

9/7/78

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 9/7/78;
Container 90

To See Complete Finding Aid:

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

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Harold Brown to Pres. Carter, w/attachments. 3 pp., re:Defense Summary	9/1/78	A
Memo	Jordan & Moore to Pres. Carter, 2 pp., re:update on Mtgs. w/constituen groups <i>open 10/4/96</i>	9/6/78	A
Memo	Vice-Pres. Mondale to Pres. Carter, w/attachments 4 pp., re:Vatican/Rome trip rpt.	9/7/78	A
Memo	Charles Schultz to Pres. Carter, w/attachments 3 pp., re:Producer Prices	9/7/78	A

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential Handwriting File, 9/7/78 Box 101

RESTRICTION CODES

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

CONFIDENTIAL

September 6, 1978

TO: PRESIDENT CARTER
FROM: HAMILTON JORDAN AND FRANK MOORE *HJ FM*
RE: UPDATE ON MEETINGS/BRIEFINGS WITH CONSTITUENT
GROUPS

Follow-Up

We have contacted over 90% of the people who attended briefings on the natural gas bill over the past two weeks and given them specific assignments. We are hearing back from these people and their efforts are beginning to be felt on the Hill.

Meetings Scheduled This Week

Tuesday, September 5. Meeting with Aspen Institute Leaders on Energy - headed by Dr. John Sawhill.

Administration Participants: Vice-President and Schlesinger

Result: Endorsement of the natural gas bill by group

Thursday, September 7. Meeting with Senators.

Administration Participants: Vice-President, Miller and Schlesinger.

Attendees: Approximately ten Senators targeted by Frank Moore and his staff.

Thursday, September 7. Meeting with Chief Executive Officers of major U.S. corporations.

Administration Participants: Schlesinger, Chairman Miller and Bob Strauss

Attendees: Approximately 40 chief executive officers from the largest major corporations.

Friday, September 8. Meeting with Senators. - *Byrd's office*

~~Administration Participants: Vice-President, Schlesinger and Chairman Miller.~~

~~Attendees: Approximately ten Senators targeted by Frank Moore and his staff~~

Friday, September 8. Meeting with Washington Lobbyists.

Administration Participants: Vice-President, Schlesinger and Strauss

Attendees: Approximately 100 representatives of various companies and trade organizations.

THE WHITE HOUSE
WASHINGTON

September 4 1978

Jerry Rafshoon

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

Rick Hutcheson

cc: Hamilton Jordan
Jody Powell
Stu Eizenstat

THE WHITE HOUSE
WASHINGTON

September 1, 1978

Jerry
ok
J

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON *JR*

SUBJECT: INFLATION

It is impossible to overestimate the importance of the inflation issue to your Presidency. It affects every American in a very palpable way. It causes insecurity and anxiety. It threatens the American Dream. (See attachments)

The American people want a President who is "in control." I believe they are still positively disposed towards you and are more than willing to support you if they can see evidence that you are that President "in control." It is on the issue of inflation that that evidence will be most impressive to them. Unfortunately, the inverse is also true - a failure to demonstrate some control over inflation will make it very difficult for most Americans to be enthusiastic about your Presidency. ~~_____~~
~~_____~~

For these reasons I endorse the toughest anti-inflation program (short of wage-price controls) among the options which will be given to you. I support specific guidelines (7% for wages) procurement penalties, strict regulatory review, an early announcement of a low 1980 budget ceiling, a federal hiring freeze, and, in the next session of Congress, consideration of TIP, Social Security postponement, minimum wage postponement, trucking deregulation and, in short, whatever else can responsibly be done. It would be difficult to err on the side of too tough a program.

However (and this is the real point of the memo), doing these things will not be easy. You will be casting down the gauntlet with George Meany - if not the whole labor leadership. The business community won't be happy either.

The Harris Survey

Inflation No. 1 Issue, Key Test for Carter

By Louis Harris

Inflation has become the dominant issue in this year's elections and is now the single most important key as to whether President Carter can come back from his poor showing in the polls.

The number of Americans who now say that prices are rising faster than a year ago has gone up to 74 percent; 46 percent held this view last summer. Over the past 12 months, Carter's rating on his handling of the economy has dropped from 54 to 39 percent negative to 80 to 16 percent negative. On his handling of inflation, he receives 84 to 12 percent negative marks.

People are so worried about the unchecked spiraling of the prices of products that, by 54 to 24 percent, they expect the country to be in a recession next year, the first time since 1975 that a majority has felt that another recession was on the way.

By contrast, public pessimism about unemployment has abated somewhat; for the first time in more than a year, more people think joblessness is decreasing in their area than it is increasing. The results of a recent Harris poll of 1,238 adults nationwide show that, by 58 to 30 percent, Americans find rising prices a more serious problem than unemployment. As recently as March 1975, 44 percent gave top priority to unemployment.

Perhaps the single most important key to the public mood about inflation is the community of interest it has created across the country, based on the conclusion that people can't beat inflation as individuals.

When given a choice between "a pay increase lower than the rise in the cost of living but with some assurance that the cost of living were being brought under control" and "a pay increase higher than the cost of living but with no assurance that the cost of living were being brought under control," the public now opts—68 to 24 percent—for a lower hike in pay. This is an increase from the 54 to 32 percent recorded in February. In explaining this preference, most people feel they gain nothing by receiving a pay increase if they then immediately find that its effects have been negated at the supermarket by commensurate price increases.

The most popular approach to controlling inflation in the country today in the minds of the public and the political leadership can be found in putting teeth into guidelines that would give tax advantages to companies and employees who agree to price and pay increases of no more than 6 percent, but who would suffer extra tax levies on pay and price hikes of more than 6 percent.

© 1978, The Chicago Tribune

Hobart Rowen

What Will They Do About Inflation?

There should no longer be doubt that the White House has belatedly shed its complacency about the decline of the U.S. dollar. To avoid a potential money panic, President Carter is now considering steps, including wage-price guidelines, that a few weeks ago were rejected out of hand.

"The president is determined to do whatever is sensible and sound," says one of his closest advisers. "We'll look at the full range of [anti-inflation] possibilities, with the single exception of mandatory wage and price controls. That's out."

That's a big change from former policy, as expressed as recently as the mid-July Bonn summit. There, Carter was still serving up his weak proposals of last April as adequate to handle the inflation problem in the United States.

What has happened since then is a classic lesson in how quickly and dramatically government policy can adapt to events. The collapse of the dollar (itself a commentary on the Bonn summit) forced the Federal Reserve to push interest rates to a level earlier considered intolerable by the Carter White House. Carter didn't want to face an international monetary crisis in which an emergency meeting of big powers would have to be arranged to pick up the pieces.

White House economists and staff members had kept up a steady drumbeat against a restrictive monetary policy. They barely shielded their conviction that Fed Chairman G. William Miller's conservative attitude was too reminiscent of Arthur F. Burns.

But the Fed's August move to boost the discount rate came complete with a supporting statement by White House Press Secretary Jody Powell to the effect that "the administration fully understands the reason for this action."

In plain terms the administration concluded that it was better to risk a sluggish economy next year, with a growth rate of perhaps 3 percent or less, than a plunging dollar that would force OPEC to raise prices—or worse, price oil in some currency other than dollars.

That would be the worst kind of "no confidence" vote in the dollar, because the oil producers—especially Saudi Arabia—have enormous sums invested in dollars. If the cartel refused to take U.S. currency for new oil sales, it could have triggered a panicky flight from the dollar.

It made good sense, therefore, when Treasury Secretary W. Michael Blumenthal dropped everything to fly down

to Disney World in Florida Aug. 19 to reassure the Saudi Minister of Finance. Blumenthal's explanations of Carter's new commitment to dollar support were enough to win a public restatement of confidence in the dollar by Prince Fahd.

So far, both the Federal Reserve and the Treasury have taken a number of financial steps designed to stop the dollar's free fall. But apart from the interest-rate hike, they are mostly warmed-over ideas from earlier rescue operations—at best, a stopgap.

"They all help for the moment," says an astute New York market man, "but everybody's waiting for the big one: What is going to be done about inflation?" If that proves disappointing, market observers are unanimous in predicting that the dollar will take a new nose dive.

The dollar's fragility was demonstrated anew when the government's carefully contrived steps to support the price were washed away by a bigger-than-expected trade deficit for the month of July.

The administration had been focusing, until now, on an end-of-year target for defusing a new round of 10 percent wage increases in 1979.

Under the direction of inflation fighter Robert S. Strauss, the timetable has been advanced, and the sense of urgency has been lifted. The administration would like to have a believable, substantive anti-inflation program outlined before the international money men arrive in town for the Sept. 24-28 meeting of the International Monetary Fund.

Key officials, including Fed Chairman Miller, are coming to the conclusion that asking labor and management to "decelerate" their increases isn't enough. A numerical guideline is what's needed, according to the present thinking.

The biggest roadblock to guidelines is, of course, George Meany, the irascible AFL-CIO president whose intervention in the postal-wage dispute has Carter types sputtering. Meany thinks guidelines could not be fair and would likely hurt labor.

But every indication from the polls is that American citizens, including American union members, would rather have some kind of controls than suffer from ever higher prices that erode their real standard of living. Carter may ultimately have to appeal over Meany's head to the better sense of his rank and file.

THE WHITE HOUSE
WASHINGTON

Mr. President: 9/6/78

Frank Moore called and asked that I pass on the message that Sen. Baker is gone on the gas bill due to Sec. Schlesinger's letter to Sen. McClure on the Clinch River reactor.

Phil

9

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

EYES ONLY

September 6, 1978

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze ^{CLS}
Subject: Business Investment Plans

The Commerce Department will release tomorrow (Thursday, September 7) at 9:30 a.m., the results of its latest survey of business plans for plant and equipment spending in 1978. This survey, taken in late July and August, indicates a planned increase in capital spending of 12.3 percent in 1978. This is 1 percentage point more than the increase indicated in the previous survey, taken in late April and May.

This is a relatively small upward revision, and it reflects higher expenditures in the second quarter than had been expected in the prior survey. The increase in planned expenditures for the latter half of this year was not increased.

This survey result is consistent with our current forecast. Measured on a fourth quarter to fourth quarter basis (rather than year over year), the planned rise in capital expenditures in dollar terms is 15 percent. This would translate to a real increase of 7 to 8 percent. Our current forecast assumes a 7-3/4 percent rise.

The results of this survey are moderately encouraging. Recently, some other indicators of business investment spending have suggested that a significant weakness in this important category of expenditures might be on the horizon. The rate of growth in business capital outlays seems likely to slow somewhat in 1979, but there is nothing in the current survey to indicate a major weakening.

Neither of these things should dissuade you in the slightest.
The only people you'll have with you will be the ones who
elected you in the first place. (You will also have over-
whelming editorial support.)

There are some real risks involved and they should not be underestimated. No one can foresee with total clarity how any of these actions will play. But these are risks you should take. This is a leadership issue of the highest order.

If you go with a very strong program I believe that you should announce it during a half-hour fireside chat around September 18th. We cannot afford to wait until October. The public perception is that we've stalled too long. Fifteen minutes should be devoted to "educating" the public about the causes and intransigence of inflation (we should not try to pass the buck or escape blame and we must avoid unrealistic expectations). The rest of the time should be devoted to a description of the program broken into three parts: executive action in the public sector; the private sector approach; vague reference to further actions of the legislative nature in the next session if they are deemed necessary.

This would be followed the next day by an appearance before the Steelworkers at which you could ask the support of rank-and-file labor for this program but make no apologies for it. You have a Sperling Breakfast tentatively scheduled for the 20th which would be a good opportunity to expand on the major themes.

I am not concerned that all this comes so quickly on the heels of the Summit. Regardless of how that has turned out this strong follow-up on a domestic issue will be advantageous.

THE WHITE HOUSE
WASHINGTON

September 6, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *FM*

NATURAL GAS

At the present time, Senator Byrd is negotiating with Senator Metzenbaum on an agreement to bring up the natural gas bill Friday with an up or down vote on recommittal on Wednesday, September 13.

Senator Byrd will try to preserve an option to offer a motion to table the motion to recommit. The vote count shows us with 48 or 49 supporters (either + or L+) with an opposition of about 30 on recommittal. Some of our supporters need to be rechecked, but Byrd's quiet assurance on this risky maneuver leads us to believe he has private assurances and information unavailable to the rest of us.

We are working hard Senator to Senator, Administration officials to Senators, and outside group calls to Senators. We will keep you informed as this develops.

CIVIL SERVICE REFORM

The Speaker intends to put up civil service reform after the wiretap bill tomorrow and will keep the House in session until it is finished--regardless of time. He hopes to finish it very late tomorrow night.

The Vice President and I met with Cong. Bill Clay today; I later met with Cong. Bill Ford (D-Mich); and, Scotty Campbell later met with Cong. Mo Udall, Ford and Clay. There is a 90% chance that Clay will be on board the train when it leaves the station. If so, things should go smoothly. If not, the train leaves anyway.

CIVIL SERVICE REFORM (continued)

Clay's active support may require a letter from you reconfirming your enthusiasm for the Hatch Act next year.

DEPARTMENT OF DEFENSE OVERRIDE

Cong. Mahon, Burlison (D-Mo) and Nedzi (D-Mich) will speak in our favor. Jim Wright will not because of the looming veto on public works. We have checked and re-checked, and we slipped a few votes--but none of our hard-core.

We should have a victory on this by 11:00 a.m. tomorrow (Thursday).

THE WHITE HOUSE

WASHINGTON

September 6, 1978

C
/

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR FRANK MOORE, TIM KRAFT, HAMILTON JORDAN

FROM

Jim Free *J.F.*

Subject

The Alabama Primary

The Alabama primary had some interesting and unexpected results. The run-off in the governor's race will be between former Auburn football star Fob James and Alabama Attorney General Bill Baxley. James, who served on the State Republican Executive Committee just two years ago, is obviously not a strong Democrat. However, his campaign manager Jack Miller, formerly with the FDIC and Senator Sparkman is a good Democrat. Herkie Harris claims that Miller will keep James loyal. James used Memphis media expert Deloss Walker on his campaign and spent over 3 million dollars. Baxley is our friend but it looks tough for him to overcome James.

The Sparkman Senate seat was forecasted to be a close race between former Supreme Court Justice Hal Heflin and Congressman Walter Flowers. As it turned out, Heflin beat Flowers soundly; with 81% of the vote in -- Heflin had 43% and Flowers had 35%. Flowers blew up on statewide T.V. election night, and really acted irrational over his defeat. It appears there will be a run-off but all the odds are on a Heflin victory.

Mrs. Allen was predicted to win without a run-off but it didn't happen. Her rather controversial interview in the Washington Post which was reprinted all over Alabama caused her real problems. With 80% of the vote in, Mrs. Allen has 243,000 to 194,000 for State Senator Don Steward. There will be a run-off and its a horse race.

[COMMITTEE PRINT]

1

REPORT
OF THE
SPECIAL COMMITTEE ON
SOUTHEAST ASIA

HOUSE OF REPRESENTATIVES
NINETY-FIFTH CONGRESS
SECOND SESSION



SEPTEMBER 7, 1978

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1978

33-136 O

SPECIAL COMMITTEE ON SOUTHEAST ASIA

G. V. MONTGOMERY, Democrat, Mississippi, *Chairman*

GEORGE DANIELSON, California

JAMES BROYHILL, North Carolina

ANTONIO WON PAT, Guam

HENSON MOORE, Louisiana

JOHN P. MURTHA, Pennsylvania

SAM B. HALL, Texas

IKE SKELTON, Missouri

HILTON R. VANCE, *Staff Director*

FRANCES M. BURNETT, *Assistant Staff Director*

BILLIE GAY LARSON, *Staff Assistant*

(II)

G. V. "SONNY" MONTGOMERY
1st District, Mississippi

1317 BAYVIEW HOUSE OFFICE BUILDING
JACKSON, MISSISSIPPI 39201

CONTACT OFFICE:
MEMPHIS, MISSISSIPPI 38101
Area Code (901) 493-4441

Congress of the United States

House of Representatives

Washington, D.C. 20515

September 7, 1978

COMMITTEE
ARMED SERVICES
VETERANS' AFFAIRS
ADMINISTRATIVE ASSISTANT
JACK VANCE

The Honorable Thomas O'Neill
The Speaker
House of Representatives
H-205 Capitol
Washington, D. C. 20515

Dear Mr. Speaker:

On behalf of the members of the Special Committee on Southeast Asia appointed by you on August 16, we are transmitting to the House of Representatives a copy of the Committee's final report. The statements and recommendations included in this report are the result of our study of Southeast Asian matters, our own observations, as well as in-depth talks and discussions with high-ranking officials in the countries of Vietnam and Laos.

We believe that the trip was beneficial and necessary and feel that the information we brought back will be most helpful to our Government.

We appreciate your assistance as well as that of the other individuals directly involved in our efforts.

Sincerely,

JAMES T. BROYHILL
Ranking Minority Member

G. V. MONTGOMERY
Chairman

(III)

INTRODUCTION

In response to the invitation of the Vietnamese Vice Minister of Foreign Affairs, Phan Hien, a congressional delegation travelled to Vietnam and Laos during the period of August 18 to 28. Appointed by the Speaker of the House of Representatives, the delegation consisted of eight members: G. V. Montgomery (D-Miss.), George Danielson (D-Calif.), Antonio Won Pat (D-Guam), John Murtha (D-Pa.), Sam Hall (D-Tex.), Ike Skelton (D-Mo.), James Broyhill (R-N.C.), and Henson Moore (R-La.).

The group prepared in advance to seek additional information about servicemen listed as missing in action and to receive views from Southeast Asian officials pertaining to matters of our mutual interest. The committee was, of course, not authorized to negotiate on behalf of the United States Government.

Prior to its departure on August 18, the group met with representatives of the Department of State, the Central Intelligence Agency, and individuals who had recently visited in these countries. From these meetings, the members received background material on the MIA issue, as well as available information on existing conditions and relations with Vietnam and Laos.

The group visited the Joint Casualty Resolution Center in Honolulu and was briefed on the ongoing work identifying remains. Admiral Maurice Weisner, Commander-in-Chief, Pacific, arranged for a briefing on Southeast Asian matters which was presented by CINCPAC officials, also in Honolulu.

During the stopover in Manila, Philippines, Ambassador Richard W. Murphy briefed the delegation on United States relations with the Philippine Government including the future of U.S. military bases in that country.

During the course of its stay in Vietnam, the delegation met with Prime Minister Pham Van Dong, Vice Minister Phan Hien on two occasions, Mr. Vu Hoang, Director of Consular Affairs and their specialist in MIA matters, and Mr. Xuan Thuy, Vice Chairman of the National Assembly.

Other officials who participated in the meetings with Vice Minister Phan Hien were: Mr. Ngo Dien, Assistant to the Minister of Foreign Affairs for Press Relations; Mr. Tran Quang Co, Director of the North American Department, Ministry of Foreign Affairs; and Mr. Vu Song, Senior Official, Ministry of Foreign Affairs.

To provide additional background information on conditions in Vietnam, individual members of the group toured a hospital, a factory, a refugee center, and an orphanage, after our arrival in that country.

While in Laos, meetings with Mr. Khamphay Boupha, the Acting Minister of Foreign Affairs, H. E. Phoumi Vongvichit, Deputy Prime Minister and Minister of Education, and Mr. Kham Pason Chou Nlamany, Director, Department No. 2, Ministry of Foreign Affairs, were held.

A number of American officials, as well as officials of other countries, with whom the delegation had contact expressed the feeling that the far eastern part of the Pacific was becoming a "forgotten area." They indicated that the United States seems to be overconcentrating its interests and efforts in other areas of the world, particularly in Europe and the Mideast.

The results of the mission and the delegation's findings are presented in this report and it is hoped that they will be useful to the Government and the people of the United States and will provide a basis for understanding our relations with the Southeast Asian nations.

The delegation wishes to express its thanks and appreciation for the full cooperation and assistance given by the Department of State and Department of Defense without which the mission could not have been accomplished.

Some members of the committee will issue statements including additional views.

MISSING IN ACTION IN VIETNAM

A large amount of the time of the committee was spent working on the MIA issue with Vice Minister Phan Hien and Mr. Vu Hoang, Chairman of the Missing Persons Search Committee in Vietnam. Mr. Phan Hien announced at our first meeting in Hanoi that the Vietnamese search group had recovered 11 more American remains. He was emphatic in stating that all American POW's were turned over to the United States at the end of the war and that none were now being held. Prime Minister Pham Van Dong also denied that American POW's were being held in Vietnam. Our discussions with United Nations representatives, church groups, and the International Red Cross officials in Southeast Asia revealed it was their feeling that no Americans are being held captive in Vietnam or Laos.

The technical help and information gathered by the Vietnamese search personnel at the Identification Laboratory in Honolulu was instrumental in recovery of the 11 remains. Mr. Vu Hoang explained that the search for remains is getting more difficult because of the time span and the location of the crash sites. He further explained that most of the sites in the fields have been investigated and the sites in sparsely populated mountains and in jungles are very difficult to find.

Mr. Vu Hoang also stated that search teams are being organized for South Vietnam. He went on to say that the entire search effort is made more difficult because of the danger of unexploded mines and ordnance and that it is difficult to persuade citizens to continue to search.

We are still recovering American remains from World War II and it seems that the same thing will take place in Vietnam. It is a slow process and will take years. Only a small number of those missing might be recovered because of time, terrain, climate and losses at sea.

The delegation delivered to Mr. Vu Hoang 20 files relative to 37 missing individuals, including maps marking the crash sites. Mr. Vu Hoang stated that this additional information would be helpful in continuing the search and that future discoveries or information would be passed on to the United States Government. The question was asked whether international search teams would be allowed to come into the country and the response was in the negative.

The committee asked Mr. Phan Hien to permit representatives of MIA families to visit Hanoi to meet and talk with Vietnamese MIA officials. Mr. Hien said that he would certainly take the matter up with the Prime Minister. The committee strongly urged that this group be permitted to visit Vietnam.

The committee agrees with the conclusions of the House Select Committee on Missing Persons in Southeast Asia and the findings of the Woodcock Commission that no Americans who fought in Vietnam are being held as captives. With regard to those Americans still listed as missing in action or prisoners of war, the committee also endorses the prior recommendation that the Department of Defense should, in the best interest of the families and the American people, proceed expeditiously with status change.

MISSING IN ACTION IN LAOS

The committee feels that the Lao Government's efforts in asking villagers to look for crash sites and turn over any remains recovered is a breakthrough in our previous attempts to gain information from Laos about servicemen still listed as missing in action whose remains may yet be found. The turning over of four remains to our committee can be seen as a humanitarian gesture.

It was indicated that as villagers report any information to Vientiane in the future, it will be turned over to our Government through the embassy in Vientiane. However, many factors make the recovery of remains very difficult—terrain, lack of roads, wild animals and sparseness of the population in many areas.

Lao officials indicated that unexploded bombs and other ordnance was a serious problem in their farm areas and was a deterrent in the search for remains. They said over 50 of their people had been killed by explosions of these items. Those officials requested assistance in the form of equipment to rid the areas of bombs and other ordnance but showed reluctance in considering assistance in the form of bomb disposal technicians. They were advised their request would be passed on to the Departments of State and Defense.

The Acting Prime Minister told the committee that no Americans are being held as prisoners of war and that all prisoners were released in 1973.

The committee suggested that it would be helpful to the Lao Government to send a group to the Joint Casualty Resolution Center in Honolulu as the Vietnamese had done. In addition, we informed them that the Vietnamese had indicated they would give technical assistance or other help to the Lao in searching for MIA's if it were requested.

To assist them in their future efforts, the committee left 10 files including crash sites and maps of exact locations where 25 men were downed. It is hoped that this information will be helpful in recovering more remains.

RECOVERY OF REMAINS

The committee feels that the recovery of remains by countries in Southeast Asia is a humanitarian issue and should never be linked with other matters between the United States and the Vietnamese and Lao.

The committee also believes that Vietnam and Laos are making efforts to recover remains.

Henceforth, it would be appropriate that the return of remains of Americans should be handled by the military in a dignified and regular manner. The Department of Defense, through the Joint Casualty Resolution Center, and the Department of State should be the two agencies responsible for working with the Vietnamese and Lao in their search and recovery activities.

FOREIGN POLICY

The following report is based upon conversations with numerous officials in the Vietnamese Government, including the following:

Mr. Pham Van Dong, Prime Minister;

Mr. Phan Hien, Vice Minister of Foreign Affairs;

Mr. Xuan Thuy, Vice Chairman, National Assembly of Vietnam;

Mr. Hoang Minh Giam, Member of the Standing Committee of the National Assembly and Chairman of the Committee on Foreign Relations;

Mr. Ngo Dien, Assistant to the Minister of Foreign Affairs and former Vietnamese Ambassador to Kampuchea; and

Mr. Tran Quang Co, Director of the Department of North American Ministry of Foreign Affairs.

Repeatedly throughout our discussions with the senior officials of Vietnam they stated that the foreign policy of Vietnam is to maintain "independence and sovereignty" and that every matter will be settled on that basis. They claimed that no one will be permitted to encroach upon that independence and sovereignty, which will be defended at any cost. "We are masters of our land," declared one top-echelon official.

The committee was told that all countries having diplomatic relations with Vietnam will be treated the same; that Vietnam seeks friendly relations with all nations, including China and the United States.

Officials stated that in the immediate past, the world perceived that Vietnam had the same relationship with the Soviet Union as with the People's Republic of China, but now that tensions exist between Vietnam and China, many people think that Vietnam has moved closer to the Soviet Union. They claimed that this is not the case and insisted that Vietnam seeks friendly relations on the same basis with all nations.

When asked what would be their policy if Vietnam's situation with China worsened, a senior spokesman replied that hopefully the situation will not worsen. However, he pointed out that although Vietnam has 80 million people and China has 1 billion, Vietnam is determined to defend her independence and sovereignty. He went on to maintain that in extreme circumstances the people of China would rise up against their leaders and world opinion would be against them should they attack Vietnam.

Vietnam and Kampuchea (Cambodia)

Vietnam acknowledged a serious border situation with Cambodia. Vietnam officials asserted that "we have no troops in Cambodia," and charged that Cambodia has occupied Vietnamese territory at 14 points along the border. Vietnam contends that Cambodia has increased her

army from 3 divisions of 5,000 to 6,000 persons each in April 1975 to a present strength of 20 divisions which they maintain are well-equipped and well-trained. However, they asserted that these divisions include troops as young as 13 years of age. The charge was made that Cambodian forces are equipped and trained by the Chinese and have new, sophisticated Chinese artillery (130 millimeter). However, the Vietnamese alleged that the Cambodian forces are not able to fully utilize their modern weapons.

The Vietnamese stated that some days at the Cambodian border are quieter than others, but that there is some shooting every day. (Committee members heard the sound of distant heavy artillery while visiting a camp for Cambodian refugees near Ben Sang on August 24, 1978.) The committee members saw Vietnamese soldiers, tanks, and trucks moving near the border, but there was never any direct observation of combat operations.

International Organizations

The Vietnamese informed the committee that they will participate in any international organization "provided our independence and sovereignty are respected" and that Vietnam will do "whatever is beneficial."

Vietnam has not joined ASEAN (Association of Southeast Asia nations) but told us that Vietnam is trading with the ASEAN nations on a bilateral basis. Some ASEAN countries are assisting in economic development where they have an interest. For example, Malaysia is helping with the development of rubber production.

When asked why Vietnam joined COMECON (Communist East European countries), they replied that they joined because COMECON is helping them with direct aid and long-term credits to purchase needed supplies which they maintain is in the interest of Vietnam.

Foreign Military Bases in Vietnam

The committee closely questioned the Vietnamese officials as to whether there are Soviet bases at Haiphong and Cam Ranh Bay. The officials replied directly and emphatically that there are no Soviet bases at Cam Ranh Bay or elsewhere in Vietnam and that there are no plans for any in the future. They pointed out that at no time had they permitted foreign bases in their territory during the period of the war and that now the war is over and they have their independence and have weapons, there is no need to have such foreign bases in their territory.

The committee requested to go to Cam Ranh Bay but were not permitted to do so. However, from reliable sources it seems that Russian forces have not occupied Cam Ranh or Haiphong.

Vietnamese Troops in Laos

In reply to questions as to why there are Vietnamese troops in Laos, the Vietnamese stated that there is a legal basis for the presence of their troops in Laos; that there is a treaty of "peace, friendship, and cooperation between Vietnam and Laos"; and that Vietnam is assisting Laos economically by using troops to build roads and bridges in reconstruction. The committee was told by reliable sources that there are Vietnamese military forces being used against insurgents in certain parts of Laos.

United States-Vietnamese Normalization

The committee members emphatically told the Vietnamese that the Congress would not provide reconstruction aid to Vietnam and that there could be no such preconditions to normalization of relations between the two countries. Committee members cited recent votes in the Congress to back up this assertion. In reply, the Vietnamese officials stated that neither country should impose conditions on the other in negotiating a return to normal relations. They said that normalization should be of benefit to both parties and that solutions should be found which would be acceptable to both sides. "We know how to be flexible," they said.

NORMALIZATION OF UNITED STATES AND VIETNAM RELATIONS

It is our opinion there has been a dramatic and fundamental change in attitudes by the Vietnamese Government toward the United States Government.

During our conversations with Mr. Phan Hien, Vietnamese Vice Minister of Foreign Affairs, and other high Vietnamese officials, they clearly expressed a desire to normalize relations between the United States and Vietnam as soon as possible.

Mr. Phan Hien indicated he hoped for results by their rice harvest time (November). He further indicated that the previous precondition position of reconstruction aid was no longer valid or necessary. He expressed the view that negotiations should resume as soon as possible and that it would be in the mutual interest of both countries.

One conclusive indication of their desire is their cooperation in establishing a permanent team to help recover MIA remains. They returned eleven additional remains to the delegation. Another indication of cooperation in this area is the recent release of 27 American dependents to the United States.

Mr. Phan Hien also assured the delegation that they would continue to work on the American dependent refugee problem (wives and children of American servicemen in Vietnam) and resolve this issue expeditiously.

In our opinion there are two compelling reasons for the change in Vietnamese attitudes toward the United States and their strong desire for normal relations:

- (1) The recent change in Vietnamese-Chinese relations; and
- (2) Their need for food, raw materials, insecticides, fertilizers, machinery, technical help, and equipment by means of full and open trade.

In light of these changes, the U.S. State Department should consider resumption of talks with Vietnam concerning possible normalization of diplomatic relations. We point out that whether or not our State Department should enter into talks is a decision of the administration. It should make this decision in light of what is best for the United States.

GENERAL COMMENTS CONCERNING LAOS

There was a marked change in the attitude of the Lao Government toward the United States Government. Although we still have lower

level diplomatic ties with Laos, there is apparent interest in strengthening their relations with our country. Previously, the several attempts to learn about downed American fliers met with no response. On this occasion, however, the Lao Government delivered the remains of four American fighting men to the committee and expressed an interest in assisting in the recovery of additional remains. When this delegation left the Washington airport on its trip to Southeast Asia, the Lao Chargé in Washington came to the airport to wish us bon voyage.

Laos is poverty ridden. They are not as efficient in land use as are the Vietnamese. The business district in Vientiane is only partially open for trade or business. Flooding and drought have sapped agricultural production and a desire for greater production was expressed. Major flooding was occurring along the Mekong Delta during the visit causing major damage to crops and some loss of lives. Lao officials expressed appreciation for the rice that had already been committed to their country through the Humanitarian Aid Program.

We would be remiss if we did not mention the assistance and courtesy that the United States Chargé d'Affairs George Roberts and his staff extended to us while we were in Laos. His cooperation and assistance enabled our delegation to meet with the appropriate Lao officials and complete its business within the limited time we were in Laos.

TRADE AND AGRICULTURE

From all reports and conversations, not only with Vietnamese leaders but with representatives of other countries, Vietnam is methodically exploring the possibility of trade with many countries of the world. The economic recovery of their nation is dependent on foreign nations' furnishing such commodities as machinery, cotton, rice, agricultural chemicals, as well as technology. The Vietnamese number one domestic priority is the development of their agriculture production which is not meeting current needs. They presently are a net importer of food (rice) and desperately need insecticides, fertilizer, and farm machinery to achieve self-sufficiency. However, their potential for export (coal, timber, oil, etc.) has not been developed sufficiently to generate hard currency to finance urgent needs.

It was indicated that concessionary or long-term loans would initially be necessary to finance their purchases from the United States. Vice Minister Phan Hien agreed that future oil production in exportable quantities could be a source of hard currency for trade. However, such trading arrangements would not be a precondition to establishing normal relations.

Though the ultimate benefit of trade with Vietnam may be years away and the volume dependent on whatever trading arrangements are made, the committee is of the judgment that the President should consider the issue of lifting the trade embargo in conjunction with his decision to extend diplomatic recognition to Vietnam and negotiations on these two issues should be considered concurrently.

OIL AND GAS

In speaking with Vice Minister Phan Hien concerning oil and gas exploration in Vietnam, he indicated the following:

The Vietnamese Government has established an oil and gas ministry to encourage and promote the development of these resources in Vietnam.

Also, there has been limited offshore and onshore operations in the Mekong Delta. However, production has not been in commercial quantities. The Vice Minister further indicated that onshore exploratory operations have also been conducted in North Vietnam.

Several companies located in Germany, Italy, Canada, France, and Australia have expressed an interest in exploration for oil and gas possibilities in Vietnam. An American company has contacted officials of Vietnam in Paris but the differences in policy and relations now existing between the United States and Vietnam prevented them from taking any further action in attempting to work out any program for oil exploration.

The Vice Minister made it clear that his country intended to enter into long-term exploratory arrangements with some company in the near future and that whenever such an oil and gas agreement was developed it would possibly be too late for other companies to become involved in its exploratory operations.

It was indicated that the oil recovered in Vietnam contains a sulphur content of less than two percent (2%).

The Vice Minister stated that Vietnam was at the present time purchasing oil from two sources—from the Soviet Union on a grant-in-aid basis and from the Mideast on a credit basis with a long-term payout.

It is obvious that Vietnam does not have the technical knowledge or the capital to enter into a development program of its own. It must depend on the expertise of the major oil companies to furnish the knowledge and the capital to commence such operations.

The delegation feels that the proper officials of our government should be advised of the declarations of the Vice Minister concerning the possibilities of oil and gas developments in Vietnam.

An important reason why the exploration for oil would be of great importance to the United States is that it would give our country another source of supply of this valuable and critical commodity. It would likewise furnish capital to the Vietnamese Government to purchase needed goods from the United States.

ADDITIONAL VIEWS OF HON. SAM B. HALL, JR., AND HON. IKE SKELTON

A comprehensive and thorough report of the delegation's visit to Vietnam and Laos has been filed. Additional views have been filed by Hon. Henson Moore, a member of the delegation. We have read both reports, and substantially agree with what is included in both reports.

We wish to add, however, that we do not advocate the normalization of relations with Vietnam.

We do wish to suggest that the U.S. State Department consider talks with that country regarding this matter. Any decision made by the State Department concerning such talks should be made for the best interests of the United States. The State Department should keep in mind that it is dealing with a dedicated Communist country and that relations with such country, under all circumstances, may very well not be in the best interest of the United States.

(9)

ADDITIONAL VIEWS OF HON. W. HENSON MOORE

Although I agree with most of it, I did not sign the committee's report because there are several conclusions with which I do not fully agree. I, therefore, think it necessary to express additional views.

The trip was as worthwhile as I hoped it could be. I have complete respect for the hard work and dedication of my chairman and colleagues. The success achieved was due to the leadership of Chairman Montgomery and the compatibility of the members. I very much enjoyed and profited by being one of them.

The Vietnamese and Lao were very cooperative and congenial. It was clearly in their interest to be so. They need our relations and presence to offset that of the departing Chinese. They especially need our economic help, since their economies are struggling, and the respectability recognition by the United States would bring. There is a lot in it for them.

I believe that our foreign policy should be concerned first and foremost with what is in the best interest of the United States of America. Therefore, the bottom line of this journey's findings should be consideration of what is in it for us? To answer this question, several points should be considered.

(1) *Normalizing Relations.*—The Vietnamese are a tough and dedicated people half of whom chose communism with the other half being "liberated" to it in derogation of our cherished freedoms of person and property. They are led by shrewd and capable leaders. We can be sure that their every concern is for what is in their best interest. Our relations with them are unrealistic if we perceive their motives as anything more.

The benefits for us could be a reduction of present tension in that part of the world, prevention of excessive Soviet influence, and creation of an opportunity to influence Vietnam's future action. Normalization means recognition or an exchange of ambassadors which we have done with some Communist nations already.

These benefits could be outweighed by the negative. Most Communist nations have a history of trying to expand their influence if not dominate. The present regime appears no different as it conquered South Vietnam, controls Laos almost as a puppet, and in all probability has similar designs on Cambodia. It has been reported that it supports insurrection in Thailand as well. Recognition could give respectability to such possible, but perhaps concealed, plans and cause concern to non-Communist nations. Recognitions usually also opens the door to possible foreign aid. Vietnam needs aid and I remain opposed to it.

(2) *Soviet Bases.*—A fear has been expressed that Vietnam would grant the Soviets a naval base at Cam Ranh Bay which is definitely not in our interest. Normalized relations could, perhaps, insure that this would not occur, but I am convinced that Vietnam will not do so in any event. They did not grant bases during the war, so why now?

(10)

Further, such action would appear most inconsistent with their expressed ardor for independence and would also exacerbate a deterioration of relations with China.

(3) *MIA resolution.*—This trip has succeeded in helping to convince the Vietnamese and Lao of the importance with which we hold this matter. Although there should be no direct connection between this issue and others, there is no question in my mind that the new interest we found in Vietnam and Laos is tied to others and that they have not yet given us all the information they could possess. Therefore, normalized relations and lifting the trade embargo would continue this new cooperation and contrary action could dampen this interest.

(4) *Trade.*—Vietnam badly wants us to lift the trade embargo as it is certainly in their interest. Their economy is foundering and both food and clothing is rationed. The problem is they have no money. They want to purchase items from us but they also want us to lend them the money on concessional or very favorable terms (40 to 50 years at 2-3 percent interest) or even outright grants to finance their trade. Since our Government has no surplus of funds, indeed a record debt, we would have to borrow the funds we lend them resulting in at least a substantial annual cost to us due to the interest differential, assuming they pay back all of the principal.

If all such loans or grants were required to be used to buy U.S. goods, it is possible that the cost could be offset by the profits earned and taxes paid thereon by the American producers of the items traded. We do need new export markets, but a careful economic analysis is needed since for the next foreseeable years trade with Vietnam would not be regular trade but subsidized.

(5) *Oil.*—If Vietnam has oil in exportable quantities, improved relations could result in American oil companies producing the oil and the United States acquiring a new source of imported oil. The more sources we have, the more secure we could be from future oil embargoes. Even with new relations, however, there is no present guarantee American companies would get the production rights, or even if they did, the United States would get any of the oil. A lot of "ifs" coupled with the fact we should not depend on a Communist nation for a strategic material cloud this as a benefit.

So what is in it for us? There are some possibilities, but it is not clear yet that even if all exist, they outweigh the costs. We should accept no proposition that is clearly not in our interest as much or more than theirs. And lastly, there is the important psychological factor that I do not believe our people are ready to deal with so recent an enemy unless it is overwhelmingly in our best interest.

I, therefore, conclude that it is too soon to make or infer such an affirmative finding.

○

THE WHITE HOUSE
WASHINGTON

September 7, 1978

Tim Kraft

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

Rick Hutcheson

NATIONAL TRANSPORTATION SAFETY
BOARD

THE WHITE HOUSE
WASHINGTON

C

September 5, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT TK

SUBJECT:

National Transportation Safety Board

In January you nominated Elwood Driver to be a member of the National Transportation Safety Board. Jim King, Chairman of the National Transportation Safety Board, recommends that Driver be designated Vice Chairman. Both because of Driver's technical qualifications and his ability to work well with his colleagues, we concur in that recommendation.

RECOMMENDATION

Designate Elwood Driver as Vice Chairman of the National Transportation Safety Board.

✓
_____ agree

_____ disagree

J



U.S. DEPARTMENT OF TRANSPORTATION
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION
WASHINGTON, D.C. 20590

IN REPLY REFER TO:

Elwood T. Driver
2501 Pegasus Lane
Reston, Virginia 22091

Mr. Elwood T. Driver is the Acting Director, Office of Crashworthiness, Motor Vehicle Programs, National Highway Traffic Administration, and has been with the Administration for over ten years.

He is responsible for developing and issuing safety standards for motor vehicles and equipment whose objectives are to minimize the injuries and deaths caused from motor vehicle accidents through such safety features as seat belts, strong roof structure, better ride impact protection, passive restraints, safer glazing and more effective bumpers.

Upon assignment to DOT in 1967, he was appointed Chief of the Components Division, Office of Standards for Vehicles in Use, National Highway Safety Bureau (August 1967 to March 1971) and was responsible for the development and promulgation of safety vehicles registered and operated on the nation's highways. He has been awarded a Special Achievement Award by the National Highway Safety Bureau and the General Services Administration for his technical guidance and direction to the Dual Fuel Project - a Federal effort to demonstrate the practicality of operating vehicle fleets on a low-pollutant fuel.

Prior to his assignment to DOT, Mr. Driver was Chief, System Safety Engineering and Administration at Autonetics, a Division of North American Rockwell in California. Mr. Driver held this position from December 1962 to August 1967. He was responsible for the system safety engineering of the guidance system for the Minuteman Intercontinental Ballistic Missile. During this assignment, he was awarded a Certificate of Merit for a \$390,240 engineering cost improvement and an Achievement Certificate for a \$4,125,000 cost reduction proposal.

Mr. Driver retired from the Air Force in 1962 as a Command Pilot with over 14 years' experience in the Air Force in the fields of vehicle safety, aircraft safety, missile safety, nuclear safety, ordnance safety, and industrial/occupational safety. He has held such Air Force safety positions as Assistant Chief, Safety Engineering Division, Headquarters USAF, Assistant Chief, Education and Training Division, Headquarters USAF, and Director of Safety for the Far East Air Logistics Forces, USAF. In addition to the Commendation Medal and the Distinguished Flying Cross, he was awarded the Air Medal with oak leaf clusters and battle stars to European and Far East Campaign medals.

Mr. Driver has a Master's Degree in Safety from the New York University, a Bachelor's Degree in Math and Science from the New Jersey State College (Trenton) and has completed special graduate courses in system safety engineering at the University of Washington, Seattle, and the University of Southern California, Los Angeles.

Mr. Driver is a past President (1969-1970) of the National System Safety Society, a current member of the Board of Directors for the Society, and a member of the American Society of Safety Engineers. He is a certified safety professional, State of Illinois.

Mr. Driver was born August 20, 1921, in Trenton, New Jersey. He is married to Shirley Martin of Dallas, Texas.

THE WHITE HOUSE
WASHINGTON

September 7, 1978

Stu Eizenstat

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 given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

THE WHITE HOUSE
WASHINGTON

September 5, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ *RL*
STU EIZENSTAT *Stu*

RE: CAB Decision Re Transatlantic
Fare Increases Proposed by
Trans World Airlines, Inc.
Docket 33276

The attached CAB order suspends, pending investigation, a 5 percent increase in economy fares for transatlantic winter season traffic filed by TWA. The Board has suspended the proposed increase because it believes that price competition at the economy level among transatlantic carriers is still minimal, so that the increase would likely be matched by most other carriers.

The affected agencies have no objection to the Board's order, which becomes effective unless you disapprove it by September 7. We recommend that you approve the order by taking no action.

Approve

Disapprove

J

(no signature needed)

THE WHITE HOUSE

WASHINGTON

September 5, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ *RL*
STU EIZENSTAT *SE*

RE: CAB Decision Re Laker Airways Limited
Docket 32311

The attached CAB order renews and amends Laker's permit. The interested agencies have no objection to the order and we recommend that you approve it by signing where indicated.

Approve

Disapprove

J

DEMOCRATIC

NATIONAL COMMITTEE 1625 Massachusetts Ave., N.W. Washington, D.C. 20036 (202) 797-5900

John C. White
Chairman

MEMORANDUM
September 8, 1978

TO: PRESIDENT CARTER

THROUGH: RICK HUTCHESON

FROM: JOHN C. WHITE *John C. White*

RE: WEEKLY STATUS REPORT ON DNC OPERATIONS

RIGHT WING LETTER

The momentary flap about our fundraising letter i.e. "The Right Winger" is resolved. Senators Jackson and Nunn have read my original letter and are satisfied.

We can all expect continued opposition from columnist Bill Safire on every issue; that's his game. "We should be known for our enemies as well as for our friends" is an old Political Bromide, but a true one!

FALL CAMPAIGNS

A number of primary races are not following conventional form or the polls, in both governors and senate races i.e. Alabama, Georgia, New Jersey, Texas, and others.

Low voter turnout could be a major factor. In addition, we may be in for one of those years when the people just buck-up and say lets try something new. If that occurs then all current November estimates are out the window. For this reason, we need to be very careful about predicting the numbers of Democratic winners -- we have everything to lose and nothing to gain.

NATIONAL PARTY CONFERENCE

The DNC staff is in Memphis full time on arrangements. Physically Memphis is difficult -- not enough rooms, scattered, etc. About 1/3 of the delegates have been selected -- by the end of this month we should have a feel for the amount of support for us.

POLITICAL MOOD

Turning towards the President -- columns, news stories, statements of prominent people -- you are hitting home runs and so is Mrs. Carter.