

**9/27/77 [1]**

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
<p><del>memo w/att.</del></p>	<p><del>From McIntyre to The President (13 pp.) re: Allocation of Excess 1977 FMS Credits/ enclosed in Hutcheson to McIntyre 9/27/77</del></p> <p style="text-align: center;"><i>OPENED</i></p>	<p><del>9/26/77</del></p> <p><i>4/30/93</i></p>	<p><del>A</del></p>
<p>memo w/att.</p>	<p>From Schultze to The President (4 pp.) re: IMF and Conditionality/ enclosed in Hutcheson to Blumenthal 9/27/77</p> <p style="text-align: center;"><i>Open &amp; 2/1/83</i></p>	<p>9/27/77</p>	<p>A</p>

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres. Hand-writing File 9/27/77 [1] BOX 52

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THE WHITE HOUSE  
WASHINGTON

September 27, 1977

Jim McIntyre

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

Rick Hutcheson

RE: ALLOCATION OF EXCESS 1977  
FMS CREDIT

cc: Zbig Brzezinski

CONFIDENTIAL ATTACHMENT

THE WHITE HOUSE  
WASHINGTON

*include  
TAS B*

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
✓		LANCE JM
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

		ARAGON
		BOURNE
✓		BRZEZINSKI
		BUTLER
		CARP
		H. CARTER
		CLOUGH
		FALLOWS
		FIRST LADY
		HARDEN
		HUTCHESON
		JAGODA
		KING

		KRAFT
		LINDER
		MITCHELL
		MOE
		PETERSON
		PETTIGREW
		POSTON
		PRESS
		SCHLESINGER
		SCHNEIDERS
		STRAUSS
		VOORDE
		WARREN

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

Electrostatic Copy Made  
for Preservation Purposes

September 26, 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: James T. McIntyre, Jr. *Jim McIntyre*  
SUBJECT: Allocation of Excess 1977 FMS Credit

The State Department has forwarded to us a request to reallocate excess 1977 Foreign Military Sales credit financing to four countries: Morocco, Tunisia, Indonesia, and the Philippines (Tab A). Because the request has come in the last week of the fiscal year, it is uncertain whether such new agreements could actually be consummated with the four nations between now and Friday. In addition, our current difficulties with the Congress regarding arms transfers makes us wary of any action which could be seen as a "rush job" and might lead to even more stringent Congressional oversight in the current FMS legislation.

For these reasons, we recommend that none of the four reallocations be approved. Zbig Brzezinski has reviewed the request, and recommends that three of the four be approved (all except the Philippines). Zbig also concludes that, because all four are within your PD/NSC-13 guidelines, we can decide the matter without your review (see his note at Tab B).

However, I remain concerned about the potential Congressional reaction to any such eleventh hour move, particularly in light of our recent experiences with the AWACS issue. For that reason, I believe you should review these reallocations yourself.

Recommendation: That you disapprove the increases (or alternatively, approve only Tunisia and Morocco, for which State and Defense believe there is a reasonable chance of completing the formal agreements by Friday).

- Disapprove any increased FMS financing (OMB)
- Approve only Tunisia and Morocco
- Approve all except Philippines (NSC)
- Approve all four (State)

*JC*

(Dollar totals by country shown on the following page)

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E.O. 12356, Sec. 1.4  
PER 1/29/93 OMB BY MR-ALC-92-125  
BY *QJ* NARS. DATE: 4/16/93

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(Program in \$ millions)

	1977				
	<u>Justified to Congress</u>	<u>Previous Increase</u>	<u>Proposed Add-on</u>	<u>New Total</u>	<u>1978 Program</u>
Morocco	30.0	-	15.0	45.0	45.0
Tunisia	15.0	10.0	10.0	35.0	25.0
Indonesia	23.1	-	16.9	40.0	40.0
Philippines	20.0	-	30.0	50.0	20.0

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UNDER SECRETARY OF STATE  
FOR SECURITY ASSISTANCE  
WASHINGTON

~~CONFIDENTIAL~~

September 22, 1977

Dear Randy:

Pursuant to our telephone conversation, I am enclosing a copy of the Decision Memorandum concerning the unused FY 1977 FMS credits which was the basis for the Department's decision to apportion these funds among Morocco, Indonesia, Tunisia, Ecuador, Peru and the Philippines. I am also enclosing a copy of the draft telegram which we have sent to your staff for clearance and which would inform the posts concerned of this decision.

Before initialling the Decision Memorandum, Mr. Habib discussed the issues with the Secretary and the decisions therefore also represent the Secretary's personal views. We have had further discussions of this problem subsequent to learning of OMB's objections to the proposed reapportionment. On the basis of these discussions, the Department is prepared to drop the requirements for additional funds for Peru and Ecuador, but the Secretary, Mr. Habib, and I feel strongly that we should apportion additional funds to Tunisia, Morocco, Indonesia, and the Philippines. We feel that Morocco is important because the funds could be used for a definite program, the purchase of 12 F-5 aircraft, and because Morocco has not only been highly supportive of our actions and programs elsewhere in Africa, but also because we are anxious that it continue to permit us to carry out certain activities on Moroccan soil. Tunisia we regard as essential because it has a clear requirement for the funds for certain defined programs, for air defense and anti-tank purposes. A friendly country

Mr. Edward R. Jayne,  
Associate Director,  
National Security and  
International Affairs,  
Office of Management and Budget.

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GDS

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E.O. 12356, Sec. 3.4  
PER 12/21/92 STG HRE MR-NK-92-127  
BY J NARS, DATE 11/17/93

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-2-

which has been supportive of US political positions, Tunisia faces a clear threat from two hostile neighbors which it is ill prepared to meet. Indonesia is of major concern to us politically because of Indonesian doubts about our continuing interest in Southeast Asia. Indonesia can also use these funds to defray part of the cost of its F-5E procurement program. Finally, funds for the Philippines would be highly useful in the context of the base negotiations.

As you are aware, if the credit agreements are to be signed by September 30th, we have to act very quickly. I hope, therefore, that OMB will be able to take favorable action on the Secretary's decisions on the basis of this letter and the accompanying documents. OMB could, of course, signify its position by clearing the enclosed telegram with appropriate changes.

Sincerely,



Lucy Wilson Benson  
Under Secretary for Security  
Assistance, Science, and Technology

Enclosures:

1. Action Memorandum to P  
dated September 16 (S/S 7723790).
2. Copy draft telegram.

~~CONFIDENTIAL~~

*Habib Decision on Unused  
FY 77 FMS - pp 4-5*

*HM*  
*7722780*

*LG  
RE  
SA  
ISP*



DEPARTMENT OF STATE

ACTION MEMORANDUM

*su*  
*9/19*      *S/S*

CONFIDENTIAL

Orig: O/fadrc

September 16, 1977

TO: P - Mr. Habib  
COPIES TO:  
THROUGH: T - Lucy Wilson Benson *LWB*  
M  
FROM: PM - Leslie H. Gelb *LHG*

Unused FY 1977 Foreign Military Sales (FMS) Credits

Issue for Decision

How to dispose of upwards of \$80 million in unused FY 1977 Foreign Military Sales (FMS) financing program authority? This surplus is due primarily to cutting out FMS financing for human rights problem countries (Argentina, Brazil, Uruguay, Nicaragua, Ethiopia, etc). Additional program authority may also become available should any approved loan agreements not be signed by foreign governments by September 30.

Essential Factors

There are four options: (1) allow this unused program authority to lapse, (2) allocate the financing to increase FMS aid to deserving programs or provide initial loans to new clients, if they can move quickly enough to sign FMS agreements before October 1, which would be doubtful in all cases, (3) follow the 1976 precedent of pre-financing a portion of the approved FY 1978 FMS program in order to carry forward into FY 78 sufficient flexibility to meet FMS assistance needs which were not provided for in the 1978 budget prepared a year ago, (Korea is the only feasible candidate for pre-funding), or (4) a combination of options 2 and 3.

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BY *[Signature]* NARS, DATE *11/11/93*

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- 2 -

Lapse Option

Allowing the upwards of \$80 million of program authority, mostly from allocations to human rights problems countries, to lapse could be seen as evidence of the Administration's sincerity in restricting arms sales abroad and following through on human rights. Reprogramming the credits to countries beyond the levels previously justified to the Hill in the FY 77 Congressional Presentation Document could prompt Congressional criticism that we were rushing to give FMS loans before new limits on the Administration's reprogramming authority contained in the appropriations bill become effective.

Relatively speaking we are not talking about the lapse of a large amount of unused financing. Out of a worldwide authorization of \$2,022.1 million, we expect to conclude finance agreements totalling about \$1,930 to \$1,940 million.

Increase FMS aid to deserving countries option

Additional FY 1977 FMS credits have been proposed for a number of countries:

Morocco - \$15 million, in addition to \$30 million already accepted, to help defray the cost of 12 F-5 aircraft.

Indonesia - \$16.9 million, in addition to \$23.1 million already offered, to meet partial cost of F-5 aircraft.

Tunisia - \$10 million, in addition to \$25 million already offered, (FY 77 program submitted to Congress at \$15 million, \$10 million add-on previously approved) to meet cost of possible accelerated VULCAN AA system delivery or for anti-tank defense (e.g., TOW missiles, M48A5 tanks or F-5 aircraft).

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- 3 -

Ecuador - an additional \$5 million above the \$15 million already offered. (FY 77 program submitted to Congress at \$10 million, \$5 million add-on previously approved).

Peru - \$10 million in addition to the \$10 million programmed.

Philippines - \$30 million, in addition to the \$20 million offered, to further support GOP military self-sufficiency.

Sudan - Recommendations resulting from the recent survey team visit to Sudan will not be available in time for financing with FY 77 FMS credits.

Somalia - The situation is unlikely to change enough before October 1 to warrant FMS financing this year.

We seriously doubt, however, that these countries (with possible exceptions of Morocco and Tunisia) could move quickly enough to sign the agreements necessary before October 1st when FY 77 authority lapses. Of the countries mentioned, for example, to date only Morocco has signed a FY 77 financing agreement. However, we could consult with the countries specified to determine if they would accept additional financing of the amounts indicated.

Pre-fund a portion of FY 1978 program option

Prefunding upwards of an \$80 million portion of already approved FY 1978 programs would free-up a like amount of FY 1978 credits, allowing us some sorely needed flexibility. Congress has already cut our 1978 FMS financing program request by \$115.15 million, thereby substantially eliminating any chance to finance high priority new programs which were not presented in the budget submitted to the Congress last winter, e.g., \$50 million for Lebanon. Flexibility would also facilitate implementation of any programs which might be undertaken in the Horn of Africa, e.g., the Sudan or

possibly Somalia. It might also permit increased credits in FY 1978 for other countries mentioned in the previous option.

Pre-funding is a book-keeping transaction which does not increase the programs involved. Last year we pre-funded \$122.575 of the FY 1977 level of \$275 million for Korea, thereby reducing our FY 1977 financing level to \$152.425 million. This action was judged by the White House lawyers to be necessary because of peculiarities in the security assistance transition quarter availabilities and is well understood by Congressional staff. Although the legal situation this year does not require that we utilize the remaining program authority to pre-fund FY 1978 programs, we are of the opinion that OMB would agree to such action and join us in justifying it to the Hill. If this option is chosen, OMB has informed us that, in view of the present political sensitivity regarding Korea, they would require Presidential approval. Moreover, prior consultation with the Hill would also be advisable.

Recommendations:

(1) Pre-funding a portion of the \$275 million FY 1978 level for Korea to achieve flexibility in the FY 78 program.

Approve \_\_\_\_\_

Disapprove SEP 2 1977

(2) Alternatively, allow the unused program authority to lapse.

Approve \_\_\_\_\_

Disapprove SEP 2 1977

(3) Alternatively, attempt to extend additional FY 1977 financing to one or more of the following:

Morocco - \$15 million	Approve <u>SEP 2 1977</u>	Disapprove _____
Indonesia - \$16.9 million	Approve _____	Disapprove _____
Tunisia - \$10 million	Approve _____	Disapprove _____
Ecuador - \$5 million	Approve _____	Disapprove _____
Peru - \$10 million	Approve _____	Disapprove _____
Philippines - \$30 million	Approve _____	Disapprove _____

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- 5 -

(4) Alternatively, after allocating additional FMS financing to any of the countries you select under option (3), use all remaining surplus program authority to pre-fund the FY 78 Korea program.

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

SEP 20 1977

Drafted: PM/SAS: RJS  / HMcElroy: tlb   
9/15/77 ext. 23565 ext. 23876

Clearances: OMB - Mr. Eisenhower   
Treasury - Mr. Crosswhite  
ACDA - LTC. Fluhr   
DOD/DSAA - Mr. Rudd   
D/HA - Mr. Jones  
L/PM - Mr. Michel   
H - Mr. Gelber   
NSC - Mr. Denend   
PM - Mr. Winship 

TAB B

LIMITED OFFICIAL USE

E.O. 11652: N/A

Tags: Mass,

Subject: Additional FY 77 FMS Financing

ACTION: TUNIS, RABAT, JAKARTA, MANILA, QUITO, LIMA

1. As a result of failure to utilize fully previously programmed FY 77 FMS financing authority for certain countries we are now in a position to increase FMS financing available for Morocco, Indonesia, <sup>Philippines,</sup> Tunisia, Ecuador, and Peru if these governments can provide necessary authorization and guaranty fee to their respective representatives in Washington in time to permit signing of loan agreement prior to COE September 30. Request you inform host government and inform us if government believes necessary documentation (including check payable to Treasury of the United States) can be provided to its embassy in time to conclude agreement.
2. For Tunis: Previously approved loan agreement for \$25 million has not yet been signed and will be revised to \$35 million with disbursement and repayment periods unchanged. Guaranty fee required is \$87,500 instead of previously required \$62,500. *Additional financing will allow accelerated payment and delivery of air defence and anti-tank systems.*
3. For Rabat: \$15 million, in addition to \$30 million already provided, will be made available to help defray *heavy lift helicopters or other elements of current modernization* cost of ~~heavy lift aircraft~~. Guaranty check required is \$37,500.

LIMITED OFFICIAL USE

In conveying this news to GOM you may state that recent visit of Formin Lareki was instrumental in focusing our attention on additional GOM needs and that additional funds are one result of our desire to be responsive. (Arms wantlist, however, is still under study.)

4. For Jakarta: \$16.9 million, in addition to \$23.1 million already provided, is available to meet partial cost of F-5 aircraft. Guaranty fee required is \$42,250.

5. For Quito: \$5 million, in addition to \$15 million already provided, is available. Guaranty required is \$12,500.

6. For Lima: \$10 million, in addition to \$10 million programmed, is available. <sup>IN EFFECT THIS WOULD RESTORE FOM TO LEVEL OF \$20 MILLION ORIGINAL PROGRAMMED FOR FY 1977.</sup> Guaranty required is \$25,000 for \$10 million and \$50,000 for \$20 million loan.

7. For Manila: Exact amount available will depend on last-minute worldwide total of funds utilized but will be in neighborhood of \$25-30 million. Guaranty required for \$30 million is \$75,000.

Drafted: PM/SAS:COcecil:rg  
9/20/77:ext.23564

Approval: PM/SAS:HMElroy

- Clearances: NEA/ARN - ~~W~~ Bishop
- EAF/INT - ROAKLEY (SUBSTANCE)
- FEDERAL -
- ARA/AND/P - ~~W~~ C Fuller
- ARA/AND/E - ~~W~~ ALLITO
- T - ~~W~~ (BROWN)
- Treasury - ~~W~~ Crosswhite
- OMB -
- NSC -
- DDI/DSAA - Gen Fish
- ACDA -

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MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

~~CONFIDENTIAL~~

September 27, 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: DAVID AARON  
SUBJECT: Allocation of Excess 1977  
FMS Credits

Jim McIntyre has raised with you allocation of excess 1977 FMS credit financing to Morocco, Tunisia, Indonesia and the Phillipines (see attached). Zbig did not think you needed to be seized personally with this question, but since Jim has brought it up, the following gives you the background.

The OMB memorandum raises essentially two points, neither of them budget issues: 1) Whether we would run into trouble on the Hill if we proceed on any or all of these cases; 2) Whether it is feasible to meet the necessary agreement with the recipient countries before the funds lapse on September 30.

I took up both questions with Phil Habib who in turn checked with his own Congressional liaison people. State now feels that the Phillipine allocation would get into trouble on the Hill and proposed to drop it. State also feels that it is feasible to get the necessary agreements with Morocco, Tunisia and Indonesia in time to meet the deadline.

Based on this and following your general guidance concerning Morocco, Tunisia and Indonesia, Zbig disapproved the Phillipine allocation and approved the allocation to Morocco, Tunisia and Indonesia.

RECOMMENDATION:

It would be helpful to have your confirmation of this.

APPROVE \_\_\_\_\_ DISAPPROVE \_\_\_\_\_

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~~CONFIDENTIAL~~

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E.O. 12356, Sec. 3.4  
PER 2/8/93 NLS hr RE MR-NLS-92-126  
BY [Signature] NARS, DATE 11/17/93

THE WHITE HOUSE  
WASHINGTON

CONFIDENTIAL

September 24, 1977

MEMORANDUM FOR

THE SECRETARY OF STATE  
✓ THE ACTING DIRECTOR, OFFICE OF  
MANAGEMENT AND BUDGET

SUBJECT: Allocation of Excess 1977 FMS Credit

Pursuant to the President's guidance, the proposed increase in FMS credit programs to Morocco (\$15 million), Tunisia (\$10 million) and Indonesia (\$16.9 million) by drawing on unobligated funds in the FY 1977 budget for FMS credits is hereby approved.

The proposed increase for the Philippines is disapproved.



Zbigniew Brzezinski

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E.O. 12356, Sec. 3.4  
PER 2/8/93 NSC HR RE MR-ALC-42-726  
BY  NARS, DATE 11/17/93

RETURN THIS RECEIPT IMMEDIATELY TO

REGISTRY NO.

Rick Hutcheson - WWing Basement

UNCLASSIFIED DESCRIPTION  
(Serial No., File No., Subject)

DATE 9/27/77

IMF - C

INCLOSURES  
2 pages

ADDRESSEE

Secretary W. Michael Blumenthal  
Secretary of the Treasury  
Washington, D.C. 20220

Receipt for communication(s) described above is hereby acknowledged by:

ADDRESSEE'S SIGNATURE

DATE RECEIVED

*L. Bellhoni*

9/27/77

**TO BE RETURNED TO THE WHITE HOUSE OFFICE**

THE WHITE HOUSE OFFICE  
1600 PENNSYLVANIA AVENUE NW.  
WASHINGTON, D.C. 20500

THE WHITE HOUSE  
WASHINGTON

September 27, 1977

Secretary Blumenthal

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

Rick Hutcheson

RE: THE INTERNATIONAL MONETARY  
FUND (IMF) AND CONDITIONALITY

CONFIDENTIAL ATTACHMENT

THE WHITE HOUSE  
WASHINGTON

September 27, 1977

Charles Schultze

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

Rick Hutcheson

RE: THE INTERNATIONAL MONETARY  
FUND (IMF) AND CONDITIONALITY

~~CONFIDENTIAL ATTACHMENT~~



THE SECRETARY OF THE TREASURY  
WASHINGTON 20220

September 22, 1977

*cc Mike -  
I agree  
J*

MEMORANDUM FOR THE PRESIDENT

SUBJECT: The International Monetary Fund (IMF) and  
"Conditionality"

We have been getting requests to use our influence to help particular countries in their negotiations for financing from the IMF, and I wanted to offer my suggestions for our approach.

You know from recent talks with Latin American heads of state that some are complaining that the IMF is too harsh in its "conditionality" -- i.e., the economic stabilization and payments adjustment measures it requires of countries as a condition for its financing. Peru is the most recent case. Usually they ask us to intercede with IMF management for softer treatment in their particular case.

This is not a new issue, nor is it confined to developing countries. The IMF has for years served as a kind of whipping boy. Countries facing severe economic difficulties and the need for strong corrective measures often need an external source to blame. The IMF is an ideal candidate and is accustomed to being in that position. If we didn't have the IMF, we would have to invent another institution to perform this function.

In many countries there is a division between those who support needed actions and those who want to ignore the economic facts of life and try to pursue programs that are unsustainable. The IMF would not be doing a borrowing country any favor by coming down on the wrong side. Quite the contrary. Reasonable economic and financial stability provides the essential basis for the sustained real growth that developing countries need. Unfortunately, there is no real substitute for policies to

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E.O. 12356, Sec. 3.4

PER 11/16/92 DOR 11 RE MF-416-22-128  
BY *J* NARS, DATE 2/2/93

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-2-

restore economic stability -- other than grants or long-term aid, which is not the IMF's function. The IMF can provide only balance of payments financing, and in amounts that are usually quite limited relative to the size of the problem. The real value of an IMF program is the policy changes it brings, not the money.

The IMF is not, in my judgment, politically unrealistic in its policy prescriptions. It does not ignore political consequences. The IMF looks carefully at all aspects of a country's situation in a realistic and balanced way, and tailors the program to the country's particular circumstances. The IMF's record is a good one. It has helped a large number of countries to correct their economic problems, and it presses for measures that are consistent with our objectives of an open and liberal trade and payments system. The IMF's contribution to the world economy is widely recognized -- including in the Congress, which is much more supportive of the IMF than of the other institutions.

While the U.S. has an important voice in IMF matters, we cannot and should not try to control IMF operations. Any U.S. influence on particular country financing proposals must be used selectively and through quiet, informal discussions. Any changes we could make in a particular program would be marginal. We should not be disturbed by positions taken by the IMF at the outset of a negotiation, since there is a process of bargaining and compromise on both sides. If we overstep in trying to exercise influence, we will weaken and undermine the fundamental principles and useful work of this valuable institution.



W. Michael Blumenthal

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THE WHITE HOUSE  
WASHINGTON

9/26/77

Mr. President:

OMB concurs. No comment  
from Eizenstat, Watson or  
Brzezinski.

Schultze comment attached.

Rick

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
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ACTION  
FYI

cc Blumenthal  
(his memo only) ~~stop page~~

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	LANCE
X	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to  
Carp/Huron within  
48 hours; due to  
Staff Secretary  
next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

September 24, 1977

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*

Subject: The International Monetary Fund and Conditionality

I concur with Mike Blumenthal's recommendation that we be very selective in influencing negotiations between the IMF and individual countries. The IMF has a very sensitive task in negotiating conditions for extensions of Fund credit and we should be careful not to undermine it. Most of the countries involved must take action to insure their continued access to private credit markets. The effective use of the limited resources of the Fund and the assurance of appropriate behavior on the part of countries in deficit requires the Fund at times to press for commitment to difficult economic policies.

I do have some problems with the nature of the conditionality which the IMF tends to impose. CEA is developing a paper on this which I intend to discuss with Mike. My concerns can be briefly summarized.

We expect that the large surpluses of the oil producing countries will continue for the foreseeable future. As a result, there will necessarily be deficits in other countries. The Fund's policies have not fully adjusted to these conditions. Pressure exerted by the Fund on deficit countries to eliminate their current account deficits has had two important consequences:

1. The Fund has often stressed domestic policies to restrict demand as a means of adjustment while there have not been symmetrical pressures to expand on countries in surplus. As a result, there has been a contractionary bias in the policies of all countries taken together. This bias has hindered recovery from the 1974-75 recession. It

is important that countries in trouble adopt structural policies to correct deep-seated ills. It is particularly important for many of them to increase domestic investment. But restricting demand is not, in all cases, the appropriate medicine.

2. Some countries are running unsustainable deficits, which must be reduced. But a widespread elimination of current account deficits at the urging of the Fund has forced larger deficits on other countries, some of whom have then been forced to turn to the Fund for assistance. Indeed, one cause of the growth of the U.S. deficit this year has been the success that other countries have had in reducing their deficits.

RETURN THIS RECEIPT IMMEDIATELY TO

REGISTRY NO.

Rick Hutcheson -West Wing Basement

UNCLASSIFIED DESCRIPTION  
(Serial No., File No., Subject)

DATE 9/27/77

IMF

INCLOSURES

2 pages

ADDRESSEE

Secretary W. Michael Blumenthal  
Secretary of the Treasury  
Washington, D.C. 20220

*NOTE.—This sheet to be retained in Originator's suspense file until receipt has been signed and returned; then this sheet should be destroyed.*

TITLE

CLASSIFIED MATERIAL RECEIPT

16-70400a-1 GPO

THE WHITE HOUSE

WASHINGTON

*Mom am from SE*

Date: September 22, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat *nc*  
Jack Watson *nc by phone*  
Jim McIntyre *concurs by phone (Jayne)*  
Charles Schultze *attached*  
Zbig Brzezinski *nc by phone*

FOR INFORMATION:

The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Blumenthal memo dated 9/22/77 re The International Monetary Fund (IMF) and "Conditionality"

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:  
TIME: 12:00 NOON  
DAY: Saturday  
DATE: September 24, 1977

~~CONFIDENTIAL~~

In Safe

ACTION REQUESTED:

Your comments  
Other:

*Adm. [unclear]*

STAFF RESPONSE:

I concur.  No comment.  
Please note other comments below:

DECLASSIFIED  
E.O. 12356, SEC. 3.4(b)  
WHITE HOUSE GUIDELINES, FEB. 24, 1983  
BY *Jay* NARS, DATE *2/2/93*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE  
WASHINGTON

*confidential*

<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

ACTION	FYI	
	<input checked="" type="checkbox"/>	MONDALE
	<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	<input type="checkbox"/>	EIZENSTAT
	<input type="checkbox"/>	JORDAN
	<input type="checkbox"/>	LIPSHUTZ
	<input checked="" type="checkbox"/>	MOORE
	<input type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	<input type="checkbox"/>	WATSON
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<del>LANCE</del> Jm
<input checked="" type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input checked="" type="checkbox"/>	BRZEZINSKI
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<input type="checkbox"/>	H. CARTER
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<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

DECLASSIFIED  
E.O. 12356, SEC. 3.4(b)  
WHITE HOUSE GUIDELINES, FEB. 24, 1983  
BY *[Signature]* NARS, DATE 2/8/93

Date: September 22, 1977

MEMORANDUM

FOR ACTION:

FOR INFORMATION:  
The Vice President

528

Stu Eizenstat  
Jack Watson  
Jim McIntyre  
Charles Schultze  
Zbig Brzezinski

re: Bob Ginsburg  
Bert Carp.  
JH

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Blumenthal memo dated 9/22/77 re The International Monetary Fund (IMF) and "Conditionality"

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Saturday

DATE: September 24, 1977

~~CONFIDENTIAL~~  
~~CONFIDENTIAL~~

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

concur.

Please note other comments below:

No comment.

Stu Eizenstat

DECLASSIFIED

E.O. 12356, SEC. 3.4(b)

WHITE HOUSE GUIDELINES, FEB. 24, 1983

BY *[Signature]* NARS, DATE 2/8/93

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE  
WASHINGTON  
September 27, 1977

Hamilton Jordan

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

Rick Hutcheson

RE: FIFTH CIRCUIT COURT OF APPEALS

ADMINISTRATIVELY CONFIDENTIAL

THE WHITE HOUSE  
WASHINGTON

*Admin  
copy*

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
<input checked="" type="checkbox"/>		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
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	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

9/27/77

Mr. President:

Frank Moore and Bob Lipshutz  
concur with the Bob Vance  
recommendation.

Rick

THIS PRESIDENT HAS SEEN.

*e*  
*/*

CONFIDENTIAL

September 26, 1977

TO: PRESIDENT CARTER  
FROM: HAMILTON JORDAN *H. J.*  
RE: FIFTH CIRCUIT COURT OF APPEALS

We have been working with Judge Bell and numerous political figures in Alabama to develop a consensus as to the best possible person to be appointed to this vacancy.

Five persons were recommended by the Commission and rated by Judge Bell as follows:

1. Nachman
2. Hobbs
3. Vance
4. Pointer
5. Gray

**Electrostatic Copy Made  
for Preservation Purposes**

RECEIVED BY ADMINISTRATIVE

*Jans*

12/28/89

Judge Bell has personally investigated the qualifications of these persons and offers the following recommendations:

-Nachman, Hobbs and Vance are well qualified.

-Pointer is qualified, but is a Republican and should not be appointed.

-Gray, a black attorney, should be considered for a District Court Judgeship, but is not qualified for the Court of Appeals.

Consequently, it appears that our choice is between Nachman, Hobbs and Vance. Judge Bell reports that he was initially skeptical of Bob Vance's qualifications because most of his support for the position was political. He has checked and said that he is satisfied that Vance is a good lawyer and well qualified. He contends that Nachman and Hobbs are somewhat better, but says that it will be difficult for you to appoint anyone other than Vance given the wide support he enjoys plus the fact he is well qualified. Vance has the support of the following persons:

Senator Sparkman and Senator Allen

Governor George Wallace

Morris Dees

Chuck Morgan

Charles Kirbo

These people are strong in their support of Vance and  
strong in their opposition of both Nachman and Hobbs.

As Vance is considered qualified by the Commission and  
Judge Bell and enjoys the unanimous support of the political  
leaders and our own political friends, I recommend that you  
approve his appointment as Judge of the Fifth Circuit.



\_\_\_\_\_ APPROVE APPOINTMENT OF BOB VANCE.

\_\_\_\_\_ APPOINT \_\_\_\_\_.

\_\_\_\_\_ I WANT MORE INFORMATION.

A handwritten signature, possibly 'R', is written in the right margin.

**Electrostatic Copy Made  
for Preservation Purposes**

M. ROLAND NACHMAN, JR.

Born December 21, 1923, Montgomery, Alabama; A.B. 1943, Harvard College (graduated cum laude; Harvard Scholar?); LLB., 1946, Harvard Law School (finalist in moot court competition).

Experience:

1948-1954	Assistant Attorney General for Alabama;
1954-59	Law partner with Walter J. Kanabe, Montgomery (for about 7 months during 1956 took brief leave of absence to work as administrative assistant to Senator Sparkman);
1959-present	Partner in firm of Steiner, Crum & Baker.

Comments:

Extensive litigating experience, both trial and appellate, state and federal court, civil and criminal. While Assistant Attorney General for the State did criminal, tax and public utility cases. Practice since then has been primarily general civil law. Since 1976 has served as Chairman of the Human Rights Committee for the Alabama Prison System to which he was appointed by Judge Johnson. Has briefed and argued two Supreme Court cases--Alabama Public Service Commission v. Southern Railway Company (with co-counsel, Judge Rives) and New York Times v. Sullivan, in which he represented Sullivan. A few minor publications, mostly in connection with service as president of the

Alabama State Bar Association. Testified before the Commission on Revision of the Federal Court Appellate System in 1973 and 1975. Served as Vice-Chairman of the Permanent Study Commission on Alabama Judicial System, a member of the Advisory Commission on Appellate Practices for the Alabama Supreme Court and was Chairman of the Citizens Conference on Alabama State Courts. He is a member of the American Bar Association Task Force to Update ABA Standards relating to administration of criminal justice and has served as Chairman of the American Bar Association Section on Bar Polity since 1975. Has been a member of the Board of Directors of the American Judicature Society since 1976 and is an honorary member of the Fifth Circuit Judicial Conference.

TRUMAN M. HOBBS

Born February 8, 1921, Selma, Alabama; A.B. 1942, University of North Carolina (Phi Beta Kappa, President of Student Body, winner of award for student making greatest contribution to student government); LL.B. 1948, Yale Law School (John Currier Gallagher Prize in Moot Court competition).

Experience:

1948-49	Law clerk to Justice Black;
1949-1951	Associate with firm of White, Bradley, Arant & All (now Bradley, Arant, Rose & White), Birmingham, Alabama;
1951-present	Partnership in Godbold and Hobbs (now Hobbs, Copeland, Franco & Screws, P.A.).

Comments:

Extensive litigating experience, both trial and appellate, federal and state courts. Mostly civil. General civil practice including personal injury and products liability cases. Has briefed and argued three Supreme Court cases--Blackburn v. State of Alabama (involuntary confession); Moody v. Flowers (reapportionment); Shields v. Atlantic Coastline Railroad (construction of Safety Appliance Act). Chairman of Democratic Executive Committee of Montgomery County from 1960 to 1968. Taught Bar Review Course in Constitutional Law for 10 years from 1965 to 1975 at Jones Law School

Publications in Tennessee and Alabama Law Review in 1958 and 1962. Past President of the Alabama State Bar Association. Chairman of Committee of Alabama State Bar to Promulgate Ethical Standards for Serving in Legislature. Member of State Bar and Montgomery County Grievance Committees. Member of long range planning committee of Alabama State Bar Association. Member of the Advisory Board of Cumberland Law School; Board of Trustees of Jones Law School; Board of Directors of Law School Foundation of the University of Alabama.

SAM CLYDE POINTER, JR.

Born November 15, 1934, Birmingham, Alabama; A.B. 1955, Vanderbilt University (Phi Beta Kappa, Founder Scholarship, Editor of school humor magazine); LL.B. 1957, University of Alabama Law School (first in class, Editorial Board, Alabama Law Review, first year of law school was taken at Vanderbilt during 1954-55 when still an undergraduate there, ranked number 3 in that first year class); LL.M. 1958, New York University, (taxation, attended on Kenneson Fellowship, A average, received the only 100 ever awarded in the school.)

Experience:

1958-1970

Practiced with firm of Brown & Pointer (later Brown, Pointer & Pointer, Birmingham, Alabama);

1970-present

U. S. District Judge for the Northern District of Alabama.

Comments:

Extensive litigating experience before becoming a judge, both trial and appellate, federal and state courts. Mostly civil practice. Varied civil practice. Served as city attorney for the City of Mountainbrook, Alabama from 1965-1970. For the past two years has conducted seminars on evidence for federal district judges throughout the country.

ROBERT S. VANCE

Born May 10, 1931, Talladega, Alabama; B.S. 1950, University of Alabama (Commerce and Business Administration); LLB. 1952, University of Alabama School of Law (activities during five years in which he attended the University included president of Student Government Association and member of a scholastic honorary association); LLM. 1955, George Washington University.

Experience:

1952-54	Army Judge Advocate General
1954-55	Law clerk to Justice Mayfield, Supreme Court of Alabama;
1956	Trial attorney, Office of the Solicitor U. S. Labor Department, Birmingham, Alabama;
1956-64	Private practice with Hogan & Callaway (later Hogan, Callaway & Vance);
1964-present	New firm formed now known as Vance, Thompson & Brown.

Comments:

Extensive litigating experience, both trial and appellate, in state and federal courts, almost entirely civil except that he handled criminal matters while in JAG and now supervises prosecution of appeals from the municipal court of Vestavia Hills, Alabama, for which he is city attorney. General civil practice

including a number of class actions, securities cases and antitrust cases. Is Democratic State Chairman for Alabama. Was past national president of the Association of Democratic State Chairmen. Two minor publications.

FRED DAVID GRAY

Born December 14, 1930, Montgomery, Alabama; B.S. 1951, Alabama State College for Negroes (now Alabama State University) (major, Social Sciences; minor Mathematics, Honor Student; Vice-President of the Senior Class and member of the Student Council); LLB. 1954, Western Reserve University, (now Case Western Reserve University) (moot court).

Experience:

1954-1960	Practiced law alone in Montgomery, Alabama;
1960-67	Gray & Seay, Montgomery;
1968-69	Gray, Seay, Langford & Pryor, Montgomery and Tuskegee Institute
1969-present	Gray, Seay & Langford, Montgomery and Tuskegee.
1970-74	Served in Alabama House of Representatives. (Was Democratic candidate for position in 1966 and in 1974.)

Comments:

Extensive litigating experience, both trial and appellate, civil and criminal, in both state and federal courts. A substantial portion of practice has consisted of civil rights litigation. Among the famous cases in which Gray has participated as counsel are City of Montgomery v. Rosa Parks; Browder v. Gail, (desegregation of buses); Gomillion v. Lightfoote, (voting rights); Williams v. Wallace, (Selma march); Lee v. Macon County, (school desegregation). Has not taught. No publications.

Various honors received over the years including the Alabama State University Alumni Award in 1970 and the "Alabamian of the Year" award for 1970 presented by Alabama State University, District of Columbia Alumni Chapter. Minister of the Gospel since 1942.

MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

27 September 1977

TO: THE PRESIDENT  
FROM: RICK HUTCHESON *rh*  
SUBJECT: Memos Not Submitted

1. CHIEF JUSTICE BURGER, responding to your letter of September 16, says he is happy to cooperate with the reorganization study. OMB has been advised.
2. BOB LIPSHUTZ forwarded copies of two letters for your information:

A letter from the President of Lockheed-Georgia to a Pentagon official thanking him for help in expediting a C-130 sale to Morocco involving FMS credits.

A letter from Bill Gunter to Bob Lipshutz. Gunter has stated to the press that he has received the President's approval to delay his recommendations with respect to the tribal claims in Mashpee, Massachusetts.

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for Preservation Purposes**

78 .  
.  
Supreme Court of the United States  
Washington, D. C. 20543

CHAMBERS OF  
THE CHIEF JUSTICE

kl  
September 20, 1977

Dear Mr. President:

Thank you for your letter of September 16 relating to coordination on the programs to improve justice.

The Judicial Branch will be happy to cooperate. May I suggest that your Executive Associate Director for Reorganization and Management maintain contact with Mr. Mark Cannon, my Administrative Assistant.

Cordially & respectfully,

A handwritten signature in blue ink, reading "Warren E. Burger". The signature is written in a cursive style and is positioned below the closing text.

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

SEP 29 1971

THE WHITE HOUSE  
WASHINGTON

TO: The President

FROM: Bob Spindelutz

For your information.

LAW OFFICES  
KILPATRICK, CODY, ROGERS, McCLATCHEY & REGENSTEIN  
3100 EQUITABLE BUILDING  
100 PEACHTREE STREET  
ATLANTA, GEORGIA 30303

(404) 522-3100  
TELEX 54-2307

WASHINGTON OFFICE  
SUITE 400  
2033 K STREET, N. W.  
WASHINGTON, D. C. 20006  
(202) 833-3620

September 22, 1977

Mr. Robert J. Lipshutz  
Counsel to the President  
The White House  
Washington, D. C. 20006

Re: Indian Tribal Claims--Mashpee, Mass.

Dear Bob:

Following my meeting on last Thursday with Senators Kennedy and Brooke and Congressman Studts, and pursuant to my telephone conversation with you of last Friday, I have stated to the press that I have requested of the President and have received his approval to delay my recommendations with respect to the tribal claims in Mashpee, Mass.

I will be back in touch with you about this matter as soon as there are further developments.

With warm regards, I am

Sincerely,



William B. Gunter

WBG/lf

THE WHITE HOUSE  
WASHINGTON

September 23, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Robert J. Lipshutz



The attached is forwarded to you for your information.

LOCKHEED - GEORGIA COMPANY

A DIVISION OF LOCKHEED AIRCRAFT CORPORATION

MARIETTA, GEORGIA 30063



ROBERT B. ORMSBY  
PRESIDENT

LGD/740016

September 9, 1977

Lt. General Howard M. Fish  
Director, Defense Security Assistance Agency  
The Pentagon, Room 4E841  
Washington, D. C. 20301

Dear General Fish:

You will recall on 27 July I wrote you relative to Lockheed's cooperative efforts with DSAA on FMS matters. In that letter I took the liberty of calling your attention to a serious delay we were having relative to a C-130 sale to Morocco which involved FMS credits.

The purpose of this letter is to report to you that your attention to this matter was most effective in resolving the delays within the U. S. Government. Of the four airplanes, the first involved FY 1976 FMS financing; your help permitted us to effect delivery of the aircraft to the Moroccan Air Force on 22 August. At this time the remaining three have still not delivered. The only reason for continuing delay is the responsibility of the Moroccan Government who are having some administrative problems relative to signing of the promissory note; we expect this to be resolved shortly.

Thank you very much for your timely assistance in this matter. The Moroccan Government is also aware of this DSAA expediting, and have expressed their gratitude.

Yours truly,

A handwritten signature in dark ink, appearing to read "R. B. Ormsby", written in a cursive style.

R. B. Ormsby

RBO:eb

I-10517/77

THE WHITE HOUSE  
WASHINGTON

September 27, 1977

Jim Fallows

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

Rick Hutcheson

cc: Stu Eizenstat  
Jody Powell

RE: STATE OF UNION ADDRESS

THE WHITE HOUSE  
WASHINGTON

*include  
comments*

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
/		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
/		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
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		POSTON
		PRESS
		SCHLESINGER
		SCHNEIDERS
		STRAUSS
		VOORDE
		WARREN

THE WHITE HOUSE  
WASHINGTON

9/27/77

Mr. President:

Jody comments: Is it possible to deliver a short speech and submit a much longer message which touches all the bases? I think four to five major points is about all most people will sit still for in one speech.

Eizenstat makes a similar suggestion: a traditional, detailed State of the Union Address should be prepared, and sent to Congress a day after your actual Address. "Your verbal presentation can then focus on broader themes or on several major Administration goals for the coming year." Stu suggests two broad issues in addition to the ones Jim suggests -- "the quality of government, which you have helped to improve (openness, efficiency, financial disclosure, lobbying reform) and the broad outlines of our urban program, which will be ready in more detail in March."

---Rick

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

September 16, 1977

*Jim  
Short  
J*

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS *Ji*

SUBJECT: State of the Union Address

You're scheduled to give your first State of the Union address in the middle of January. I think it is not too early to start deciding what kind of speech you would like to deliver.

At one point in our history, these "annual messages" were brief -- George Washington's first one lasted less than five minutes -- but for more than one hundred years tradition has been on the side of long, detailed reports. James Polk's second message, for example, went on for hours and covered the minutiae of financing the Mexican-American war. Among recent Presidents, only Franklin Roosevelt has delivered shorter, more "inspirational" (as opposed to heavily-detailed) speeches. More often, Presidents have succumbed to the temptation to take a laundry-list approach, attempting to touch every base in foreign and domestic policy. That is what President Ford did last year, in a speech that lasted nearly an hour.

If you decide to take the same approach and make your speech a comprehensive survey of policy, we can certainly provide a draft for you. Traditionally each department submits its suggestions for the speech, and we could assemble them for you. But I wish you would at least consider another approach -- namely, to concentrate on four or five issues that mean most to you, and perhaps unveil some of the steps you will take in those areas. One of the issues, for example, might be to make sure that no class of people, or area of the country, was permanently frozen out of the system of work and prosperity. You could then talk about your program for the cities and your efforts to find jobs for young people and blacks. Other possible areas might be energy, or making the tax system fair for everyone, or the central purpose of our foreign policy.

Whether or not these specific issues sound right to you, the basic point is this: if you do not decide to limit the focus, all the pressure from Cabinet and policy staff will be to include everything. I would be grateful for guidance about what approach you would like, so that I can begin collecting information and comments from the Cabinet and the White House policy staffs. Thank you.

THE WHITE HOUSE *Wed pm*

WASHINGTON

*Mon from  
SL*

Date: September 16, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat  
Jody Powell *attended*  
Jack Watson *11/15 am*

FOR INFORMATION:

The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Fallows memo dated 9/16/77 re State of the Union Address

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Monday

DATE: September 19, 1977

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

*Please note other comments below:*

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE

WASHINGTON

September 26, 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT  
SUBJECT: State of the Union Address

Stu

I think Jim Fallow's idea of not providing Congress with a laundry list of Administration proposals in your oral presentation of the State of the Union is appealing. However, Congress has traditionally looked to the State of the Union as a document which describes basic Administration positions and goals for the coming year.

I recommend, therefore, that the more detailed, traditional State of the Union Address be prepared, and that it be sent to Congress a day after your actual Address. Your verbal presentation can then focus on broader themes or on several major Administration goals for the coming year.

There are two additional broad issues which you may wish to add to the ones Jim has tentatively suggested -- the quality of government which you have helped to improve (openness, efficiency, financial disclosure, lobbying reform) and the broad outlines of our urban program, which will be ready in more detail in March.

I think that Jim's suggestion would help make your State of the Union address appealing to the prime time national television audience.

Date: September 16, 1977

MEMORANDUM

## FOR ACTION:

Stu Eizenstat  
 Jody Powell  
~~Jack Watson~~

## FOR INFORMATION:

The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Fallows memo dated 9/16/77 re State of the Union Address

YOUR RESPONSE MUST BE DELIVERED  
 TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Monday

DATE: September 19, 1977

## ACTION REQUESTED:

 Your comments

Other:

## STAFF RESPONSE:

 I concur. No comment.

Please note other comments below:

Is it possible to believe a  
 shift speak and submit a much  
 longer message which touches all  
 the bases. I think for a few  
 major points is about all H.T people  
 could sat still for in one speech.  
 JEP

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If you have any questions or if you anticipate a delay in submitting the required  
 material, please telephone the Staff Secretary immediately. (Telephone, 7052)

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

Rick:

(1) I agree with Jim's proposal that the first State of the Union message be relatively short (approximately 20-25 minutes at most), and that it be focused on 5 or 6 major themes, perhaps even fewer. I do not think the speech should be laden with detail or that it should be a long survey of accomplishments of the first year - it should basically deal with the present/future, not the past.

(2) As to what the precise themes of the speech should be, I think it's too early to say. We should all begin thinking about that now - as Jim suggests.

Jack Watson

September 27, 1977

9/27/77

THE WHITE HOUSE  
WASHINGTON

PM Hussein - MALAYSIA  
FM RITHAUDEEN

Nuclear Reactor/Fuel - Agree principle

US investment

Narcotics

Refugees

LOS - Thanks (Minister Kadir)

- Assess ASEAN mtg

Independence - Non Com status

PRC

Indiv vs regional (ASEAN)

Japan not US spokesman

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for Preservation Purposes

THE WHITE HOUSE  
WASHINGTON

September 27, 1977

The Vice President

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

Rick Hutcheson

RE: HOUSE COMMITTEE ON  
APPROPRIATIONS - DEFENSE  
CONFERENCE REPORT B-1  
BOMBER ISSUE

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
✓	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	
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	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

# HOUSE COMMITTEE ON APPROPRIATIONS 95TH CONGRESS

DATE: Thursday, Sept. 8, 1978 SUBJECT: Defense Conference Report--B-1 Bomber Issue (Roll

MET:

ADJ.:

*Fritz  
J*

NAME	EXT.	YEA	NAY	PRESENT	REMARKS
1. Mr. Addabbo	53461	✓			
2. Mr. Alexander	54076		✓		
3. Mr. Andrews	52611		✓		
4. Mr. Armstrong	54422		✓		
5. Mr. Baucus	53211	✓			
6. Mr. Benjamin	52461	✓			
7. Mr. Bevill	54876		✓		
8. Mrs. Boggs	56636		✓		
9. Mr. Boland	55601	✓			
10. Mr. Burgener	53906		✓		
11. Mrs. Burke	57084		✓		
12. Mr. Burlison	54404	✓			
13. Mr. Cederberg	53561		✓		
14. Mr. Chappell ★	54035				
15. Mr. Conte	55335	✓			
16. Mr. Coughlin	56111	✓			
17. Mr. Dicks ★	55916				
18. Mr. Duncan	54811	✓			
19. Mr. Early	56101	✓			
20. Mr. Edwards	54931		✓		
21. Mr. Evans	54761	✓			
22. Mr. Flood	56511		✓		
23. Mr. Flynt	54501		✓		
24. Mr. Giaimo	53661	✓			

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25. Mr. Kemp	★	55265		
26. Mr. Koch	★	52436		
27. Mr. Long		53061	✓	
28. Mr. McDade		53731	✓	
29. Mr. McEwen		54611		✓
30. Mr. McFall		52511		✓
31. Mr. McKay		50453		✓
32. Mr. Mahon		54005		✓
33. Mr. Michel		56201		✓
34. Mr. Miller		55131		✓
35. Mr. Murtha		52065		✓
36. Mr. Myers		55805		✓
37. Mr. Natcher		53501		✓
38. Mr. Obey		53365	✓	
39. Mr. O'Brien		53635		✓
40. Mr. Patten		56301	✓	
41. Mr. Regula		53876		✓
42. Mr. Robinson		56561		✓
43. Mr. Roybal	★	56235		
44. Mr. Shipley		55001	✓	
45. Mr. Sikes		54136		✓
46. Mr. Slack		52711		✓
47. Mr. Smith of Iowa		54426	✓	
48. Mrs. Smith of Nebr.		56435		✓
49. Mr. Steed		56165		✓
50. Mr. Stokes		57032	✓	
51. Mr. Traxler		52806	✓	
52. Mr. Whitten		54306		✓
53. Mr. Wilson		52401		✓
54. Mr. Yates		52111	✓	
55. Mr. Young		55961		✓
Totals			20	30

January 19, 1977.

★ - Not Voting

1:30 PM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

MEETING WITH BEN HOOKS, EXECUTIVE DIRECTOR, NAACP  
AND MEMBERS OF THE EXECUTIVE COMMITTEE OF THE NAACP

Tuesday, September 27, 1977

1:30 p.m. (15 minutes)

THE CABINET ROOM

FROM: BUNNY MITCHELL B.

I. PURPOSE:

This is one in a series of meetings that the President will have with black organizations.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN:

A. Background: Benjamin Hooks, Executive Director of the NAACP has requested periodic meetings with the President. At this meeting Mr. Hooks will be accompanied by several NAACP Board members.

B. Participants: The President, Bunny Mitchell

Benjamin Hooks, Executive Director, NAACP  
Dr. W. Montague Cobb, President, NAACP  
Margaret Bush Wilson, Chairman of the Board, NAACP  
William H. Oliver, Vice President, NAACP  
Jesse Turner, Treasurer, NAACP  
Max Delson, Board Member  
Larry King, Youth Board Member

C. Press Plan: Photo at beginning of meeting.

III. TALKING POINTS:

1. Discuss NAACP program goals for the coming year.
2. Discuss our African policy and your forthcoming foreign trip.
3. Discuss the Administration progress on jobs.

2:00 PM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

September 26, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: MARK SIEGEL *ms*

THROUGH: HAMILTON JORDAN *H.J.*

SUBJECT: Meeting with Ed Koch - Tuesday, September 27,  
2:00 p.m. - Oval Office - 5 minutes

The purpose of the meeting is to show your public endorsement of the Democratic candidate for Mayor of New York. When you called to congratulate Koch after his primary victory, you told him to come to see you when he was in town.

In comments to him, you might want to note:

1. Carey endorsement and Cuomo's active candidacy on Liberal line.
2. Since Beame endorsed Koch in the run-off, likelihood of relative smooth transition.
3. Koch literally came out of nowhere to win the nomination, often compared to your own capture of the nomination.

BACKGROUND: Koch was born in New York in 1924 and attended City College, and the New York University Law School. He was elected to Congress in 1968 from the 18th C.D. of New York ("Silk Stocking" district--upper East Side, Greenwich Village. In 1976, Koch won with 75% of the vote, you carried his district with 63% of the vote. The NY City election is November 8th. The candidates are Ed Koch (Democrat), Roy Goodman (Republican), Mario Cuomo (Liberal), and Barry Farber (Conservative).

Koch will be accompanied by Bess Myerson, former Miss America, the first major political figure to endorse him. New York press will be admitted for two minutes, leaving you alone with Koch for three or four minutes to chat.

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2:30 PM

~~CONFIDENTIAL~~  
THE WHITE HOUSE

WASHINGTON

September 26, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: BARRY JAGODA *BJ*

SUBJECT: Meeting on Public Television -  
Tuesday, September 27, 1977 - 2:30 pm  
Cabinet Room (20 minutes)

This meeting is for staff to receive your reaction to the attached draft message, to respond to any questions you might have, and to make sure that the tone of the message adequately conveys your point of view.

Staff members only will be present.

No press coverage.

Attendees:

Stu Eizenstat  
Bo Cutter  
Barry Jagoda  
Steve Simmons (Policy Staff)  
Rick Neustadt (Policy Staff)  
Rick Hertzberg (Speechwriter)  
Frank Lloyd (Office of Telecommunications)  
Robert Sachs (Office of Telecommunications)

# # # # #

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THE WHITE HOUSE  
WASHINGTON

September 27, 1977

Bob Lipshutz

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been forwarded to Bob Linder for delivery tomorrow morning.

Rick Hutcheson

LETTER TO CHIEF JUSTICE BURGER

THE WHITE HOUSE  
WASHINGTON

September 27, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

Bob Lipshutz *BL*

SUBJECT:

Attached Letter to the Chief Justice

I recommend that you sign the attached letter  
and that it be hand delivered today or tomorrow  
morning.

THE WHITE HOUSE  
WASHINGTON

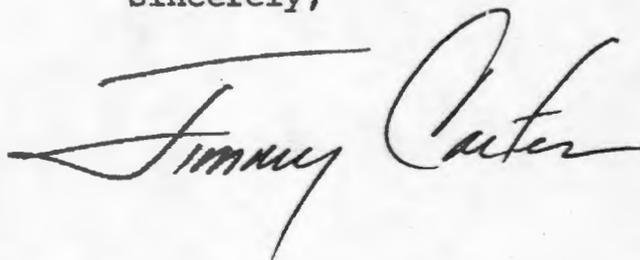
September 27, 1977

Dear Mr. Chief Justice:

Thank you for your letter informing me of the opening of the October 1977 term of the Supreme Court. Under your leadership the Court will, I am sure, have a productive session.

I look forward to meeting with you and the other Justices at the White House on Friday, September 30.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

The Honorable Warren E. Burger  
The Chief Justice of the United States  
Washington, D. C. 20543

THE WHITE HOUSE  
WASHINGTON

September 27, 1977

Hamilton Jordan

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

Rick Hutcheson

cc: Bob Lipshutz  
Frank Moore  
Jim King

RE: TENTH CIRCUIT COURT OF APPEALS  
(KANSAS VACANCY) -- JAMES LOGAN

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	
FYI	
	MONDALE
	COSTANZA
	EIZENSTAT
/	JORDAN
/	LIPSHUTZ
/	MOORE
	POWELL
	WATSON
	LANCE
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
/	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

September 26, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: HAMILTON JORDAN *H.J.*  
SUBJECT: Tenth Circuit Court of Appeals  
(Kansas Vacancy)

The Attorney General's recommendation for the Kansas Vacancy on the 10th Circuit is attached, as is a copy of the recommendations of the Tenth Circuit Judicial Nominating Commission. Of the three nominees listed by the Commission (in alphabetical order, as is customary), Judge Bell's first choice is James Logan.

Judge Bell's basis for the recommendation of James Logan is that both Prager and Logan are well qualified for the Court of Appeals, however Prager is already serving the state as a Justice of the Kansas Supreme Court. Judge Bell feels it would be better for the judicial system if Logan, who is 48, were appointed to this vacancy rather than Prager, who is 59. This would give more years of service to the state from both individuals.

Frank Moore, Bob Lipshutz and I concur in Judge Bell's assessment, and recommend you approve the nomination of James Logan for the Kansas vacancy, 10th Circuit. (As you will recall, you previously approved the nomination of Gunther McKay for the Utah vacancy on this Circuit.)

Attachment

APPROVE Logan                      ✓

APPROVE Prager                     

OTHER:                                     



**Electrostatic Copy Made  
for Preservation Purposes**



Office of the Attorney General  
Washington, D. C. 20530

MEMORANDUM TO THE PRESIDENT

RE: Tenth Circuit Court of Appeals, Kansas vacancy

Attached is a copy of the report of the Tenth Circuit Judicial Nominating Panel, along with resumes on the three individuals recommended to fill the Kansas vacancy in this Circuit.

At the request of Bob Lipshutz we have inquired of informed persons in Kansas and have been told that there are no women lawyers in the state who would be considered qualified. Congresswoman Keyes recommends Logan. Congressman Glickman recommends Elliott. We have reviewed the files and talked with a number of knowledgeable people. This is a close choice between Prager and Logan. Prager is 59 and a Justice of the Kansas Supreme Court. Logan is 48, a practicing lawyer and former Dean of the Kansas University Law School. Experience favors Prager. Length of probable service favors Logan. On balance I recommend Logan.

You will recall that I have previously sent to you a recommendation for the Utah vacancy in this Circuit, on which the Panel also was responsible for advising you.

*Griffin B. Bell*

---

Griffin B. Bell  
Attorney General

Attachments

United States Circuit Judge Nominating Commission

TENTH CIRCUIT PANEL

Please reply to:

Alfred M. Pence, Chairman  
P. O. Box 1285  
Laramie, Wyoming 82070  
307/745-3434

August 4, 1977

The President  
The White House  
Washington, D.C. 20530

Mr. President:

Pursuant to your letter of June 2, 1977, Executive Order #11972, and detailed instructions of the Associate Attorney General of the United States, as Chairman, I have caused the Panel of the Tenth Circuit, U.S. Circuit Judge Nominating Commission, to select a list of recommended nominees to fill existing vacancies on the Tenth U.S. Court of Appeals. Their names, addresses, and the vacancies to be filled follow.

From the state of Kansas to fill the vacancy created by the retirement of the Honorable Delmas C. Hill:

Jerry G. Elliott  
Foulston, Siefkin, Powers & Eberhardt  
700 Fourth Financial Center  
Broadway at Douglas  
Wichita, Kansas 67202

James K. Logan  
P. O. Box 151  
Olathe, Kansas 66061

David Prager  
Associate Justice - Supreme Court  
Statehouse  
Topeka, Kansas 66612

From the state of Utah to fill the vacancy created by the prospective retirement of the Honorable David T. Lewis:

Aldon J. Anderson  
U.S. District Judge - District of Utah  
U.S. Courthouse  
Salt Lake City, Utah 84101

Daniel L. Berman  
Berman & Giaque  
500 Kearns Building  
Salt Lake City, Utah 84101

Professor John J. Flynn  
College of Law  
University of Utah  
Salt Lake City, Utah 84112

Monroe G. McKay  
3804 North 650 East  
Provo, Utah 84601

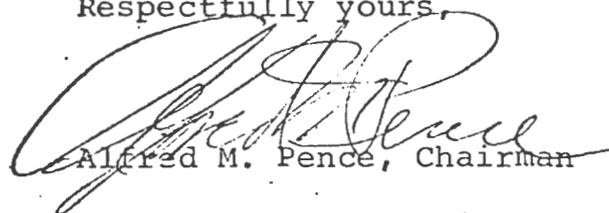
David K. Watkiss  
Watkiss & Campbell  
Twelfth Floor, 310 South Main St.  
Salt Lake City, Utah 84101

The list of persons above set forth, whom the Panel has had under consideration and by a majority vote deemed to be well qualified to be a federal appellate judge, and they are hereby, and each of them, recommended to you for consideration for that position.

You will observe that there are 5 names from the state of Utah to be considered to fill the vacancy created by the prospective retirement of the Honorable David T. Lewis, but that there are only 3 names from the state of Kansas to fill the vacancy which was created from the retirement of the Honorable Delmas C. Hill. It was the opinion, and a vote of the majority of the Panel, that there were not 5 applicants from the state of Kansas who were well qualified for the position of Circuit Judge.

We are transmitting herewith, for each of those persons above named, the completed questionnaire, together with all supporting documents.

Respectfully yours,



Alfred M. Pence, Chairman

Enc.

DAVID PRAGER

Born October 30, 1918, Fort Scott, Kansas, A.B. 1939, University of Kansas (honor roll every semester; Phi Beta Kappa); LL.B. 1942, University of Kansas (Order of the Coif; scholarship for academic achievement; there was no law review or moot court during those years).

Experience:

1946-1959:	Practice with firm of Rooney & Dickinson (later Rooney, Dickinson, Prager & Crow);
1959-1971:	Judge of the Fourth Division, Third Judicial District, Shawnee County, Kansas (trial court of general jurisdiction; first appointed, then elected and re-elected.)
1971-present:	Judge, Kansas Supreme Court (first appointed, then elected).

Comments:

Experienced trial and appellate lawyer with small town practice--i.e., divorce, contract, condemnation, personal injury and criminal cases. Tried over 700 cases before becoming a judge, 90% in state courts, 75% civil cases, 80% non-jury. Served as part-time lecturer of law at Washburn University Law School, Topeka, Kansas from 1948 to 1968. Democratic Precinct

Committeeman, 1952-58; Democratic candidate for Kansas House of Representatives, 1954; published a number of articles, principally in the Kansas Law Review. Has been very active in court administration and criminal justice. Has participated as a speaker in seminars on court administration, member of special committee of the Kansas Bar which drafted a proposed new judicial article for the Kansas constitution, member of Council of State Court Representatives since 1972, member of the Civil Code Committee of the Kansas Judicial Council which formulated new appellate rules for Kansas appellate courts. From 1967-1971, served as member of the Governor's Committee on Criminal Administration which was responsible for allocating LEAA funds; from 1970-present, served as chairman of the Governor's Penal Planning Council.

JAMES KENNETH LOGAN

Born August 21, 1929, Quenemo, Kansas, A.B. 1952, University of Kansas (Economics major, first all A graduate in history of college, awarded Rhodes Scholarship, 1952, but resigned before entering Oxford to be married and attend law school, Phi Beta Kappa, etc., etc.); LLB. 1955, Harvard Law School (magna cum laude, 8th in class of 401, Editor, Harvard Law Review, first prize for best brief in first year Ames Competition).

Experience:

1955-56:	Law clerk to Honorable Walter A. Huxman, Tenth Circuit;
1956-57:	Associate with law firm of Gibson, Dunn, & Crutcher, Los Angeles, California;
1957-1961:	Assistant Professor of Law, University of Kansas;
1961-68:	Dean of the Law School and Professor of Law, University of Kansas (during this time served as visiting professor of law at Harvard, Texas, Stanford and Michigan);
1968-present:	Partner, law firm of Payne & Jones, Olathe, Kansas.

Comments:

Has specialized in tax, corporate, estate planning and probate fields, both as a professor, where he gained a wide reputation in the field, and later as a practicing lawyer. Very little litigating experience, except in probate court, and very little trial experience. Appearances have been largely in state courts. Has served as Commissioner for Federal District Court in Kansas to hear land condemnation appeals and was also appointed by a federal district judge as an arbitrator in a major natural gas price dispute. Served as City Clerk of Quenemo, Kansas in 1944-45; elected twice as Democratic precinct committeeman in Douglas County, Kansas (1970) and Johnson County (1974); ran unsuccessfully for the Democratic nomination for United States Senator from Kansas in 1968. Also ran unsuccessfully in 1970 for position as chairman of the Kansas Supreme Court Nominating Commission, coming in second in a field of eight. Has almost 50 publications, including two books with various editions and supplements, and a 20-hour audio cassette course. As Dean of the University of Kansas Law School, he had responsibility for all major decisions of the school. Established school's first legal aid activities. Promoted and served as chief reporter and editor of first seminar for continuing education of Judges in Kansas. Personally did nearly all fund raising for the school. Active

member of American, Kansas, and Johnson County Bar Associations. Johnson County Pre-Convention Chairman for Jimmy Carter, 1976. Wife served as general election, third congressional district coordinator for Carter campaign.

JERRY G. ELLIOTT

Born November 25, 1936, Fort Scott, Kansas, A.B. 1958, University of Kansas (Major in Personnel Administration; Senior Men's Honorary; Dean's Honor Roll; numerous campus activities); LLB. 1964, University of Kansas (graduated with distinction; Order of the Coif; Note Editor, Kansas Law Review; Editor-in-Chief, Kansas Law Review for Fall, 1963, voted by the law faculty as the outstanding member of the graduating class, scholarships, etc.).

Experience:

1964-1966:	Law clerk to Honorable Wesley E. Brown, United States District Judge for the District of Kansas.
1966-present:	With firm of Foulston, Siefkin, Powers, & Eberhardt, Wichita, Kansas (partner since 1968).

Comments:

Primarily appellate work, but good trial experience. Has concentrated on defense work in personal injury, products liability and medical malpractice cases. Also general commercial law and creditors' rights. Practice has been 30% in federal courts and 70% in state courts; 98% civil and 2% criminal; 1% jury trials and 99% non-jury trials. Has published several articles in the Kansas Law Review. Has no formal teaching association but has conducted numerous seminars in appellate

practice for various groups and has participated in seminars on other subjects, including court reorganization and child abuse. Was on the board of trustees of the Legal Aid Society of Wichita from 1970 to 1977, during which time he held numerous offices on the board and participated in a consulting capacity in a number of public interest cases brought by the Society. Active member of Kansas Bar. Has served on the Board of Editors of the Bar Journal since 1968. Describes himself as non-political, states that he has never become deeply involved in partisan politics and if the selection process for circuit judge involves significant political considerations, he may not be "political" enough.

NOT FOR PUBLICATION UNTIL RELEASED BY  
THE SENATE FOREIGN RELATIONS COMMITTEE

STATEMENT OF  
THE HONORABLE HAROLD BROWN  
SECRETARY OF DEFENSE  
BEFORE THE  
SENATE FOREIGN RELATIONS COMMITTEE  
ON  
THE PANAMA CANAL TREATIES  
27 SEPTEMBER 1977

NOT FOR PUBLICATION UNTIL RELEASED BY  
THE SENATE FOREIGN RELATIONS COMMITTEE

Mr. Chairman and Members of the Committee;

Just over sixty-three years ago the first United States vessel crossed through the Panama Canal from one to the other of the two great oceans which border our country.

Let us strip the matter to its essentials. Your deliberations in this committee room today are vital. As much as any other factor, they will determine whether we can be confident that our ships of war and vessels of commerce will continue to use that important but fragile waterway during and beyond the last quarter of the twentieth century as they did in the first.

We have always been a practical people--proud of our history, but not sentimental; remembering where we have been, but oriented toward the future. You all are practical men or you would not hold the offices you do. In my judgment, the issues before you are practical ones, and it is in practical terms that I shall address them.

On September 7, 1977 the President signed two treaties affecting the operation and control of the Panama Canal. I am pleased to appear before you this morning with General George Brown, Chairman of the Joint

Chiefs of Staff, to state that the Department of Defense wholeheartedly and fully supports these treaties, and to explain why I believe they deserve our--and your--full support.

Quite properly, the focus of your deliberations must be on whether these treaties promote the national interest--and specifically the national security interest--of the United States. To help in answering that question, there are three points that I consider critical:

-- Use of the Canal is more important than ownership.

-- Efficient operation of the Canal in the years ahead is more important than nostalgia for a simpler past.

-- Ability to defend and control access to the Canal is essential.

But the issue is how that ability can best be assured--by a cooperative effort with a friendly Panama, or by a garrison amid hostile surroundings.

I have examined these issues personally and in detail. So have the Joint Chiefs of Staff. The Department of Defense has been fully involved in all stages of the drafting and negotiation of these treaties. Mr. Chairman, I believe, personally, and in the light of my responsibilities as Secretary of Defense, that these treaties fully serve, and greatly promote, our national security interests. The Joint Chiefs of Staff, as General Brown will tell you, share that assessment. These treaties deal with today's realities. They provide the security which we need for the future.

I see three elements which together make up our national security concerns relating to the Canal. These are:

First, unimpeded use;

Second, effective operation; and

Finally, physical security of the Canal.

These are our paramount objectives.

The first requirement includes free and unimpeded use of the Canal both by our Navy and by our merchant ships. Free use of the Canal is essential to assure optimum ability to shift our forces and materiel rapidly between the Atlantic and Pacific Oceans. That capability enhances our defense posture in both the European and Pacific regions.

The neutrality treaty--more formally, the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal--provides that the Canal shall be open permanently to all vessels of all nations. Moreover, it contains an important additional provision. The United States is given a preferred position with respect to use of the Canal, a position which no other country except Panama will enjoy: United States vessels of war, and the United States auxiliary fleet (important examples of which are oilers and supply ships) are guaranteed rapid transit through the Canal. This is so irrespective of the cargo they carry. These provisions assure us that the United States will remain able to use the Canal in timely fashion whenever military necessity dictates, just as we can today.

Our second national security requirement is that the Canal operate effectively. The Panama Canal treaty provides that during its term the United States will operate the Canal, with increasing participation of Panamanian managers and workers operating under the treaty terms according to U.S. laws and regulations. Thus, the United States can continue the present efficient operation of the Canal for many years to come, and the Panamanians will be in a position to operate it successfully when the treaty expires.

Our third national security requirement is that we must be able to defend the Canal from hostile acts. Our armed forces now control, and they will continue to control with overwhelming forces, the sea approaches to the Canal, on both the Pacific and Caribbean ends. This is not affected by the treaty.

The treaty goes even further, however. It states unequivocally that during the life of the treaty, the United States armed forces shall enjoy the right and the primary responsibility to defend the Canal itself. It further provides that during that period the United States may station, train, and support units of our armed forces in Panama, and that the United States will decide unilaterally whether and how to modify the force levels we maintain there. All key military bases and training areas which we now operate in the Canal Zone will remain under U.S. control.

When the Panama Canal treaty expires, as the year 2000 dawns, the neutrality treaty provides that U.S. and Panama are to maintain jointly the permanent neutrality of the Canal, and that no troops other than Panamanian may be stationed in Panama. The United States is also made a guarantor of the neutrality of the Canal. In that capacity, we have the right to take appropriate measures to enforce this guarantee. In my judgment, these provisions ensure that the United States' ability and unilateral right to defend the Canal against any external threat remain unimpaired.

There is another aspect of the third national security requirement--ability to defend the Canal from hostile acts--which cannot be ignored. Such hostile acts might not be external. If Panama and other Latin American countries, or major elements of the Panamanian population, became hostile to the United States, then protecting the Canal against internal threats, terrorism, and guerrilla actions would become much more difficult. Such occurrences are far less likely under the new treaty than they would be if the long unsettled status quo were to continue. The treaty is a gauge of our good faith, toward Panama and all of Latin America. It also provides Panama with a tangible stake in the continued effective operation of the Canal. Further, the treaty contemplates a combined defense agreement between the United States and Panama as a result of which Panama's armed forces will be able to protect the Canal against threats from within

Panama more effectively than they can at present. Nothing in life, and still less in international life, is certain. But all these elements should add to the real security of the Canal, and make its availability for United States use much more sure than any alternative course of action.

As I see it, and I do not think anyone with national security responsibilities disagrees, the Panama Canal will, for the foreseeable future, be an important defense artery for the United States. The treaties which you are examining provide real security, not paper claims. They offer the firmest and most practical guarantees obtainable that the Canal will remain operational, secure, and available to the United States.

The Canal was built for shipping, not slogans. We seek to guarantee transit of vessels, not theoretical claims of title. These goals we have sought, as I said at the beginning, are practical. The issues before you are practical ones. Our negotiations have obtained instruments which--more certainly than thousands of forces and their armaments on the spot--will assure those practical objectives for generations to come. I am convinced that approval of these treaties will best provide for our national security.

I would be happy now to answer any questions you may have.

THE WHITE HOUSE  
WASHINGTON

September 27, 1977

Stu Eizenstat  
Frank Moore

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

Rick Hutcheson

RE: TIMING OF TAX REFORM

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
\	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
\		EIZENSTAT
		JORDAN
		LIPSHUTZ
\		MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

September 26, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

FRANK MOORE  
STU EIZENSTAT

SUBJECT: Timing of Tax Reform

As you know, the Vice President, Senator Byrd, Senator Long and Speaker O'Neill have urged you to postpone announcement of the tax reform proposals at least until the Senate has completed the energy bill, but preferably after the energy conference has been completed. Secretary Blumenthal and Congressman Ullman have requested, on the other hand, that you announce the package early in October, in order to permit the Ways and Means Committee to hold hearings this session, with final hearings then being completed in January.

Our feeling is that the proposals should be postponed until shortly before Congress leaves this year. While we recognize the importance of expeditious action on tax reform, we are not convinced that delaying several weeks this year will critically affect passage next year. In our view, if tax reform is one of the Administration's major initiatives next year, and if we refuse to sever the reductions from the reforms, Congress is certain to act before it leaves for the elections. However, we do recognize the importance of early hearings by the Ways and Means Committee, and feel that Congressman Ullman should be encouraged to both hold hearings during the recess and during the first several weeks in January.

Larry Woodworth has spoken with Congressman Ullman today about this subject. The Congressman indicated that if the proposals were announced on the 15th of October, he might hold some hearings between the 16th and 21st (when Secretary Blumenthal leaves the country). But he gave no firm commitment to do so, nor did he state that he would be able to complete his hearings by the end of January.

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for Preservation Purposes

We recommend that you call Congressman Ullman about the timing of the tax proposals, explain to him the need to postpone announcement until action on the energy bill has been completed and ask that he hold hearings during the recess and in early January (before Congress officially returns). Larry feels, and we agree, that Ullman needs and wants a clear indication from you of the importance of delaying the tax reform announcement and of completing hearings by January.

THE WHITE HOUSE  
WASHINGTON

September 27, 1977

Jim Fallows

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

Rick Hutcheson

RE: TRIBUTE TO MARTIN LUTHER  
KING, SR.

THE PRESIDENT HAS

THE WHITE HOUSE

WASHINGTON

September 26, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS *JF*

SUBJECT: Tribute to Daddy King

*Jim - Read  
my Zion Church  
remarks - This  
statement is almost  
100% negative - more  
to positive - Resubmit  
(today?)  
J. C.*

On October 12, Martin Luther King Sr. will be honored in New York at the first annual fundraising dinner for the Martin Luther King Center for Social Change. The Vice President will speak at that dinner.

Coretta King called Stu today to ask if you would submit a statement for a book of tributes to Daddy King. Achsah drafted this statement for your approval. They are holding the presses for your statement, so we would be grateful if you could look at this soon.

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Tribute to Dr. Martin Luther King Sr.

Martin Luther King Sr. has known glory, honor, grief and loneliness in full measure. A sharecropper's son, he has felt the pain of a beating for being "uppity" to a white man and the pride of seeing the son who carried his name and his dream honored by kings and presidents. The world shared his anguish when his son's great work was cut short. When his wife, Alberta, who sustained him through all the public struggles and private losses, died as she played the organ at Ebenezer, it seemed too much for one man to bear. } no

The Bible assures us that God gives His people strength in proportion to our burdens. Through it all, Daddy King has remained an inspiration to all who are called upon to test that promise.

# # #

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THE WHITE HOUSE  
WASHINGTON

September 27, 1977

Bob Lipshutz

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

Rick Hutcheson

RE: LETTER TO SENS. MAGNUSON AND  
PEARSON RE FBI SUMMARY REPORT  
ON PRESIDENTIAL NOMINEES

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
\	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
\		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

September 24, 1977

For: President Carter

From: Bob Lipshutz



For your information.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

September 23, 1977

sh  
J

Dear Senators Magnuson and Pearson:

The President has asked that I respond to your letter requesting that the Administration submit to the Committee on Commerce, Science and Transportation a copy of the FBI summary reports which are received by the White House on all Presidential nominees.

The President approves of the criteria which you feel an individual nominated for appointment to an Executive branch position or regulatory post requiring Senate confirmation must possess in order to be confirmed by the Committee.

We have studied your request for the FBI files at some length. We consider your request a serious one, with potentially significant ramifications for prospective nominees. Presently, I, or a member of my staff, read the background summaries submitted by the FBI on each potential nominee before the nomination is forwarded to the Senate. No name is sent to the Senate as a nominee, unless the office of Counsel to the President is satisfied with the report of the FBI.

We are extremely reluctant to allow FBI reports to be read by others; they represent a significant intrusion into any nominee's privacy. To date, the policy of this Administration, like others, has been not to submit FBI reports to the Senate, except on special occasions.

The Bert Lance hearing before the Senate Governmental Affairs Committee has understandably increased Senate committee interest in FBI files. It is my understanding that resolutions will be introduced in the Senate which may require transmission of FBI files to the Senate or establish other procedures for independent Senate investigations of a nominee. While this matter is debated in the Senate, I propose to pursue the following procedure.

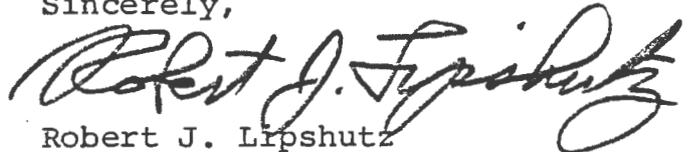
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for Preservation Purposes**

When the Chairman of a Senate committee having jurisdiction over a nominee requests access to the nominee's FBI file, I or a member of my staff will bring the file to the office of the Committee Chairman or Ranking Minority Member. The file may then be read in my or my designee's presence by the Chairman and Ranking Minority Member and then shall be returned to my office. No copying of FBI files will be permitted, nor will access to the file by Committee staff members be permitted.

It is my hope that Committees will request access to the files only when they have reason to believe that there is adverse or controversial material in the file. For my part, I will suggest to the Committee Chairmen that the Committee request access to a file in any instance where I believe adverse or controversial information is contained in the FBI file.

I hope that you will find this procedure satisfactory.

Sincerely,



Robert J. Lipshutz  
Counsel to the President

The Honorable Warren G. Magnuson  
Chairman

The Honorable James B. Pearson  
Ranking Minority Member

United States Senate  
Committee on Commerce, Science,  
and Transportation  
Washington, D.C. 20510

THE WHITE HOUSE  
WASHINGTON

September 27, 1977

Jim Fallows

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

Rick Hutcheson

cc: Bunny Mitchell

RE: TRIBUTE TO MARTIN LUTHER  
KING, SR.

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION  
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
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/	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
/	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

MEMORANDUM FOR THE PRESIDENT

THE WHITE HOUSE

WASHINGTON

September 27, 1977

*ok  
JC*

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS

SUBJECT: Martin Luther King Sr. Tribute

Here's a re-draft of the Martin Luther King Sr. Tribute.

Electrostatic Copy Made  
for Preservation Purpose:8

1

MARTIN LUTHER KING SR. TRIBUTE

Martin Luther King Sr. walked the 20 miles to Atlanta as a young man seeking opportunities not available to a sharecropper's son. It was the first of a long series of walks that would bring his family ridicule, imprisonment and death as well as fame, honor and admiration that spread around the world. Armed only with courage and a sense of moral justice, Martin Luther King, Jr. would lead his people in a non-violent revolution that turned our world upside down -- or more accurately, right-side up. In an age of technology and speed their main weapon, besides love, was each individual's own two legs. They stood in silent vigil, they knelt in prayer, they marched. They changed the conscience and the consciousness of the world, the habits and attitudes and customs and mistakes of a great nation.

If a man is judged by two standards -- how well he did his own work and how well he met the responsibility for nurturing and inspiring his children -- then Dr. Martin Luther King Sr. is twice successful. He has known glory and honor and grief and disappointment in full measure. The Bible assures us God gives His people strength in proportion to our burdens. Through joy and sorrow, triumph and desolation, Daddy King has remained an inspiration to all who are called upon to test that promise.

Had he not been my friend, I might never have been President. I cherish that friendship, and I'm grateful

for the opportunity to work with him and you to make his son's great dream a reality for every American, that black and white, we all may be "free at last."

# # #

THE WHITE HOUSE  
WASHINGTON

September 27, 1977

Stu Eizenstat

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

Rick Hutcheson

RE: TO SAVE A CITY - CONG. H.S.  
REUSS

[COMMITTEE PRINT]

*Stu - This is  
very good. Use  
it JC*

TO SAVE A CITY  
Congressman HENRY S. REUSS

---

SUBCOMMITTEE ON THE CITY  
OF THE  
COMMITTEE ON  
BANKING, FINANCE AND URBAN AFFAIRS  
HOUSE OF REPRESENTATIVES  
95th Congress, First Session



SEPTEMBER 1977

Printed for the use of the  
Committee on Banking, Finance and Urban Affairs

This report has not been officially adopted by the Subcommittee on the  
City and may not therefore necessarily reflect the views of its members.

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U.S. GOVERNMENT PRINTING OFFICE

95-585

WASHINGTON : 1977