaning except that the 9.1 percent original estimate tied the record drop in the first quarter of 1975. Otherwise there is no news in the revision.

THE WHITE HOUSE
WASHINGTON

20 Aug 80

FOR THE RECORD

JACK WATSON RECEIVED A COPY
OF THE ATTACHED.

RS

NAME Irving Shapiro
Chairman of the Board, Chief Exec Officer (CEO)
E.I. duPont de Nemours & Company, Inc.

1641

TITLE _____

CITY/STATE _____

Requested by Jack Watson

Date of Request Aug 19, 1980

Phone Number--Home () _____

Work () _____

Other (302) 428-6307 (Wilmington Memorial Hospital Room 307)

INFORMATION (Continued on back if necessary)

Irv is in Wilmington Memorial Hospital where he will be operated on tomorrow for a hernia. It is therefore important for you to call him tonight.

TALKING POINTS

(1) I heard that you were on the Phil Donahue Show last week and said that if your country called you would serve as a Corporal if needed. I am calling to ask you to serve as the Chairman of the Synthetic

NOTES: (Date of Call 8-19)

*Not May = Byron - bad rep re RR - apolitical. Wants it
volabile = Donald Finley - outstanding = Sawhill - inside - wants it -
some say fine - Cliff Gawin negative = [Will serve on board provided
no conflict of interest
Lou Fay? Bob Anderson?*

Fuels Corporation. Your country needs you. I want you to come in to talk with me about this.

- (2) If he declines, tell him you want him to serve as a Member of the Board and ask his opinion about William May (CEO, American Can); Donald Smiley (CEO, Macy's); Fletcher Byrom (CEO, Koppers); and John Sawhill (Deputy Secretary of Energy) -- which would be the best Chairman?

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

20 Aug 80

Stu Eizenstat

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

Rick Hutcheson

Electrostatic Copy Made
for Preservation Purposes

DeSoto, Georgia
August 6, 1980

*Sta-
Brief reply
to Spencer -
(a friend)
J*

President of The United States

Dear Jimmy:

The credit situation in agriculture is at the crisis stage. Inflation has taken a heavy toll on the items the farmer uses for the production of crops. The USDA'S figures show an increase of 156% from 1970, to 1979, but the price he received for his commodities have remained at basically the same level and in some instances are even lower. Farm debts are at an all time high. Outstanding farm debt increased by 15% from January 1, 1979 to January 1, 1980. (\$137.5 billion to 157.8 billion.)

We feel that with farm sector already burdened with credit problems and now the most severe drought in recent years, will cause the collapse of not only farmers but many agri-business as well.

This problem is of such serious proportions that it must be addressed immediately.

We think that the very nature of the problem and the impact that a collapse of agriculture would have on an already ailing economy would be devastating to not only the U.S., but the entire world, but we feel that the solution to the problem can be achieved in a manner that will not cause a major increase to the 1980/81 budget.

This can be done by granting a three year moratorium on all FMHA and SBA agricultural loans. This is not forgiveness of the debt, but simply giving farmers a period of time to regroup and get their financial business in order.

By granting the moratorium and sending farmers to local banks to borrow their operating money. A program is presently available through FMHA in which they will guarantee 90% of the loan, but yet the local banks make and administer the loans and more particularly are able to exercise more control as to how the money will be spent. This will also keep the government from having to pump billions of dollars of new appropriations into FmHA.

By granting the moratorium and letting the farmers use the money from this years crop to pay off debts and replace wornout equipment will pump money into the economy that will reach from the bottom to the top. This will do more to help the economy than a tax cut or any other quick fix remedies that might be applied. (The debts by farmers and ag. related business will be paid if they are given some additional time.)

I feel that it would also be possible for the disaster programs to be handled through the banks on a guaranteed basis.

It is urgent that we the following bankers, representatives of the American Agricultural Movement, and representatives of Food Producers of America sit down with your staff and go over the details of how the program would work.

Sincerely:


R. Spencer Pryor
RSP/bn

John M. Bloodworth
Pineview State Bank
Pinewiew, Ga.

W.E. Shammos
Cordele Banking Co.
Cordele, Ga.

Randol Cone
People Banking
Boston, Ga.

Down G. Davis
Production Credit
Hawkinsville, Ga.

Tony Edmondson
Citizens Bank
Vienna, Ga.

Luke Flat
Citizens Bank
Americus, Ga.

Bill Meadows
Pulaski Banking
Hawkinsvill, Ga.

Jimmy Miller
Bank of Pinehurst
Pinehurst, Ga.

Hal Peavy
Middle Georgia Bank
Byron, Ga.

Marvin Ragan
State Bank & Trust Co.
Unadilla, Ga.

Pat Joyner
Middle Georgia Bank
Byron, Ga.

William D. Hart
The Bank of Macon Co.
Montezuma. Ga.

THE WHITE HOUSE
WASHINGTON

20 Aug 80

Frank Moore
Stu Eizenstat

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

Rick Hutcheson

The Vice President
Jack Watson
Gene Eidenberg
Al McDonald

THE WHITE HOUSE

WASHINGTON

August 8, 1980

C
1

ADMINISTRATIVELY CONFIDENTIAL

**Electrostatic Copy Made
for Preservation Purposes**

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *F.M.*
STU EIZENSTAT *Stu*

SUBJECT: Weekly Legislative Report

The House was in recess all of this week and the Senate recessed on Wednesday for the Democratic Convention. No subcommittee or committee meetings are scheduled for next week. Both houses will reconvene on Monday, August 18, 1980.

I. DOMESTIC POLICY ISSUES

1. Alaska Lands

The prospects for Senate action on the Alaska Lands bill remain in doubt. Little, if any, progress was made this week in breaking Senator Gravel's filibuster. Senator Byrd filed a cloture petition on Tuesday and has scheduled a vote for 4:00 p.m. on Monday, August 18. If the first vote fails, a second cloture vote has been scheduled for Tuesday.

As a result of negotiations during the past week, the Tsongas-Jackson compromise has been significantly improved. Out of deference to the environmentalists, we have not taken a public position on the compromise. However, it is as good a result as we could ever hope to achieve.

Over the next ten days, we hope the Alaska Coalition will come to realize the perilous state of affairs in the Senate and the value of accepting the compromise. Congressman Udall has indicated his willingness to accept the compromise, but he does not want to break publicly with the environmentalists at this time. If the environmentalists or Congressman Udall do not publicly adopt the compromise, it will be almost impossible to obtain cloture and, therefore, likely that Senator Byrd will refuse to spend additional time on the bill. CL, Stu and Secretary Andrus met with the Alaska Coalition. They will support cloture and, ultimately, will most likely support the Senate substitute.

2. Fair Housing

The Senate Judiciary Committee last week reported the Fair Housing bill after agreeing to two damaging amendments. The Heflin Amendment would require cases brought by "testers" to be heard by the courts rather than by administrative law judges. The Hatch Amendment allows appraisers to indicate the racial composition of a neighborhood unless it can be proved that the intent of such a statement was to violate Title VIII.

3. Rail Deregulation

House consideration of the Rail Deregulation bill will resume on August 26. Shippers, Conrail, and some railroads are working to achieve a compromise acceptable to Representatives Florio and Eckhardt and Senators Long and Cannon.

Secretary Goldschmidt is expected to discuss the situation with Florio during Convention week.

4. Regulatory Reform Legislation

On Wednesday the Senate approved the Small Business Regulatory Flexibility bill. We are hopeful that the House will move quickly to pass the Senate version. We have spent the past several weeks negotiating with House and Senate staff, including the Speaker's Office, to find a proposal acceptable to all sides. The Senate-passed bill is part of the Administration's overall regulatory reform effort and a very high priority of the small business community. The bill is intended to encourage regulatory techniques sensitive to the special needs of small business and would require analysis of proposed rules, consideration of less burdensome options, and systematic re-examination of existing rules to see whether they should be dropped or modified.

Prompt House passage will require that Congressman Ireland, the bill's sponsor, and Congressman Neal Smith, Chairman of the Small Business Committee, accept the Senate bill rather than the version their own committee reported. This will allow us to pass the bill on the suspension calendar and thus avoid the possibility of a legislative veto provision being added to the bill.

On Tuesday, the Senate Governmental Affairs Committee unanimously reported the Administration's Paperwork Reduction bill. Prospects for enactment of this bill, which has already passed the House, are good.

Meanwhile, the omnibus regulatory reform bill remains in limbo. Negotiations continue between the Senate Governmental Affairs Committee and the Judiciary Committee to determine whether a joint vehicle can be agreed upon for floor action. No markups have been scheduled in the House Judiciary Committee and no approach has appeared which would eliminate the legislative veto provision that prompted Chairman Rodino to stop action on the bill.

5. VA Physicians Pay Bill

This troublesome bill, which overwhelmingly passed both houses last week, will not be enrolled until after the Congress returns from the recess. Therefore, the bill will not come to your desk until after the American Legion and Veterans of Foreign Wars conventions are over.

6. Agent Orange

The Interagency Workgroup studying the health effects of exposure to Agent Orange in Vietnam has recommended to the White House that the Air Force proceed to undertake the Operation Ranch Hand study of veterans highly exposed to Agent Orange in Vietnam. This recommendation was made despite criticism by the National Academy of Sciences that the Air Force does not have the credibility to do this study. The Scientific Panel of the Interagency Workgroup believes that the NAS criticism is not justified and that a decision to move the study elsewhere would result in an unnecessary, lengthy delay in initiating this important study. Frank Press and Stu are reviewing the Workgroup's recommendations.

II. ECONOMIC ISSUES

1. Economic Renewal Package

The EPG is near final agreement on the Economic Renewal package. Current plans call for us to undertake consultations on the Hill and with key constituencies the week of August 18 and present the program for your final decision in time to permit announcement on or around August 25.

2. Status of Appropriations Bills

There was no further action this week on appropriations bills. The House has passed 8 of the 13 appropriations bills, and Treasury-Postal Appropriations is tentatively scheduled for floor action on August 19.

The Foreign Assistance Appropriations bill has been taken off the tentative schedule for the House. This causes us a great deal of concern because it will be virtually impossible to pass the FY 81 appropriations before October 3 if we don't get started immediately upon Congress' return. We hope you will be able to bring this issue up at the next Leadership Breakfast.

Defense Appropriations is still being marked up in subcommittee, with expected completion on August 19 or 20. Subcommittee markup of D.C. Appropriations and Labor-HHS has been completed.

3. Tax Reform Act Amendments

Senators Nunn and Chiles have discussed with you their attempt to amend the Tax Code to allow IRS to disclose more information to law enforcement agencies for the investigation and prosecution of non-tax crimes. The DPS staff has negotiated an agreement between IRS and Justice where we will be able to support the Nunn bill with the exception of a provision which allows redisclosure to State authorities. The Senators have modified their original bill to accommodate almost all the Administration's concerns. We have offered to work actively with them towards enactment.

III. FOREIGN POLICY

1. ExIm Bank

On July 30 the House passed a special supplemental for ExIm which included \$251 million in direct lending and an additional billion in lending from private market guarantees to bring ExIm up to lending levels of \$5.1 billion -- the original Administration request. On July 31 the Senate substituted a Garn version which increased the amount of direct lendings to a level which the Administration found unacceptable because of its FY 81 and out-year budgetary effect. The Senate proposal was sent back to the House where no action was taken. After the recess the House will send its version back to the Senate. ExIm, in conjunction with industry, has launched an intensive effort to get the Senate to reverse itself.

2. Grain Embargo Hearings

The Senate Banking Committee is holding hearings August 19 on the effectiveness of the restrictions on grain and high technology exports to the USSR as well as on S. 2855, a bill to rescind the grain embargo. We do not believe that Chairman Proxmire supports the rescission bill. But having received a letter from over 30 Senators requesting the hearings, it would be difficult for him to deny the request. As you remember, Secretary Klutznick's commitment to report to the Committee deferred these hearings in July.

TENTATIVE PROGRAM FOR THE HOUSE OF REPRESENTATIVES

MONDAY
August 18

Suspensions (13 Bills)

1. H.R. 5208 -- Hay Transportation Deregulation
2. H.R. 6755 -- Wood Utilization Act of 1980
3. H.R. 4124 -- Tule River Tribe Land Settlement
4. H.R. 7267 -- Siletz Tribe Reservation Land Settlement
5. H.R. 7702 -- California Wilderness Bill
6. H.R. 6080 -- Duty Rates Conversion on Unwrought Lead
7. H.R. 7054 -- Tariff Amendments on Plastic Netting
8. H.R. 7139 -- Wrapper Tobacco Duty Suspension
9. H.R. 5381 -- Federal Property and Administrative Services Act Amendments
10. S. 1863 -- U.S. Savannah Charter Act
11. H.R. 6665 -- Marine Pollution Protocol Implementation
12. H.R. 7859 -- Educational Assistance to Refugee-Impacted Areas
13. H.R. 6550 -- International Center Act

H.R. 7262 -- Housing and Community Development Act

H.R. 7299 -- Mental Health Systems Act

TUESDAY
August 19

H.R. 7583 -- Treasury-Postal Appropriations, FY 81

WEDNESDAY AND THE
BALANCE OF THE WEEK
August 20, 21, 22

H.R. 7765 -- Budget Reconciliation Act

H.R. 6711 -- Youth Act of 1980

H.R. 6790 -- Foreign Service Act of 1980

H.R. 7265 -- DOE Authorizations of Defense Programs

H.R. 7115 -- National Science Foundation Authorization, FY 81

The House is scheduled to adjourn from August 29 through September 2 and the Senate from August 28 through September 2 for the Labor Day recess.

THE WHITE HOUSE
WASHINGTON

20 Aug 80

FOR THE RECORD

RAY JENKINS RECEIVED A COPY
OF THE ATTACHED.

THE WHITE HOUSE

WASHINGTON

August 18, 1980

Sy.i.

~~MEMORANDUM FOR SUSAN CLOUGH~~

FROM: RAY JENKINS *R.J.*

SUBJECT: Huey Long Play

Electrostatic Copy Made
for Preservation Purposes

About a year ago, a play based on the life of Huey Long, drawn largely from T. Harry Williams' prize-winning biography of Long, enjoyed considerable success during a month's run in Washington. The play was written by Larry King and performed by John Daniel Reaves, a Washington lawyer and amateur actor.

Reaves, an old friend of mine and an unflagging supporter of the President, has offered (he speaks also for Larry King) to hold a special performance as a fund-raiser. I have related this to the proper people, who now have the idea under active consideration.

But it occurred to me that the President might like to see the performance, perhaps as a substitute for a film in the Family Theater. If this proposal has merit, let me know and I'll pursue the details.

*Ray I doubt
if I'll have
time any time
soon - but
Thanks!
J*

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

August 19, 1980

MEMORANDUM FOR THE PRESIDENT

Electrostatic Copy Made
for Preservation Purposes

From: Stu Eizenstat *SE*
Charlie Schultze *CS*

Subject: Budget Cuts under Reagan-Kemp-Roth

As you know, OMB is currently refining its analysis of the spending cuts necessary to achieve a balanced budget in a Reagan-Kemp-Roth (R-K-R) world. In observing this exercise, we have been impressed with the difficulties in providing precise estimates of these cuts. The reason for the difficulties is that the size of the needed expenditure cuts depends on the degree to which GNP is expanded by the tax cuts. While the R-K-R "free lunch" assumption -- that economic expansion is so large as to prevent any revenue loss -- is obviously absurd, some GNP expansion would nevertheless occur. This expansion would increase tax revenues and offset some of the initial revenue loss. It would, therefore, reduce the spending cuts necessary to balance the budget. Estimating the needed expenditure cuts is further confounded by a number of technical but very important issues, such as how the Federal Reserve might respond to the huge tax cut.

These technical issues aside, the sense of what you have been saying about R-K-R remains perfectly valid. Balancing the budget, with R-K-R in effect, would require massive spending cuts which would gut a huge number of vital Federal programs. While it is obviously more dramatic to characterize the situation as one requiring us "to close down the government," we think it unwise to lock ourselves into this extreme position, in view of the uncertainties noted above. The use of language that conveys the sense of massive and highly unrealistic cuts would make the point without giving Reagan room for rebuttal.

Our own argument loses credibility when we imply he would have to eliminate the rest of the government. The point is massive reductions would be necessary but Reagan is unwilling to say where.

THE WHITE HOUSE
WASHINGTON
20 Aug 80

Lloyd Cutler

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

Rick Hutcheson

THE WHITE HOUSE

WASHINGTON

August 19, 1980

MEMORANDUM TO MICHAEL E. SHAHEEN, ESQ.
Counsel
Office of Professional Responsibility
Department of Justice

FROM: LLOYD N. CUTLER, Counsel to the President
ALFRED MOSES, Special Counsel to the President

This is in reply to your memorandum of August 8, and will supplement the telephone discussions between Mr. Cardozo and Mr. Rogers.

President Carter has made it a policy to cooperate with all legitimate law enforcement proceedings and investigations, and will cooperate in the investigation described in your memorandum. He has directed his staff to cooperate as well.

As to your specific requests, our responses are as follows:

1. The President's appointment and telephone records over approximately the past two years have been stored in computer-accessible form that provides access to any name and any date, but for purposes of responding to legal inquiries manual checking is also desirable. If you will advise us as to the names you wish to be checked over a specified period of time, we will provide you with ~~all~~ relevant entries and permit you to make copies. The President's appointment and telephone logs and other records contain classified information concerning the occurrence of meetings and conversations with foreign heads of government and other foreign officials, as well as the occurrence of numerous private meetings and conversations, which are not ~~even remotely~~ relevant to this investigation. Accordingly, we do not believe it is necessary or appropriate for your office to examine all such records.

2. If you will advise us of the names of the other White House personnel whose appointment and telephone logs you wish to review, we will make appropriate arrangements to provide you with ~~all~~ relevant items from such logs and permit you to make copies.

3. The President's report of August 4 to the Subcommittee of the Senate Committee on the Judiciary and his responses of August 18 to the inquiries of the House Committee on Foreign Affairs and on the Judiciary contain copies of all memoranda and notes of the President and members of the White House staff relevant to the respective inquiries of these Committees. We believe these inquiries include every issue included within the scope of your investigation as well as other issues. The report and the responses, as well as all attached documents, are ~~of course~~ available to you and your staff. If you believe your investigation requires the review or production of any other documents, we shall be pleased to discuss any such request with you, subject to the limitations set forth in paragraph 1 above.

4. ^{If it is} ~~Should you~~ ultimately conclude ^{that} it is necessary to take a sworn verbatim statement of the President, the President is prepared to provide such a statement at a time and place to be arranged and under appropriate procedural conditions as to subject matter, presence of counsel and other subjects. He has directed other members of the White House staff to make themselves available to provide statements on a similar basis. In order to conserve the President's time and to avoid repetitious inquiries in the light of later acquired information, we suggest that your office complete the taking of all desired statements of other White House officials before taking the President's statement.

5. Alfred Moses, Esq., Special Counsel for this matter, will assist you in arranging for ~~all~~ desired reviews of documents and interviews. Since we assume you will desire to take a statement from Lloyd N. Cutler, we suggest that all further inquiries be directed to Mr. Moses.



Bergman
8/3/80

Washington, D.C. 20530

AUG 3 1980

MEMORANDUM FOR THE COUNSEL
TO THE PRESIDENT

This is to advise you formally that this Office is conducting an investigation into certain aspects of the "Billy" Carter matter. Enclosed is a copy of Department of Justice Order No. 907-80, which sets forth our jurisdictional authority.

Assisting this Office in its investigation are seven Special Agents of the Federal Bureau of Investigation. Two of those agents--Drew A. Carr and James S. Tatman--have been asked by this Office to review all appointment and telephone logs of relevant White House personnel, including the President; to make copies of those logs pertinent to our inquiry; and, where appropriate, to seek copies of agendas or notes which pertain to relevant meetings. They have also been asked to obtain copies, as originally submitted, of all materials forwarded by the President, by you or by members of the President's staff to the Congressional Committees reviewing "Billy" Carter matters. After these materials have been collected and reviewed, it will be necessary, in order for us to pursue our investigation, for personnel of this Office to take a sworn, verbatim statement of the President regarding certain matters, including his meeting on June 17, 1980, with Attorney General Civiletti. Similar statements from members of his staff will also be necessary.

We ask that you inform the President of these matters and seek his cooperation, as well as that of his entire staff, with our investigation. We also request that you or your designee assist us in arranging for these interviews. We will inform you of those individuals whose statements will be necessary and when we wish to take their statements.

If you have any questions regarding these matters, I can be reached at 633-3365.


MICHAEL E. SHAHEEN, JR.
Counsel

8/8/80

AUG 3 1980

MEMORANDUM FOR THE COUNSEL
TO THE PRESIDENT

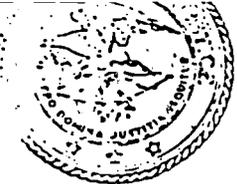
This is to advise you formally that this Office is conducting an investigation into certain aspects of the "Billy" Carter matter. Enclosed is a copy of Department of Justice Order No. 907-80, which sets forth our jurisdictional authority.

Assisting this Office in its investigation are seven Special Agents of the Federal Bureau of Investigation. Two of those agents--Drew A. Carr and James S. Tatman--have been asked by this Office to review all appointment and telephone logs of relevant White House personnel, including the President; to make copies of those logs pertinent to our inquiry; and, where appropriate, to seek copies of agendas or notes which pertain to relevant meetings. They have also been asked to obtain copies, as originally submitted, of all materials forwarded by the President, by Committees reviewing "Billy" Carter matters. After these materials have been collected and reviewed, it will be necessary, in order for us to pursue our investigation, for personnel of this Office to take a sworn, verbatim statement of the President regarding certain matters, including his meeting on June 17, 1980, with Attorney General Civiletti. Similar statements from members of his staff will also be necessary.

We ask that you inform the President of these matters and seek his cooperation, as well as that of his entire staff, with our investigation. We also request that you or your designee assist us in arranging for these interviews. We will inform you of those individuals whose statements will be necessary and when we wish to take their statements.

If you have any questions regarding these matters, I can be reached at 633-3365.

MICHAEL E. SHAHEEN, JR.
Counsel



Office of the Attorney General

Washington, D. C. 20530

ORDER NO. 907-80

DIRECTION TO THE COUNSEL ON PROFESSIONAL RESPONSIBILITY

Pursuant to the authority vested in me by 28 U.S.C. 509, 510, 515(a), and 5 U.S.C. 301, I direct that the following functions be performed by the Counsel on Professional Responsibility, Office of Professional Responsibility:

(a) The Counsel on Professional Responsibility, hereinafter referred to as the "Counsel", shall have the authority to investigate for criminal, civil and administrative purposes, any offenses arising from the activities of "Billy" Carter in acting as an alleged agent of the Libyan government, including, but not limited to, the conduct of any and all Government employees or appointees, or any other persons, in connection with the investigation of those activities, the activities of Mr. Carter, improper disclosures of information relating to the investigation of Mr. Carter, and possible improper disclosure of confidential information to Mr. Carter, or others, relating to Mr. Carter's activities.

(b) In exercising his authority, the Counsel will have the greatest degree of independence that is consistent with the Attorney General's statutory accountability for all matters falling within the jurisdiction of the Department of Justice. The Attorney

General will not countermand or interfere with the Counsel's decision or actions. The Counsel will determine whether and to what extent he will consult with the Attorney General or any other official about the conduct of his duties and responsibilities.

(c) The Counsel shall have full authority, with respect to these matters, including the power:

(1) To conduct proceedings before grand juries, and to conduct any other investigations he deems necessary.

(2) To obtain and review all documentary evidence from any source, and to have full access to such evidence.

(3) To determine whether any assertion of testimonial privilege should be contested, and to conduct any legal proceedings, including appeals, necessary to contest such privilege.

(4) To receive appropriate national security clearances and, if necessary, contest in court (including, where appropriate, participating in in camera proceedings) any claim of privilege, or attempt to withhold evidence, on grounds of national security.

(5) To make application to any Federal court for warrants, subpoenas, or other court orders necessary in the conduct of his investigation, and to conduct any legal proceedings necessary to obtain and enforce such orders, including appeals.

(6) To inspect, obtain, and use the original or a copy of any tax return, in accordance with applicable statutes and regulations.

(7) To determine whether or not application should be made to any Federal court for a grant of immunity to any witness, consistent with applicable statutory requirements, and to exercise the authority vested in the Attorney General for purposes of 18 U.S.C. 6004 and 6005.

(8) To recommend the institution of criminal or civil proceedings against any individual, entity, or group of individuals.

(9) To direct and coordinate the activities of Department of Justice personnel engaged in carrying out the functions of the Counsel.

(10) To make such reports to the Congress as he deems appropriate, including appearing before Congressional committees having jurisdiction over any aspect of the above matters and determining what documents, information, and assistance shall be provided to the committees. The Counsel shall submit a final report to the Solicitor General. The Counsel may, to the extent permitted by law and as he deems appropriate, submit a final report to other Department officials and to the Congress.

(11) To require the temporary assignment of any employees within the Department of Justice to the Office of Professional Responsibility for the purposes of providing assistance and support for this investigation.

(d) In the event that the investigation uncovers circumstances which would invoke the provisions of the Ethics in Government Act of 1978, particularly 28 U.S.C. 591-598, the investigation shall thereafter be conducted in accordance with those provisions, and the Attorney General's functions under that Act shall be performed by the Counsel, notwithstanding current procedures applicable to other matters.

Date: August 1, 1980



Charles B. Renfrew
Acting Attorney General

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

August 15, 1980

Electrostatic Copy Made
for Preservation Purposes

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze ^{ALS}

Subject: July Housing Starts and Other Recent Economic Data

July Housing Starts (To be released Monday at 2:15 p.m.)

Housing starts rose by a modest 5 percent, from (an upward revised) 1,208 thousand units in June to 1,266 thousand units in July. The actual strength of the July rise is probably understated by these numbers:

- o single family starts rose by 14 percent in July, after a 21 percent increase in June; starts of large multi-unit apartments, which move erratically, had surged in June, and fell back somewhat in July;
- o building permits, which are often a superior indicator of housing trends, rose by 15 percent in July on top of a 30 percent gain in June.

But rising mortgage interest rates may slow future recovery in housing (see below).

Unemployment Insurance Claims

The number of workers initially filing for unemployment insurance continues to decline. In the last two weeks the number of initial claims per week (seasonally adjusted) fell to 500 thousand, from a peak of 670 thousand in the second half of May. The rate of unemployment among insured workers has actually dropped in the past five weeks, from 4.75 percent in the last week of June to 4.37 percent in the first week of August. (I attach a chart comparing this recession with the last two.)

Some Disturbing Developments

This afternoon (Friday) the Federal Reserve will publish the latest weekly data on the money supply. The data will show a very huge and unexpected rise in the monetary aggregates -- M₁A (the most carefully watched measure) jumped by over \$8 billion in the first week of August. Some of this surge may have been due to deposits of very large increases in social security benefits in July. But the Fed can only attribute several billion dollars of the increase to this cause.

The money markets know that the policy of the Fed is to try to keep the growth in the monetary aggregates within targets by controlling the growth in bank reserves. Hence the announcement of the large increase will lead the markets to expect a tightening up on the part of the Fed. That expectation will probably itself lead to higher interest rates.

Lyle Gramley tells me (confidentially) that the Fed will treat this increase mainly as if it were an outlier statistic, and a fluke which will shortly correct itself. Their own very preliminary projections show partly offsetting decreases in future weeks. But the Fed will not ignore this week's increase completely. Hence there may be some tightening of bank reserves next week.

Over the next twelve months we may run into some very troubling developments:

- o On the one hand most recent statistics suggest that the recession may end a little sooner than expected.
- o All the talk has recently turned upon one form or the other of an economic recovery program: Reagan's tax cut; Kennedy's \$12 plus billion jobs program; Carter's economic renewal program.
- o Despite the prospect of slower CPI increases for awhile, inflation is very much still with us, as today's PPI starkly showed; the financial markets are very much aware of this, and are further worried about the potential threat of still sharper food price inflation, should the effects of the drought be worse than currently forecast.
- o Interest rates have been rising recently, and sensitive mortgage rates have increased by more than 1 percentage point; part of the reason is that the financial markets take a dim view of long-run inflation prospects.

- o If prices rise by 9 to 10 percent next year and we seek a recovery of, say, 4 percent in real GNP, then the money value of GNP will have to rise by 13 to 14 percent.
- o While the relationship of the money supply to GNP is not very predictable, it is quite likely that the Fed's money growth targets for 1981 will not finance the needed 13-14 percent rise in the money value of GNP.
- o Interest rates will therefore rise still further next year and economic growth could be significantly retarded, even with an economic recovery program in place.

In short,

- o the underlying or core rate of inflation has not come down much below 10 percent;
- o we will be tackling the unprecedented task of trying to generate a lasting economic recovery, while inflation is running at 9 to 10 percent (as a starter);
- o the Fed is most unlikely to supply the money growth needed both for recovery and to finance 9 to 10 percent inflation. Because the markets generally sense this, interest rates are inching up even before the recession is ended. (Although some of the recent increases may simply be a correction of an "overshoot" on the way down.)

In the long run we are pinning our hopes on generating more productivity growth, through additional investment, as the way to lower inflation. But that will take lots of time, and will have limited results with respect to inflation. (For example, even if we raise productivity growth by 2 percentage points a year -- a massive accomplishment -- this would only reduce inflation from 9-1/2 to 7-1/2 percent.)

And so, to get a lasting recovery I think we are going to have to attack wages and prices directly

- not by mandatory controls,
- but by a tax-based incomes policy, in which tax cuts are conditioned on wage moderation.

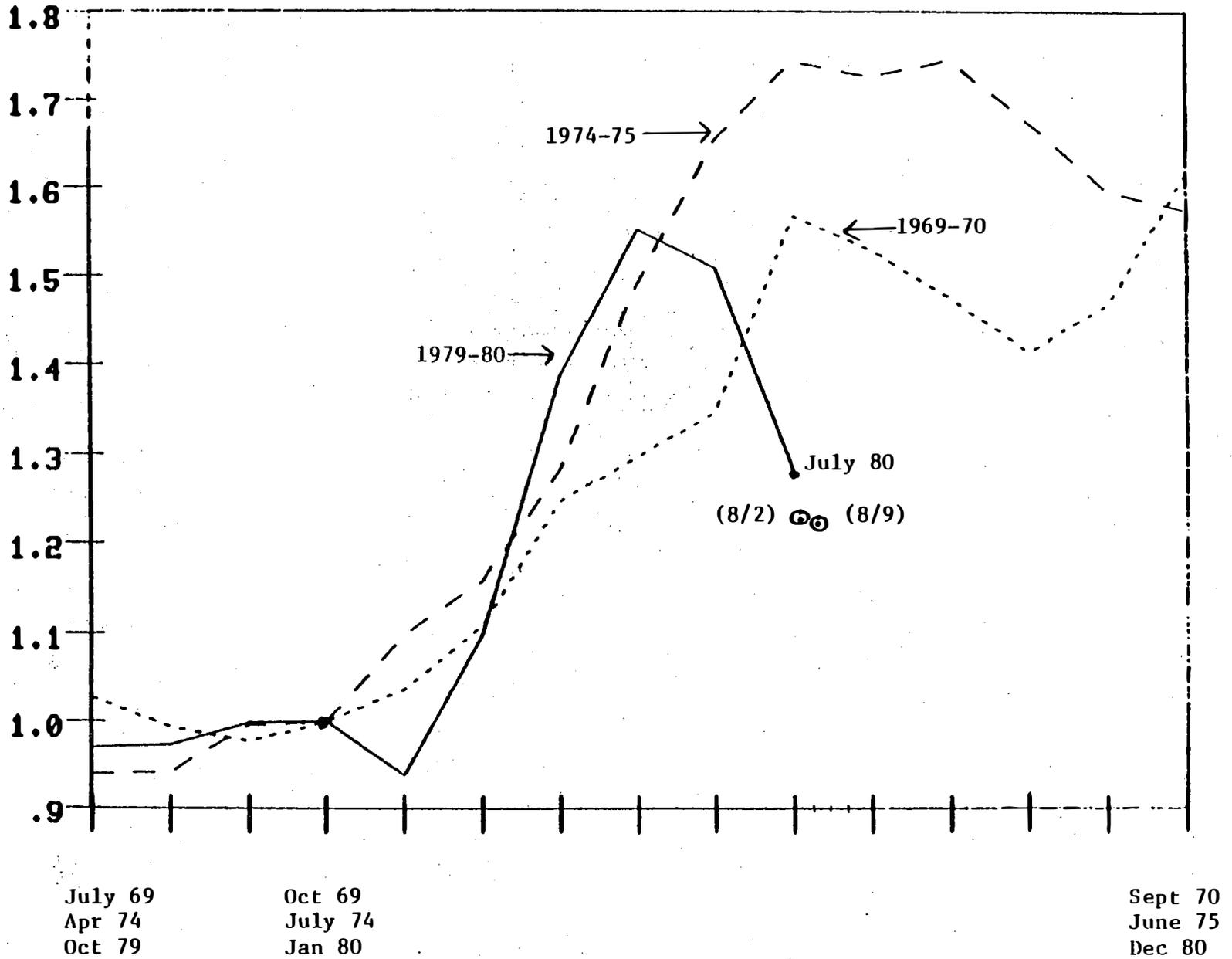
I have been convinced by my EPG colleagues that such a plan should not be proposed before the election:

- the Republicans will have to denounce it during the campaign;
- the AFL-CIO and the Round Table will oppose it.

By pushing this idea prematurely we might kill it.

But I am becoming increasingly certain that: first, we will not be able to reduce inflation without such a plan and second, unless we reduce inflation, economic recovery will be severely retarded for many reasons, but principally because the Fed won't finance a recovery with 9 to 10 percent inflation.

INITIAL CLAIMS FOR UNEMPLOYMENT INSURANCE:
CURRENT RECESSION COMPARED TO TWO EARLIER RECESSIONS



EGES ONLY

1

Additional Note from Charles Schultze
8/14/80 4:05pm

To the President

Industrial production in July was down 1.6%, compared to declines of 2.6 and 2.3% in May and June respectively.

Auto production was up. The pattern of the recession is shifting. Production declines now reflect business firms running off some of their inventories rather than reflecting large declines in auto & housing production.

(This will be released 9:30 am Friday, 8/15/80)

**Electrostatic Copy Made
for Preservation Purposes**

✓

cc: JLP

EYES ONLY FOR JODY POWELL

To the President

From Charlie Schultze

Re July Producer Prices (to be released Friday am, 9:00)

The PPI for finished goods jumped sharply in July, by 1.7%. A large part of the surge was due to a 3.8% rise in wholesale food prices. We had expected this. But other prices rose by a disappointing 1.1%. The July rise in finished goods prices is the largest since November, 1974. -- Although in that year, there were 5 months with larger increases.

Our CPI forecasts for July and August assume a 1½%-a-monthly rise in retail food prices, which is consistent with this month's large jump in wholesale food prices. Pork prices rose almost 14% (which puts them about back where they were a year ago). Poultry prices jumped 23%. And beef and veal by 7½%. These increases come after some months of decreases. They are not principally due to the drought -- although some poultry may have been destroyed by the heat.

The real disappointment is the behavior of prices outside of food. Although energy prices fell (-0.6%), increases were widespread elsewhere. On the average, prices of goods other than food and energy rose by 1.4%.

There is one mitigating factor. July is the first month of the quarter for purposes of COWPS pricing rules, and price increases are always larger in the month. This is the smallest "first month of the quarter" increase since March, 1979.

We still expect the slow-down in the size of the CPI increases during July and August, because of falling mortgage interest rates and more stable energy prices. As noted above, the large food price increases have been taken account of in our forecasts. Nevertheless, the size of the rise in wholesale prices outside of food and energy is very disappointing. It may be only a one month phenonoman. But if it continue, we may have some trouble on several fronts, including higher interest rates. I don't want to be an alarmist. It's only one month, and I don't see anything in the economy to justify this kind of inflation.

I am sending a copy of this memo with a suggested reaction to Jody.

Electrostatic Copy Made
for Preservation Purposes

✓ cc JLP

Suggested Reaction for JLP:

Meat prices rose very sharply in July, after delinching in earlier months, and contributed to a sharp rise in the July PPI. But prices outside of food also rose faster than in the prior two months.

We still expect a further slowdown in consumer price increases over the next several months, despite the July PPI.

But these numbers remind us once again that inflation remains a major national problem. They underline the importance the President attaches to devising an economic recovery program which also permits us to work towards a lower inflation rate.

The President stressed this in comments he made to the Convention about the Platform.

20 Aug 80

Stu Eizenstat

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

Rick Hutcheson

For The Record: Handwritten note to "Hank" sent out via Clough. a copy was given to Eizenstat and Central files.

2709 East Sudbury Ct.
Atlanta, Ga 30360

14 August 80

President Jimmy Carter
The White House

Electrostatic Copy Made
for Preservation Purposes

ce
sta

C

Dear Jimmy:

In my past few notes, I've felt obliged, as your friend, to convey my reservations about some basic economic positions & policies you've adopted. This time, in satisfying contrast, I'm so excited about the thrust implicit in your unfolding "Economic Renewal Program" that, even lacking details, I want to urge commitment.

To me, the exciting aspect of your Program lies in the recognition, timely if not overdue, that the petroleum shortage, disruptive though it has been, can be made the basis for a pervasive, significant, & enduring economic expansion. Because of it, there now exists a potential and a motivation for massive investment in new energy industries, for replacement of the many producers' & consumers' durables made obsolete by high energy costs, & for a flow of a new mix of consumers' goods & services constituting a revised and energy-sensitive lifestyle. Instead of a lasting handicap, the OPEC-aided petroleum shortage can be made the stimulus for enduring growth.

With a widespread introduction of new capital & new technologies, productivity in the U.S. can again rise. Rewarding employment can be expanded. Rigidities in old firms, industries, & markets can be shaken. Simultaneously inflation pressures will ease. Moreover, high petroleum prices which currently only drain income from families will come to redirect lifestyles to new modes with new

product mixes. As dependence on foreign oil eases, options for income-boosting trade will appear.

In capitalism, resource shortages have always led to beginnings & not endings of growth. But, the transformation of limitation into expansion can be slow or rapid. With your leadership, governments and businesses can be moved out of prevailing patterns of retrenchment in thought & action. When afforded substitutes & facing high petroleum prices, consumers will be lured by opportunism into new growth-oriented lifestyles. The nation really has no choice but to make the best of a "bad situation". The question is when will it do so.

Developments at the Convention emphasize how difficult it will be to move decisively from the immediate to the lasting, from the treatment of symptoms to the restructuring of causes, from the obsolete to the relevant thinking. To speed the needed reforms, public & private, it seems to me, the nation looks to you. It is an awesome challenge. I wish you success with it. Of course, I'd be pleased to help you in any way I could. I am excited by the endeavor.

Congratulations on the nomination! I hope the campaign will yield not only the mutually-desired outcome in November but also some richly rewarding experiences for you & your family along the way.

Your friend,

Hank.

2709 East Sudbury Ct.
Atlanta, Ga 30360

14 August 80

Susan Clough:

Once again, I shall appreciate your getting my note to President Carter. You are kind to assist & I thank you for it.

The polls & Convention splits are surely disconcerting, but I look forward to sending occasional notes to President Carter (via you) for another four years!

Best wishes!

Hank Thomassen

2709 East Sudbury Ct.
Atlanta, Ga 30360

14 August 80

President Jimmy Carter
The White House

Electrostatic Copy Made
for Preservation Purposes

Hand -
Thanks, again -
It will be a good
package
Jimmy

Dear Jimmy:

In my past few notes, I've felt obliged, as your friend, to con-
my reservations about some basic economic positions & policies you
adopted. This time, in satisfying contrast, I'm so excited about the
thrust implicit in your unfolding "Economic Renewal Program"
that, even lacking details, I want to urge commitment.

To me, the exciting aspect of your Program lies in the
recognition, timely if not overdue, that the petroleum shortage
disruptive though it has been, can be made the basis for a
pervasive, significant, & enduring economic expansion. Because
of it, there now exists a potential and a motivation for massive
investment in new energy industries, for replacement of the
many producers' & consumers' enables made obsolete by high
energy costs, & for a flow of a new mix of consumers' goods &
services constituting a revised and energy-sensitive lifestyle.
Instead of a lasting handicap, the OPEC-aided petroleum
shortage can be made the stimulus for enduring growth.

With a widespread introduction of new capital & new
technologies, productivity in the U.S. can again rise.
Rewarding employment can be expanded. Rigidities in ol-
d firms, industries, & markets can be shaken. Simultaneous
inflation pressures will ease. However, high petroleum prices
which currently only drain income from families will
come to redirect lifestyles to new modes with new

product miss. As dependence on foreign oil eases, options for income-boosting trade will appear.

In capitalism, resource shortages have always led to beginnings & not endings of growth. But, the transformation of limitation into expansion can be slow or rapid. With your leadership, governments and businesses can be moved out of prevailing patterns of retrenchment in thought & action. When afforded substitutes & facing high petroleum prices, consumers will be lured by opportunism into new growth-oriented lifestyles. The nation really has no choice but to make the best of a "bad situation". The question is when will it do so.

Developments at the Convention emphasize how difficult it will be to move decisively from the immediate to the lasting, from the treatment of symptoms to the restructuring of causes, from the obsolete to the relevant thinking. To speed the needed reforms, public & private, it seems to me, the nation looks to you. It is an awesome challenge. I wish you success with it. Of course, I'd be pleased to help you in any way I could. I am excited by the endeavor.

Congratulations on the nomination! I hope the campaign will yield not only the mutually-desired outcome in November but also some richly rewarding experiences for you & your family along the way.

Your friend,

Hank

THE WHITE HOUSE
WASHINGTON
20 Aug 80

Stu Eizenstat
Jack Watson

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

Rick Hutcheson



Office of the Mayor
City of New York
City Hall
New York 10007

Electrostatic Copy Made
for Preservation Purposes

cc
Stu
Jack
J

Aug 13, 1980

Dear Mr. President —

Here is the memo you
asked that I send to
you when we traveled
together to the Urban League.

Congratulations on the out-
come of the Convention. Now
we have to pull it all
together
Your friend
Ed



Municipal Building
New York, N.Y. 10007
James R. Brigham, Jr.
Director

August 8, 1980

MEMORANDUM

To : Hon. Edward I. Koch
Mayor

From : James R. Brigham, Jr. 
Director

Subject: Federal Actions

From fiscal year 1979 through fiscal year 1981, we have experienced a shortfall of \$512 million from the levels of Federal gap closing aid assumed in the City's original four year financial plan with the assurances of then Secretary of Treasury Mike Blumenthal. As we look forward to 1981 and 1982, there are several actions which the Federal administration could take to provide vital financial aid to the City.

1. Approval of Federal Loan Guarantees

The City shortly will propose that \$900 million of federal loan guarantees, as authorized by the New York City Loan Guarantee Act of 1978 (P.L. 95-329), be made available over the next two years. The Secretary has the authority to issue the waivers to allow the loan to proceed. This is an essential ingredient to the City's financial plan since access to the public markets is doubtful at this time. The guarantees are needed to assure adequate financing for the City's annual \$1 billion capital program.

2. Medicaid and Welfare Formula Changes

Most of the Northeastern states are treated inequitably with respect to the Federal share of Medicaid. Medicaid is one of the City's most rapidly accelerating costs. Between 1980 and 1983 our local costs will rise from \$466 million to \$739 million, an increase of \$273 million. Senator Moynihan has proposed in S.2073 that the antiquated basic formula that determines Federal participation in Medicaid be replaced

with one that would provide for more equal treatment. (For example, the Federal share of Medicaid in New York, Illinois, New Jersey, California, Michigan and six other states is 50 percent, while the Federal share in Texas is 58 percent, in Mississippi 77 percent, and in Louisiana 68 percent.

The Moynihan bill would adjust the current formula which bases the federal share on the ratio of the square of per capita income in the state to the square of national per capita income. The Moynihan bill proposes to make the formula more equitable by eliminating the squaring mechanism, adjusting state income for cost of living differences, excluding need based cash transfer payments from income and reducing the multiplier from .45 to .35. These changes would reduce Medicaid costs for forty-one of the fifty states at a national cost of \$2.1 billion. A hold harmless provision for the nine states whose federal shares would be reduced would cost an additional \$26 million.

If this law had been in effect in 1980, the State would have saved \$600 million. The City would have saved between \$200 million and \$400 million, depending on whether or not the State retained a portion of the savings or passed them all on to the localities. If this bill were effective on or before April 1, 1982, it could save the City \$140 million in 1982 and \$640 million in 1983, provided that New York State agreed to amend its law regarding local share and passed all of the savings on to the localities. The President's active and personal support for this bill is essential for obtaining Congressional approval.

The Administration has pledged itself to adopting welfare reform. The House has passed a version of the Administration Bill, H.R. 4094. The bill makes some progress in providing greater federal participation in the state/local welfare burden. The Federal participation in New York State would be increased from 50 percent to 55 percent. If the State passed on all of the savings to the localities by April 1, 1982, New York City would receive \$9 million in 1982 and \$51 million in 1983.

3. Revenue Sharing

As a result of interpretations taken by the Bureau of Census, the City has been denied a proper allocation under the General Revenue Sharing program. This matter has been under discussion with Census and Treasury since the early days of the Carter administration without resolution. Notwithstanding the representations of the Census Bureau, I remain convinced that the stock transfer tax should have been considered a City tax for purposes of our revenue sharing allocation. A favorable

ruling on our back claims could generate approximately \$123 million in unrestricted aid to the City. In fiscal year 1981 we would receive \$5 million, but there would be no recurring benefit since the tax will be completely phased out by October 1, 1981. No other issue under discussion could have as prompt and helpful a result.

4. Other Issues

Countercyclical (H.R. 7112) - The House Committee on Government Operations has included a countercyclical title within the General Revenue Sharing Reauthorization bill that was reported last week. This would provide for a \$1 billion program for Federal fiscal years 1981, 1982 and 1983. Based on current economic assumptions, the new formual would provide the City with \$34 million in 1981 and \$26 million in 1982.

Housing Acquisition - Since the inception of the program, some 42 City/State owned projects have been acquired by the Federal government. Remaining are 25 projects which, if acquired in Federal fiscal year 1981, would provide an additional \$25 million in savings in 1982 and 1983.

THE WHITE HOUSE
WASHINGTON
20 Aug 80

Secretary Miller
Stu Eizenstat
Charles Schultze

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

Rick Hutcheson

Frank Press

	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

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

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

/	MILLER
	MUSKIE
	AIELLO
	BUTLER
	CAMPBELL
	H. CARTER
	CLOUGH
	FIRST LADY
	HARDEN
	HERTZBERG
	HUTCHESON
	KAHN
	MARTIN
	MILLER
	MOE
	MOSES
	PETERSON
/	PRESS
	RECORDS
	SANDERS
	SHEPPARD
	SPETH
	STRAUSS
	TORRES
	VOORDE
	WISE

THE WHITE HOUSE

WASHINGTON

August 20, 1980

Electrostatic Copy Made
for Preservation Purposes

cc Bill
Charles
Stu
J

MEMORANDUM TO THE PRESIDENT

FROM: Frank Press *FP*

RE: U.S. Industrial Policy: Fostering New Technologies

As you consider the elements of the economic-industrial policy that you will be proposing shortly, it may be useful to see the Japanese government's (MITI) perspective on new opportunities for the 80's based on high value-added, knowledge-intensive industries. To ensure a pre-dominant position in selected technical areas, the Japanese government will provide subsidies and incentives, such as cost-sharing of R&D, direct grants and credit allocation at favorable rates, tax credits, export incentives, preferential government procurement and market protection, and a benevolent anti-trust and regulatory policy. Although U.S. industry is undertaking similar developments, industry is concerned that products receiving this aggressive government support will capture world markets because of quality, price and early introduction. France and Germany have similar programs. Listed on the next page are some of the Japanese projects proposed for development over the next 5-10 years. This is the stuff of the new industrial revolution with the potential for opening new international markets and creating millions of new jobs.

I believe your espousal of an economic-industrial policy that encourages high technology industries is the key to economic success in the decades ahead. The Japanese policy of intrusion of government into the private sector is not our style, but we can strengthen government supported R&D, foster closer university-industrial collaboration, and propose tax policy that spurs private R&D and capital investment.

- . Super electronic computer - 1000 times faster than existing computers
- . Artificial intelligence systems - humans talking to computers
- . Automatic office producing, processing, transforming information
- . Nuclear heat for coal gasification, direct iron ore reduction
- . Heavy oil - cracking and gasification
- . High speed turboprop aircraft - 0.8 mach, 35% more efficient than fanjet
- . Super lightweight aircraft
- . Hydrogen-methane-fueled aircraft
- . Super high precision machines (10^{-9} meter) to manufacture extremely small parts
- . Entirely ceramic automotive engine to outperform diesel
- . Intelligent robot systems, next generation machines which sense and reason
- . Compact cyclotron for medicine and industrial use
- . Comprehensive, electronic based, medical care and nursing systems
- . New chemical process technology driven by ultraviolet light
- . Factory production systems employing elderly workers, based on robotics and electro-optics
- . Artificial photo synthesis to create hard energy sources
- . Deep sea mining systems - 5KM water depth
- . In-situ ore melting systems for metal extraction at mines
- . Conversion of off-shore natural gas to liquids at well-head.

THE WHITE HOUSE
WASHINGTON
20 Aug 80

Secretary Miller

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

Al McDonald
Jack Watson

Rick Hutcheson

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

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

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

/	MILLER
	MUSKIE
	AIELLO
	BUTLER
	CAMPBELL
	H. CARTER
	CLOUGH
	FIRST LADY
	HARDEN
	HERTZBERG
	HUTCHESON
	KAHN
	MARTIN
	MILLER
	MOE
	MOSES
	PETERSON
	PRESS
	RECORDS
	SANDERS
	SHEPPARD
	SPE'RH
	STRAUSS
	TORRES
	VOORDE
	WISE



THE SECRETARY OF THE TREASURY
WASHINGTON

August 19, 1980

Electrostatic Copy Made
for Preservation Purposes

MEMORANDUM

TO THE PRESIDENT
FROM G. WILLIAM MILLER *sum*
SUBJECT ECONOMIC PROGRAM FOR THE 1980s

This is to keep you advised of progress on the Economic Program for the 1980s. The tentative plan is as follows:

1. We hope to have a draft statement of the economic program and a decision memorandum on the possible program elements to you by Wednesday evening, August 20.
2. We have requested an appointment to discuss this with you on Friday, August 22.
3. In the meantime, we are carrying on consultations with the Democratic leadership in Congress and with constituent groups such as business, labor, state and local governments, etc.
4. We hope to receive your decisions by this week end, so that we can revise the documents and prepare for an announcement during the week of August 25.
5. I am meeting with Gordon Stewart and Al McDonald to begin drafting a Presidential statement.
6. Depending on your schedule, we propose to be prepared for you to make an announcement on the Economic Program next Tuesday or Wednesday.

I will be proceeding on this tentative basis unless I receive further instructions from you.

THE WHITE HOUSE

WASHINGTON

August 19, 1980

Electrostatic Copy Made
for Preservation Purposes

C

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: Appointment of the Chairman of the Synthetic Fuels Corporation

As one who had a major hand in originating and shaping the proposal for the Synthetic Fuels Corporation, I would like to provide you with my strong recommendation of John Sawhill for appointment as Chairman. I believe that John has the unique mixture of public and private experience to do the job. Following are the advantages I see in naming him:

1. He should be easier to confirm than some of the other candidates during this period before the election because of his previous service in a Republican administration, because he has been once confirmed for a position in your Administration and because he has a wide respect among both Democrats and Republicans in the Congress.

2. The head of this Corporation must be able to work with the Congress. Although we were successful in getting a three-year authorization, it will be essential that the head of the Corporation work closely with the Congress in developing the types of technology to be pursued and in giving the support needed to make the Corporation a model quasi-public agency. John is uniquely qualified to do this.

3. John has had extensive experience in the private sector. He was Executive Vice President of Commercial Credit Company, a very large private credit firm, and managed over \$2 billion in assets. He has been an executive with McKinsey & Company and has been on the Board of several major corporations such as RCA and Phillip Morris. John also has good ties with the academic community, which will be important in ensuring that the Corporation is kept abreast of the newest developments in synthetic technology.

4. Not only does John have the financial background essential to make the types of decisions about the appropriate financial balance (loan guarantees, price guarantees, take-or-pay contracts), but he combines this with a knowledge of the energy area itself. He is familiar with these technologies and would not have to take a cram course in learning them.

5. I think it is important to have an advocate for the Administration and for your programs in this position. We know that he feels strongly about the program and will work closely with the Administration on its continued course and will take the best interests of the Administration's energy policy into account in his decisions.

cc: Arnie Miller
Jack Watson

THE WHITE HOUSE
WASHINGTON

①

August 19, 1980

Electrostatic Copy Made
for Preservation Purposes

MEMORANDUM FOR THE PRESIDENT

FROM: LLOYD CUTLER *Ln e*
SUBJECT: SYNFUELS CEO AND BOARD

I am in full agreement with the recommendations contained in the Jack Watson-Arnie Miller memorandum of August 8th.

Based on personal interviews with May and Smiley, I have formed the strong impression that Smiley is the better man, that he has a better concept of the Synfuels assignment and how to go about it, and that he is just as impressive as some of our original choices, such as Irv Shapiro, Frank Cary and John DeButts.

I therefore underline the suggestion that you form your own impression by meeting with each of the three recommended candidates.

I know I am preaching to the converted, but I also urge that you make your decisions on the CEO and the Board and announce them no later than next week. If we do not fill the pre-Labor Day news vacuum with your affirmative actions as President, it will be filled by the Billy Carter hearings (Justice officials testify next week) and other trivia, which do damage in proportion to the lack of affirmative news to displace the trivia. Next week is the anniversary of the perfect example -- the Frank Church announcement of the Soviet brigade in Cuba.

cc: Jack Watson
Arnie Miller

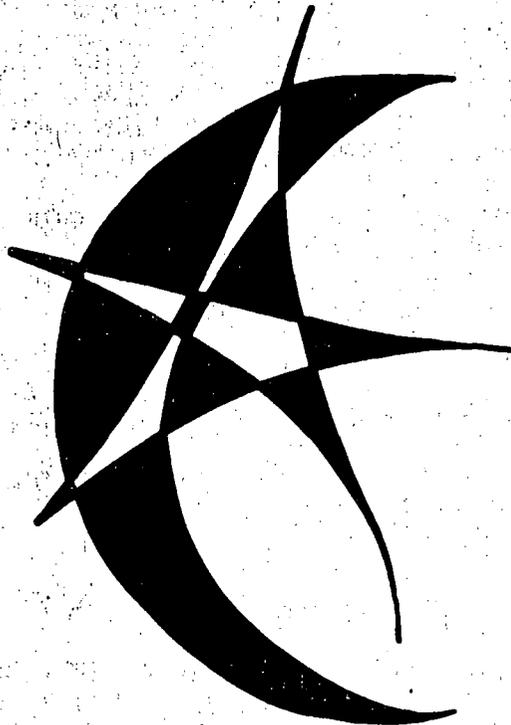
the
CEI

the christian
CENTURY

AUGUST 13-20, 1980

James M. Wall, Editor

407 Sout Dearborn Street
Chicago, Illinois 60605
312-427-5380 home 312-279-7166



Religious Repression in Khomeini's Iran

Linda Marie Delloff

Hans Küng and Tübingen: Compromise and Aftermath

John J. Carey

- First Woman Bishop
- Marketing the Candidates
- The Dog Days of Pentecost
- Strikers and Ohio Churches

Electrostatic Copy Made
for Preservation Purposes

Vol. 38, No. 31

• Pages 2153-2248

• Aug. 2, 1980



Delegation Power

(2185)

Billy Carter

(2161)

Media Lobbying

(2176)

