

1/2/79 [2]

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THE WHITE HOUSE
WASHINGTON

1/2/79

Mr. President:

Frank Moore will not be
able to attend the 1:30
meeting on domestic policies
and would like to send his
deputy Les Francis in his
place. May he?

yes

no

 Phil

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1/2/78

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1

Mr. President:

Horst Schulman, my German opposite number, just called to report the following:

Frazier approached Schmidt at Jamaica about attendance at the Tokyo Summit, claiming that Japan had suggested it and that Canada was favorable.

Schmidt said the place and time of the next Economic Summit had not been decided. He much preferred a small group. If other countries joined each time the Summit met in their area, where would it all end? Brazil and Mexico might ask to attend a meeting in North America. The only result would be more frequent meetings of small informal groups, as at Guadeloupe. Schmidt said, however, that he would raise the issue at Guadeloupe if Frazier wanted.

Frazier said he'd be seeing you, and it was left open whether you or Schmidt would raise it at Guadeloupe.

Henry Owen

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6370

THE WHITE HOUSE
WASHINGTON

1/2/79

Hamilton Jordan

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

Rick Hutcheson

cc: The First Lady
Jerry Rafshoon
Anne Wexler
Zbig Brzezinski

Ham
no
① This is gross overkill
& sets an unacceptable preced-
ent.

THE WHITE HOUSE
WASHINGTON

② Teng is not a head of
state
③ Too many WH, NSC & State
guests. none from business & public

December 29, 1978

MEMORANDUM FOR THE PRESIDENT AND MRS. CARTER

FROM: HAMILTON JORDAN
ZBIGNIEW BRZEZINSKI *ZB*
ANNE WEXLER *Ann*
GRETCHEN POSTON *G*

SUBJECT: State Dinner and Subsequent Entertainment
for Vice Premier Teng Hsiao-Ping

Attached is a proposed guest list for the State dinner for Vice Premier Teng Hsiao-Ping. It does not include suggested names from the usual members of the White House staff (excluding Frank Moore) because there is a limit of approximately 130 people and there was no way to include their recommendations.

The list is broken down by category.

Even if we removed a few people from the White House staff, the State Department and the NSC staffs, we would not have enough room for more than 10 or 12 outside guests. One alternative on which we all agree is to limit the State dinner to the categories attached. That can be rationalized to the press and the public.

In order to accommodate all the other people who should be invited to honor the Vice Premier, we propose an additional dinner hosted by you and Mrs. Carter to be held in conjunction with a gala representing "The Best in America" at the Kennedy Center the following evening, January 30.

Maybe reception prefer same night

9/11 discuss

xo

Roger Stevens will make the Kennedy Center Opera House available to us and we propose to invite between 200 and 400 people to a dinner (paid for by the State Department) before the show thus accommodating the rest of the Chinese delegation, members of the business community, labor, minorities, the academic community, governors, some additional members of Congress, old China hands, and others who could not be invited to the State dinner.

xo

The gala would afford us an opportunity to also invite all the other members of Congress and their spouses as well as another 1,000 people; the lists to be assembled by State, NSC, and the White House. Jerry Rafshoon thinks this is a great idea and will work with Gretchen and Roger Stevens to produce the show. The Chinese expect to televise the entire production in China. Jerry thinks that the U. S. networks might also be interested.

As you know, the Chinese did a similar event for both Presidents Nixon and Ford when they visited China.

1. I think the proposed guest list for the State dinner is acceptable.

YES _____ NO ✓

Comments:

2. Mrs. Carter and I will attend the dinner and gala on the second night along with Vice President and Mrs. Mondale.

YES _____ NO ✓

Comments:

PROPOSED GUEST LIST FOR STATE DINNER
FOR PRC VICE PREMIER TENG HSIAO-PING

Principals

Number

18

President and Mrs. Carter
Vice Premier Teng Hsiao-ping and Mrs. Cho Lin
Vice President and Mrs. Mondale
Secretary and Mrs. Cyrus Vance
Secretary and Mrs. Michael Blumenthal
Secretary and Mrs. Harold Brown
Secretary and Mrs. Bob Bergland
Secretary and Mrs. Joseph Califano — *no*
Secretary and Mrs. James Schlesinger

Kreps

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White House

Number

16

Assistant to the President and Mrs. Zbigniew Brzezinski
Assistant to the President Hamilton Jordan
Assistant to the President and Mrs. Frank Moore - *no*
Assistant to the President and Mrs. Joseph Powell - *no*
Special Trade Representative and Mrs. Robert Strauss
Science Advisor and Mrs. Frank Press
Deputy Assistant to the President and Mrs. David Aaron - *no*
Mr. and Mrs. Michel Oksenberg, NSC - *no*

(34)

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State Department

Number

16

Deputy Secretary and Mrs. Warren Christopher
Ambassador and Mrs. Leonard Woodcock
Undersecretary and Mrs. David Newsom
Undersecretary and Mrs. Richard Cooper
Assistant Secretary and Mrs. Richard Holbrooke
Legal Advisor and Mrs. Herbert Hansell
Deputy Assistant Secretary and Mrs. Roger Sullivan - *no*
Mr. and Mrs. Harry E. Thayer, Director, PRC Desk - *no*

} *Two couples*

(50)

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Accompanying Chinese Delegation

Number

(Names Unavailable)

15

PRC Liaison Office in Washington

10

Ambassador Chai Tse-min and Mrs. Li Yu-feng
Ambassador Han Hsu and Mrs. Ke Yi-yun
Counselor Tsao Kuei-sheng and Mrs. Chang Ai-hua
Counselor Hsieh Chi-mei and Mrs. Liao Hui-hsien
Counselor and Mrs. Peng Chin-po

(75)

Congress

Number

U. S. Senate (Frank Moore's list)

32

Senator Robert Byrd	Senator Kennedy	
Senator Cranston	Senator Jackson	
Senator Church	Senator Inouye	
Senator Glenn	Senator Bellmon	
Senator Baker	Senator Lugar	
Senator Javits	Senator Stone)	
Senator Percy	Senator Nunn)	added by State Dept.
Senator Muskie	Senator Hart)	

U. S. House of Representatives (State Department's list)*

24

Speaker and Mrs. Thomas P. O'Neill
Congressman and Mrs. James C. Wright
Congressman and Mrs. John Brademas
Congressman and Mrs. John Rhodes
Congressman and Mrs. Robert Michel
Congressman and Mrs. Paul Findley
Congressman and Mrs. Clement Zablocki
Congressman and Mrs. Henry Reuss
Congressman and Mrs. Lester Wolff
Congresswoman Margaret Heckler and Mr. Heckler
Congressman and Mrs. Melvin Price
Congressman and Mrs. John Slack

*Frank's
regular
list*

(131)

*Frank Moore's additions due 1/2/79

Other

Number

President and Mrs. Gerald Ford
Mr. and Mrs. Henry Kissinger

4

no

(135)

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C

THE WHITE HOUSE
WASHINGTON
December 29, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *W*

SUBJECT: Weekly Mail Report (Per Your Request)

Below are statistics on Presidential and First Family:

<u>INCOMING</u>	<u>WEEK ENDING 12/22</u>	<u>WEEK ENDING 12/29</u>
Presidential	30,175	23,620
First Lady	6,415	2,805
Amy	455	285
<u>Other First Family</u>	<u>135</u>	<u>60</u>
TOTAL	37,180	26,770

BACKLOG

Presidential	9,420	9,790
First Lady	780	410
Amy	0	0
<u>Other</u>	<u>0</u>	<u>0</u>
TOTAL	10,200	10,200

DISTRIBUTION OF PRESIDENTIAL MAIL ANALYZED

Agency Referrals	18%	19%
WH Correspondence	49%	49%
Unanswerable Mail	20%	19%
White House Staff	4%	5%
Greetings Requests	7%	7%
<u>Other</u>	<u>2%</u>	<u>1%</u>
TOTAL	100%	100%

NOT INCLUDED ABOVE

Form Letters	0	0
Form Post Cards	8,250	2,960
Mail Addressed to White House Staff	18,757	12,761

cc: Senior Staff

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MAJOR ISSUES IN
CURRENT PRESIDENTIAL ADULT MAIL
Week Ending 12/29/78

ISSUES	PRO	CON	COMMENT ONLY	NUMBER LETTERS
Support for Recognition of People's Republic of China	25%	72%	3%	3,868
Support for President's Position re: Middle East	7%	85%	8%	1,197
Support for Pardon for Patricia Hearst	98%	2%	0	543
Support for President's Program to Deal with Inflation	32%	21%	47%	380
Support for Protection of Alaska Lands	91%	9%	0	172
Support for Reduction of Housing Budget for FY 1980	25%	75%	0	<u>110</u>
			Total	6,270

THE WHITE HOUSE

WASHINGTON

January 2, 1979

①

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Budget Deficit

Because of your commitment to hold the FY '80 budget deficit to \$30 billion or less, the deficit figure that is finally announced will receive a great deal more public and Congressional attention than it has in prior years.

I therefore think that careful thought should be given to exactly how much below \$30 billion the deficit level should be.

I believe you will get an enormous amount of public credit for meeting your \$30 billion or less deficit commitment. That commitment is well known and is now being taken as a sign of your resolve to having the government take the lead in the anti-inflation effort. As a result of our efforts to convince such constituent groups as the governors, mayors, blacks, and Hispanics of the seriousness of the anti-inflation program, we have managed to get them to accept the fact of a \$30 billion deficit, and have been able to channel their attention and public comments to how the very limited funding should be allocated. In short, while they would prefer greater spending, they are no longer talking of Vietnam War-like splits in the Democratic Party because of the tight budget.

I certainly believe the deficit level should be below \$30 billion and should possibly be set somewhere between \$29 billion and \$29.5 billion. That level will allow us to avoid appearing to have met your deficit level commitment by budget gimmicks or last-minute re-estimates. Just as importantly, it will also avoid the Administration being perceived by our basic supporters as having turned the ratchet a turn more than was necessary for anti-inflation or other economic reasons.

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However, I am very concerned that our efforts with the basic Democratic constituents will be lost if the deficit is appreciably below \$30 billion. They will feel that you have cut the deficit, and Federal spending, much more than was required by your commitment, and, as a result, Federal programs that they look to for help will receive that much less.

Until this morning, I believed that Jim McIntyre agreed with the above line of reasoning. I had discussed the issue with him last week and understood that he was inclined to recommend to you a final deficit in the \$29 - \$29.5 billion area.

Jim told me this morning, however, that because of Treasury Department re-estimates of interest receipts, the deficit level he is now prepared to recommend is \$28.5 billion. I understand from Jim that he will also recommend to you a spending level of \$531.5 billion. That level is about \$500 million below the spending levels that OMB had been assuming over the last several weeks. The deficit level will make it look like we enjoyed cutting domestic programs so much we went down another billion dollars.

This is clearly a tough judgment call. My view, though, is that the projected deficit and spending levels are about \$500 million below what I think we can readily "sell" to our basic supporters in Congress and the interest groups.

Of equal importance, though, I am convinced that you do not "buy" anything more from the business or financial community from exceeding your deficit level commitment by \$1.5 billion as opposed to \$.5 of \$1 billion. Nor are you really going to "buy" any less inflation by reducing the deficit by the additional amount. I firmly believe that all that will be "bought" by proposed further deficit and spending cuts is further political trouble with our friends.

I suggest that the deficit be brought back to a \$29 to \$29.5 billion level either by additional estimates or another \$500 million add-back. To do otherwise would appear to be rubbing salt in the wound of those who will see their programs cut below FY '79 levels or at least not keeping up with inflation - both of which occur in many domestic programs.

THE WHITE HOUSE
WASHINGTON

1/2/79

Hamilton Jordan

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

Rick Hutcheson

FOR ACTION
FYI

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

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ARONSON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FIRST LADY

HARDEN

HERNANDEZ

HUTCHESON

KAHN

LINDER

MARTIN

MILLER

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

WARREN

WEDDINGTON

WISE

VOORDE

ADMIN. CONFIDEN.

CONFIDENTIAL

SECRET

EYES ONLY

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

not done
J

MEMORANDUM TO THE PRESIDENT

FROM: HAMILTON JORDAN *H.J.*
DATE: DECEMBER 22, 1978
SUBJECT: SALT II TELEPHONE CALLS

Would you please call the following people with an update on the SALT situation (talking points attached).

--Senator Baker. ²

--Senator Byrd. ¹

--President Ford. ³

~~--Henry Kissinger. ⁴ He will not be able to call Kissinger from Geneva, and it would be inappropriate for someone other than yourself to notify him of our progress.~~

* --Tom Watson, Jr. ⁵ Watson's General Advisory Committee is ready to be immediately helpful. A call from you would give him extra credibility and energize the rest of the committee.

* --Dean Rusk. ⁶ Rusk wants to be helpful, and he is a respected member of the Committee on the Present Danger; a favorable early response from him will be important.

* COVERED BY SOMEONE ELSE

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TALKING POINTS ON THE SALT TWO AGREEMENT
FOR USE WITH MEMBERS OF CONGRESS

I. TALKING POINTS TO BE USED ON FRIDAY MORNING PRIOR
TO THE CONCLUSION OF THE NEGOTIATIONS

-- The President has asked me to call you with a report on the ongoing negotiations on the SALT TWO Agreement between Secretary Vance and Foreign Minister Gromyko in Geneva.

-- Secretary Vance and Foreign Minister Gromyko met on Thursday and are still meeting today to try to resolve the remaining issues that separate the two sides in SALT TWO.

-- While we have not as yet reached final agreement on all of the details, the agreement that is emerging will insure that a potentially wasteful and dangerous strategic arms race does not take place. Without SALT TWO, the Soviets could have nearly one-third more strategic forces by the late 1980's, and we would have no alternative but to keep pace with such deployments. We can use those scarce resources in other vital defense and domestic programs, particularly now.

-- Second, for the first time we have an agreement that limits each side to equal numbers of strategic arms. The Soviets have had more strategic arms than we since 1972 and, as you know, SALT ONE froze numbers of ballistic missiles but left the inequality in overall strategic force levels.

-- Third, for the first time the Soviets will have to actually reduce their level of strategic arms. They will have to take a 10% cut in their strategic forces, over 250 missiles or bombers, when this agreement is fully implemented. At the same time, we will be free to increase slightly our own strategic force level if we choose.

-- Fourth, the Soviets will only be allowed to develop and test one new ICBM. We would have expected two to three new ICBMs during this period based on past experience. At the same time, we can use our right to a new ICBM to go ahead with our M-X program.

-- Fifth, the cruise missile limits in SALT have no impact on our plans for development, testing, or deployment of cruise missiles. In particular we can proceed to fully implement plan to modernize our bomber force with cruise missiles.

-- Sixth, we are confident that we can verify the terms of this agreement. We have strong provisions to enhance verification and preclude interference with, or impeding of, our technical means of verification such as photoreconnaissance satellites.

-- Finally, this agreement clearly will enhance our national security and reduce the risk of nuclear war -- the principal aim of our defense, arms control and foreign policy.

CONTINGENCY TALKING POINTS -- IF ASKED:

-- Backfire. This issue is still being discussed.

We want and expect to get adequate assurances that Backfire aircraft are not being produced at a rate in excess of the current production rate. We are free to counter the Backfire and we want to have greater certainty about the size of future deployment.

-- Minuteman Vulnerability. SALT TWO permits verifiable mobile or MAP systems that may be necessary to respond to the Minuteman vulnerability problem. It should be kept in mind that this is not a problem created by SALT. It is a problem of advancing technology making fixed land-based ICBMs increasingly vulnerable on both sides. However, SALT TWO will limit the Soviet threat to mobile or MAP systems which are the likely U.S. response to the Minuteman problem. In short, SALT TWO helps to make the Minuteman vulnerability problem manageable. 7

II. ADDITIONAL TALKING POINTS FOR DESCRIBING THE AGREEMENT IN MORE DETAIL

-- As you know, the SALT TWO package will consist of a Basic Agreement lasting through 1985, a three-year Protocol to this agreement, and a Statement of Principles for SALT THREE. The Basic Agreement contains the overall, numerical limitations on the numbers of offensive strategic weapons that either side may deploy. These systems, consisting of ICBMs, SLBMs, and heavy bombers, will be cut back to a ceiling of 2250. As I indicated, this will require the Soviets to dismantle over 250 operational strategic weapons.

-- There will also be a sublimit of 1320 on the number of MIRVed ICBMs, MIRVed SLBMs, and heavy bombers equipped with long-range cruise missiles.

-- There will also be an additional sublimit of 1200 on MIRVed ICBMs and MIRVed SLBMs and a limit of 820 on MIRVed ICBMs.

-- The Basic Agreement also includes a number of qualitative limitations, including in particular a limit of only one new type of ICBM on each side.

-- The Protocol will last for approximately three years -- and will limit certain systems that neither side was willing to restrict for the length of the Basic Agreement. In essence, the Protocol keeps open certain arms control options while both sides decide how they want to proceed with these systems.

-- For example, the development and flight-testing of mobile missiles will be banned for the period of the Protocol. This will have no impact whatever on the M-X program since the first flight tests of the M-X missile are not scheduled until after Protocol expiration.

-- Similarly, the deployment of ground- and sea-launched cruise missiles over 600 km are banned for the Protocol, while at the same time there are no restrictions on the development and testing of these systems. This will have no impact whatever on U.S. ground- and sea-launched cruise missile programs since these missiles are not scheduled for deployment until after the Protocol period. In this context, it is important to note that there are no upper range limits of any kind on the air-launched cruise missiles which we plan to deploy on our strategic bombers.

-- The Statement of Principles for SALT THREE sets out the agenda and establishes basic ground rules for the follow-on negotiations.

-- We have consulted closely with our NATO Allies throughout the SALT TWO negotiations. They have expressed satisfaction with the course of the negotiations to date and believe that the emerging agreement does make a significant contribution to Alliance security.

III. ADDITIONAL TALKING POINTS ON THE STATUS OF THE
NEGOTIATIONS

-- The major differences that remained before the Geneva talks were the following:

- * Whether to limit conventionally-armed as well as nuclear-armed cruise missiles after expiration of the Protocol.

- * The number of MIRVs that could be placed on any future ICBM.

- * The number of air-launched cruise missiles that could be deployed on heavy bombers.

- * The question of dealing with telemetry encryption so that its use in the future would not impede verification of the terms of the agreement.

- * The duration of the Protocol to the SALT TWO Agreement, and the amount of time permitted for all dismantling and destruction activities.

- * How to handle the assurances to be given us by the Soviets concerning the Backfire bomber.

IV. CONTINGENCY TALKING POINTS TO BE USED IF MOST OR ALL OF THE MAJOR OUTSTANDING ISSUES ARE RESOLVED AND A SUMMIT SCHEDULED

-- I am very pleased to be able to tell you that major progress was made on most of these issues. The two sides are now in general agreement on /almost/ all the major issues, and we believe a basis has now been laid for a summit meeting. Further work will be necessary on a range of technical questions which will be handled by our Delegations in Geneva. At the same time, we cannot rule out the possibility that one or two questions will have to be resolved at the summit.

-- Specifically, Vance and Gromyko have now agreed to settle the principal remaining issues on the following terms:

- * ICBM Fractionation
- * ALCM Number Limits
- * Cruise Missile Definition
- * Telemetry Encryption
- * Backfire

/NOTE: We would describe the outcome on these issues when it is known.7

V. SUMMARY COMMENTS

-- In summary, I would note that we have been negotiating SALT TWO for some six years and believe that we have an agreement that will serve the national security interests of the United States. Specifically, it provides for the first time that there be equal aggregates in strategic weapons. This will require the Soviets for the first time in any agreement to actually dismantle and destroy more than 250 presently operational systems, while we will not have to dismantle any.

-- Second, it provides for specific sublimits on their most formidable weapons -- MIRVed ICBMs.

-- Third, it provides for the first time real qualitative restrictions -- only one new type of missile to each side for the next seven years and limits on the number of warheads per missile.

-- Fourth, it does not impede any of our ongoing research and development programs -- including mobile missiles, cruise missiles, the M-X missile, or the Trident submarine.

-- Fifth, it contains strong provisions on verification to enable us to monitor Soviet compliance.

-- Sixth, it introduces an important element of stability into U.S.-Soviet relations and the world as a whole that significantly reduces the chance of nuclear war.

-- I hope that you will reserve your judgment until you have a chance to study the final text of the agreement and discuss it with us. Please feel free to contact me at any time should you have any questions about the Geneva talks or the agreement as a whole. We will be glad to give you or your staff a detailed briefing any time next week.

December 21, 1978

SALT II TALKING POINTS (General Audience)

-- The U.S. and the Soviet Union have reached fundamental agreement on a SALT II agreement. However, some minor, but not insignificant points relating to language and definitions will still have to be agreed upon before the treaty can be signed.

-- The emerging agreement maintains the stability of the U.S.-Soviet strategic balance. The agreement does this by putting a cap on the numbers of strategic weapons, rather than forcing both sides back into an expensive, wasteful, and dangerous new arms race.

-- The agreement reduces the risk of nuclear war by stabilizing the relationship between the United States and the Soviet Union.

-- SALT II enhances our security by putting equal ceilings on nuclear arms for the first time. This will require the Soviets to dismantle or destroy 250 (more than 10 percent) of their strategic weapons while we will remain at or slightly above our present level.

-- The agreement puts strict limits on the areas where the Soviets are currently strongest - multiple ^{warhead} ICBMs - and limits the development of new missile types to one in the next seven years.

-- The agreement will have no impact on our plans for either cruise missiles or the MX mobile ICBM program.

-- SALT II is not based on trust of Soviet good faith. It is verifiable and strongly protects the means we use to make sure the Soviets are not cheating.

PROCESS

-- The SALT process has spanned ten years and four administrations. SALT II has been under negotiation for six years, involving the State Department, Defense Department, Joint Chiefs, National Security Council, Arms Control and Disarmament Agency, CIA, and of course, the President.

-- SALT I froze strategic missiles at their 1972 levels -- with the Soviet Union holding a numerical advantage in missiles and the U.S. holding an advantage in heavy bombers and multiple warhead missiles -- and it virtually eliminated ABM deployment by limiting each side to one site.

EQUIVALENCE AND STABILITY

-- For the last twenty years we have enjoyed peace with the Soviets and security from nuclear attack based principally on the fact that neither side could launch attack on the other without inviting "massive retaliation" and the catastrophic devastation of life and property.

-- As each side has made strategic and technological advances in the last decade, the stability of the strategic balance has been based on "rough equivalence," with the

U.S. ahead in some areas and the Soviets ahead in others, but with both sides maintaining massive "overkill" capabilities.

-- While the Soviets have more, heavier land-based missiles, we have almost double their number of strategic warheads. While they have extensive air defenses, we have a much larger heavy bomber force that we will be able to arm with cruise missiles. While they have more submarine launched missiles, our subs are quieter and far more technically advanced.

-- Each side possesses nuclear arms capable of destroying the other side many times over. A single Titan II missile, for instance, carries nearly three times the explosive power of all the bombs used during World War II and in Korea. A single Poseidon sub holds enough independently targetable warheads to deliver an explosive twice the size of the Hiroshima bomb to every major Soviet city.

-- There are two ways to maintain the stability brought about by rough equivalence. One is for both sides to race ahead with no net advantage to either. The other is to set limits at the point we have now reached. Since both we and the Soviets will do everything possible to keep up with the other side, a continued arms race would buy us no greater security than we now have.

-- Besides being unnecessarily expensive, a new arms race in the absence of SALT would mean less stability, more

uncertainty about the direction of Soviet strategic planning, more nuclear weapons in the world, and consequently, more risk for us and our children of nuclear catastrophe.

-- We have reached agreement on a fair, balanced SALT II treaty which puts a limit on the number of strategic launchers that could be used by either side against the other; takes significant steps to control qualitative advances in weaponry; maintains rough equivalence while requiring the destruction of some 250 Soviet weapons; and ensures continued stability in the strategic balance as we move toward the goal of creating a safer world.

NATO AND DEFENSE SPENDING

-- A new arms race in the absence of SALT II would unnecessarily hinder the President's commitment to bolster our conventional military forces and strengthen NATO.

-- Because of necessary strategic force modernization programs, SALT II will not mean a decrease in strategic spending, but there can be no question that a new strategic arms race would lead to a far higher level of spending. We can only guess at the costs both we and the Soviets would have incurred if we had not mutually agreed to limit deployment of the ABM, for instance. Without SALT II, the Soviets could have nearly one-third more strategic forces by the late 1980's and we would have little alternative but to keep pace.

Melvin Laird. Laird has indicated that he may be helpful on SALT II - an early favorable response from him would be important in both Republican and defense circles. Harold agrees that a call from you first would help with Laird.

THE WHITE HOUSE
WASHINGTON

1/2/79

Tim Kraft

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

Rick Hutcheson

FOR ACTION
FYI

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

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ARONSON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FIRST LADY

HARDEN

HERNANDEZ

HUTCHESON

KAHN

LINDER

MARTIN

MILLER

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

WARREN

WEDDINGTON

WISE

VOORDE

ADMIN. CONFIDEN.

CONFIDENTIAL

SECRET

EYES ONLY

THE WHITE HOUSE

WASHINGTON

December 28, 1978

C

MEMORANDUM FOR THE PRESIDENT

FROM: TIM KRAFT *TK/ows*

SUBJECT: Ambassadorial Appointments for The Congo and
Guatemala

Attached are the background papers on two career officers whom Secretary Vance recommends for nomination to the ambassadorial posts to The Congo and Guatemala.

The National Security Council concurs with these choices.

William L. Swing ---- The Congo (Brazzaville)

Frank V. Ortiz, Jr. -- Guatemala

Approve

Disapprove

J

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CANDIDATE FOR THE CONGO

NAME: William L. SWING
AGE: 44
AREA OF EXPERIENCE: Africa, Europe
COUNTRIES OF EXPERIENCE: South Africa, Central African Republic,
Germany
RANK: Foreign Service Officer of Class II
FOREIGN LANGUAGES: French, German
EDUCATION: BA, Catawba College, 1956
BD, Yale University, 1960

PROFESSIONAL EXPERIENCE:

1977 - present Alternate Director, Office of Central African
Affairs, State Department
1976 - 1977 Detached, Harvard University, African
Studies
1974 - 1976 Deputy Chief of Mission, Bangui
1972 - 1974 German Desk, State Department
1968 - 1972 Consular Officer, Hamburg
1966 - 1968 International Economist, Bureau of Economic
and Business Affairs, State Department
1963 - 1966 International Relations Officer, Port
Elizabeth

1962 - 1963 School counselor
1961 - 1962 High School teacher

An officer who has served in African and European assignments in a broad spectrum of functional specialties. In 1976-7 he was detailed to Harvard's Center for International Studies where he specialized in African Affairs. He was regarded by Harvard officials as "one of the most gifted of an outstanding group of senior officials" who studies at the Center that year-- "an outstanding example of the difference one man can make when he is willing to take initiatives and make his presence felt."

Throughout his career Swing has been rated as an officer of quick intellect, excellent analytical ability, and high energy quotient.

CANDIDATE FOR GUATEMALA

NAME: Frank V. Ortiz, Jr.
AGE: 52
AREAS OF EXPERIENCE: Latin America
COUNTRIES OF EXPERIENCE: Mexico, Peru, Uruguay, Barbados
FOREIGN LANGUAGES: Spanish
RANK: Foreign Service Officer of Class I
EDUCATION: BS, Georgetown University, 1950
MS, George Washington University, 1967

PROFESSIONAL EXPERIENCE:

1977 - present	Ambassador to Barbados, Grenada, and U.S. Representative to the Associated States
1975 - 1977	Deputy Executive Secretary, State Department
1973 - 1975	Director, Office of Argentina-Paraguay-Uruguay Affairs
1970 - 1973	Deputy Chief of Mission, Montevideo
1967 - 1970	Political Officer, Lima
1966 - 1967	Detached, National War College
1963 - 1966	Officer in Charge, Spanish Affairs, State Department
1961 - 1963	Special Assistant to the Ambassador, Mexico City
1958 - 1961	Foreign Affairs Officer, State Department
1956 - 1958	Political Officer, Mexico City
1953 - 1956	Economic Officer, Addis Ababa
1951 - 1953	International Relations Officer, State Department
1943 - 1944	United States Senate - Staff
1944 - 1946	United States Army

After some fifteen years' immersion in Latin American affairs, Ortiz has not only valuable area expertise but also broad Foreign Service experience in both functional and geographic terms. An outstanding Charge' in Uruguay during a particularly trying period and a proven and resourceful negotiator. Friendly polished manner and superb political skills - in addition to his native-level Spanish, give him a solid foundation for service in Guatemala. Judgment is sound and he works well with people. Policy grasp is excellent. He would bring unique insights and perspective as Ambassador to Guatemala

THE WHITE HOUSE
WASHINGTON

1/2/789

Fran Voorde

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

Rick Hutcheson

cc: Jerry Rafshoon

FOR ACTION
FYI

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

	VICE PRESIDENT
	JORDAN
	EIZENSTAT
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
/	RAFSHOON
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE
	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARONSON
	BUTLER
	H. CARTER
	CLOUGH
	CRUIKSHANK
	FIRST LADY
	HARDEN
	HERNANDEZ
	HUTCHESON
	KAHN
	LINDER
	MARTIN
	MILLER
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SANDERS
	WARREN
	WEDDINGTON
	WISE
/	VOORDE
	ADMIN. CONFIDEN.
	CONFIDENTIAL
	SECRET
	EYES ONLY

THE WHITE HOUSE
WASHINGTON

January 2, 1979

Mr. President -

Congressional Liaison said you wanted to see the invitation to present you with the Physical Fitness of the Year Award. Senator Proxmire wrote encouraging you to do so. He is a former recipient.

Jerry Rafshoon believes this is too commercial a vehicle for your participation.

I had intended to send a letter of regret if you agree.

Correspondence is attached for your review.

regret *as unworthy*
 accept *J*
fran *fran*

**Electrostatic Copy Made
for Preservation Purposes**

United States Senate

WASHINGTON, D.C. 20510

December 19, 1978

FV-12-29/SU20
CONGRESSIONAL
LIAISON

DEC 29 1978

The President
The White House
Washington, D. C.

Dear Mr. President:

It is my understanding that you have been solicited to accept an award as Physical Fitness Man of the Year.

I do hope you will seriously consider accepting it.

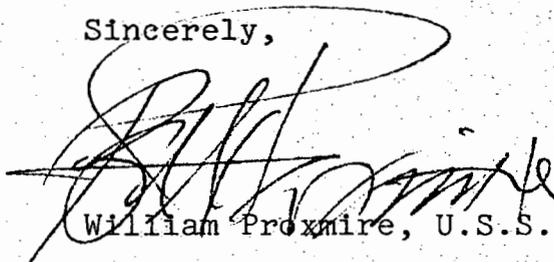
As I understand it, the two previous recipients were President Gerald Ford and myself.

It is very important that we do everything we can to remind the American people of the importance of physical fitness, not only because it will hold down the immense cost, to the private citizen, to the state and especially to the federal government, of ill health, but also because it means a stronger and more competent America.

Your example of running daily and of moderation in food and drink is a great example to the American people and particularly the young people of this country and the acceptance by you of the Physical Fitness Award would be an opportunity to dramatize the importance of physical fitness to our number one citizen.

So I hope you will seriously consider it.

Sincerely,



William Proxmire, U.S.S.

SU20
AW00



ASSOCIATION OF PHYSICAL FITNESS CENTERS

5272 RIVER ROAD, WASHINGTON, D.C. 20016 • (301) 656-5060

JIMMY D. JOHNSON, Ph.D.
Executive Director

November 28, 1978

Staff of Refs

MAN OF THE YEAR

1977—Gerald R. Ford
1978—William Proxmire

BOARD OF ADVISORS

Coach George H. Allen
Football Coach

Chuck Coker
President
Four Walls West
Racquet Ball Athletic Club

Captain James A. Lovell
Chairman
President's Council
on Physical Fitness

Professor William P. Morgan
Department of Physical
Education & Dance
University of Wisconsin

Dr. Michael L. Pollock
Cardiac Rehabilitation
Program and Human
Performance Laboratory
Mount Sinai Medical Center

Arnold Schwarzenegger
Author
Arnold—The Education of
a Body Builder

Dr. Judith L. Smith
Department of Kinesiology
University of California

Ken Stabler
Quarterback
Oakland Raiders

Professor Jack H. Wilmore
Department of Physical
Education and Athletics
University of Arizona

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

Mr. President:

It is my distinct honor to write to convey an introduction to our organization and also convey to you, on behalf of our Board of Directors, an invitation to you, Mr. President, to accept our industries Man of the Year Award.

Our organization, the Association of Physical Fitness Centers, is a Trade Association comprised of companies which own and operate full service physical fitness centers across the United States. Together, seventy-three companies and over five hundred physical fitness centers are represented. Additionally, the majority of equipment manufacturers and other suppliers to the industry are members through our Associate Membership program. Together, this membership represents the only significant private sector initiative to provide the citizens of the United States with year round access to facilities where they may pursue individual programs of physical fitness. Additionally, these facilities and their programs they offer contribute to the health and the well being of millions of middle class Americans by aiding their personal programs of preventive medicine.

In 1977, the Board of Directors of the Association of Physical Fitness Centers established a Man of the Year Award to be presented annually to the person who has contributed most to the concept of personal physical fitness through their professional contribution and participation. This Award is presented yearly at the Association's Annual Meeting. In 1977, we were honored when former President Gerald R. Ford accepted our award in Los Angeles. Last year, Senator Proxmire was the recipient of our award.

OFFICERS

DONAHUE WILDMAN
CHAIRMAN

FRANK BOND
VICE CHAIRMAN

JEROME KAHN
PRESIDENT

LAWRENCE HUGGINS
VICE PRESIDENT

JAMES GLASPER
TREASURER

WILLIAM HUBNER
SECRETARY

BOARD OF DIRECTORS

Carmen Baratta
Santa Monica Swim
& Health Clubs
Los Angeles, Cal.

Frank Bond
Holiday Universal, Inc.

James Glasper
International Spas
Tempe, Ariz.

William Hubner
Allied Health
Association

Jerome Kahn
Holiday Health Spas
Flint, Mich.

Lawrence P. Huggins
Health Industries, Inc.
Newport Beach, Ca.

Harry Schwartz
Jack La Lanne, Inc.
Lake Success, N.Y.

George Sloan
Cosmopolitan Spa
International, Inc.

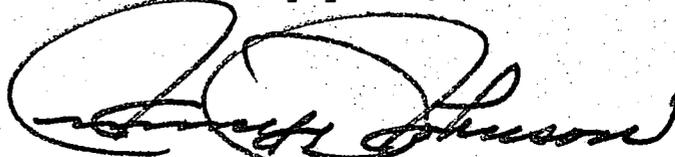
Donahue Wildman
Health & Tennis
of America
Chicago, Ill.

The President
November 28, 1978
Page 2

At their November 6, 1978 meeting, the Board of Directors voted unanimously to extend an invitation to you, Mr. President, to accept the 1978 Man of the Year Award. Based upon the outstanding record of your administration and your personal commitment to physical fitness. It would be presented to you on the occasion of our Annual Meeting at the Marriott Hotel (Downtown), Chicago, Illinois, on the evening of April 20, 1979. The ceremony would consist of a brief private reception for you and your party and our Board of Directors followed by an equally brief presentation of the award itself before the assembled membership of our Association.

Our industry, and I am sure, all the citizens of our country have been pleased with the examples of your commitment to exercise. Your leadership, in this vital area, will continue to be of incalculable value to the progress of our country. It is our sincerest hope that you will see fit to accept this invitation which will allow us to recognize your achievements and, at the same time, promote the cause of physical fitness for all Americans.

Sincerely yours,

A large, stylized handwritten signature in black ink, appearing to read "Jimmy D. Johnson".

Jimmy D. Johnson, Ph.D.
Executive Director

JDJ:mg

THE WHITE HOUSE
WASHINGTON

1/2/79

Jim McIntyre

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

Rick Hutcheson

cc: Frank Moore

JUVENILE JUSTICE AND DELINQUENCY PREVENTION ACT FUNDING MEMORANDUM

December 19, 1978

Jim McG

Jim Sen
Beyh

J

1. The Juvenile Justice Program in the Justice Department is one of the few creative federal programs to prevent crime. President Carter and Attorney General Bell have shown a long-term commitment to these programs to prevent juvenile crime and have stated their commitments in a number of strong public statements. The Democratic National Platform also stressed a commitment to funding and implementing the Juvenile Justice and Delinquency Prevention Act.
2. The Juvenile Justice Program in every practical respect is only 18 months old. While the Nixon-Ford Administrations gave verbal support to the Act, they requested low levels of funding and made an effort to cut funding for the Act altogether. During the three-year period of 1975-1977 the Act authorized \$350 million, but these Administrations requested only \$10 million. The Congress appropriated \$140 million during the period. During the last year and one-half, under the Carter Administration, the program has finally received the support necessary to establish a record of funding to states. The budget request in 1978-1979 was \$175 million; the Act authorized \$325 million; Congress appropriated \$200 million.
3. The record of fund flow to the States, under the Juvenile Justice Program, as begun during the last eighteen months, does not justify a budget cut.
 - a. The fund flow records (based on "H-1" reports submitted to the comptroller of LEAA) on which the budget cut has been defended, are not correct. A current eight-state survey which is attached to this memorandum indicates substantially greater fund flow than is reported in the comptroller's records. Several reasons, including late and incomplete reporting by grantees to states and by states to LEAA, may explain such errors, especially in such a new program.
 - b. Fund flow to the States under the Juvenile Justice Act is not below the levels realized in other LEAA programs, especially when considering the brief time that federal funding has been available at meaningful levels. For example, in spite of the relative youth of the Juvenile Justice Program, even in 1977 almost half of the participating states were spending Juvenile Justice funds at a higher rate than was the case with LEAA Part E Corrections funds. The Office of Juvenile Justice expenditures by states now generally match the expected pattern for LEAA program funds in a three-year cycle of approximately 7-10% in the first year, 40-50% in the second year and the remainder in the third year.
4. The proposed cut in the program at this time will not eliminate unused funds, but rather will destroy the program, because:
 - a. This program requires the states to satisfy very high standards in their juvenile justice systems. Without full funding at approximately current levels as many as 25% of the states will decline to adopt the standards and withdraw from the program.
 - b. The States, with few if any exceptions, will not replace Federal funds with State funds even to continue programs where States are in compliance with Federal standards. Seventy to 80% of Federal formula grant moneys are for continuation funding.

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- c. States will consider a reduction of Federal funding to be an act of bad faith in light of earlier commitments of Federal funds as an incentive for the States to meet otherwise overly burdensome Federal standards. Forty-four of the 50 States are now participating in this program, but some of these States are reluctant to continue participating without a strong indication of a long-term commitment by the Federal government.
5. If any cut at all is required in the Juvenile Justice Program budget, such a cut should be no greater than the percentage cuts in other LEAA programs. As proposed, the Juvenile Justice budget would be reduced by 50%, while the proposed overall LEAA reduction is 17.6%. Assuming that there is ample reason to increase the budgets of some divisions within the Department of Justice other than LEAA, the resulting budget cut should be distributed evenly across the LEAA budget, resulting in a 17.6% cut (\$17.6 million) in the Office of Juvenile Justice budget and proportionate cuts in other LEAA programs.

		1975		1976		1977		1978	
State		Award	Commitment	Award	Commitment	Award	Commitment	Award	Commitment
Connecticut	H-1	200,000	183,809	378,000	214,996	673,000	70,800	863,000	0
	Actual	200,000	200,000	378,000	378,000	673,000	673,000	863,000	118,200
Vermont	H-1	200,000	200,000	250,000	247,408	200,000	157,640	225,000	0
	Actual	200,000	200,000	250,000	250,000	200,000	195,830	225,000	25,245
Michigan	H-1	333,000	315,642	1,200,000	1,012,376	2,147,000	676,433	2,813,000	104,485
	Actual	333,000	333,000	1,200,000	1,118,230	2,147,000	1,882,994	2,813,000	614,964
Massachusetts	H-1	200,000	200,000	693,000	609,591	1,236,000	508,062	1,617,000	27,721
	Actual	200,000	200,000	693,000	684,552	1,236,000	1,197,281	1,617,000	64,181
Wisconsin	H-1	200,000	195,758	584,000	176,013	1,044,000	39,193	1,376,000	0
	Actual	200,000	195,758	584,000	432,993	1,044,000	207,822	1,376,000	0
Montana	H-1	200,000	151,047	250,000	101,644	200,000	30,000	229,000	0
	Actual	200,000	159,929	250,000	193,327	200,000	124,274	229,000	75,886
Indiana	H-1	200,000	166,018	679,000	126,959	1,213,000	385,420	1,598,000	9,961
	Actual	200,000	200,000	679,000	650,000	1,213,000	1,000,000	1,598,000	1,200,000
Illinois	H-1	389,000	360,017	1,402,000	1,022,061	2,501,000	738,643	3,262,000	45,866
	Actual	389,000	389,000	1,402,000	1,389,166	2,501,000	2,015,103	3,262,000	686,488
Totals:		1,922,000	1,772,291	5,436,000	3,511,048	19,209,000	2,605,391	11,983,000	188,033
			1,877,687		5,096,268		7,296,304		2,784,964
Percent of Total									
H-1			92.1		64.1		28.1		15.1
Actual			98.1		94.1		79.1		23.1

THE WHITE HOUSE
WASHINGTON

1/2/79

Secretary Califano

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

Rick Hutcheson

SUMMARY OF CONGRESSIONAL MAIL TO THE PRESIDENT

DATE: DECEMBER 28, 1978

PAGE: - 9-

FROM

SUBJECT

DISPOSITION

COMMENTS

REP. TRENT LOTT
(R) - MISSISSIPPI

APOLOGIZES FOR TAKING YOUR TIME WITH A MATTER WHICH SHOULD BE HANDLED WITH SOME DEGREE OF EXPEDITIOUSNESS BY A FEDERAL AGENCY, BUT HAS RECEIVED NO RESPONSE TO THREE LETTERS HE SENT TO SECRETARY CALIFANO, AND HAS BEEN UNABLE TO REACH THE SECRETARY BY PHONE; REQUESTS THAT THE SECRETARY RENDER HIS OPINION ON THE EFFECT TITLE IX OF THE EDUCATION AMENDMENTS OF 1972 MAY HAVE ON THE ACTIVITIES OF JAYCEES ON COLLEGE CAMPUSES.

ACKNOWLEDGED BY FM
REFERRED TO NEW
CC:EIZENSTAT

*Tell Joe
to call
Trent*

REP. ED JONES
(D) - TENNESSEE

BELIEVES THAT THE NEW CHAIRMAN OF THE COMMODITY FUTURES TRADING COMMISSION MUST HAVE AN AGRICULTURAL/FARM BACKGROUND, COUPLED WITH KNOWLEDGE OF THE FUTURES MARKETS.

ACKNOWLEDGED BY FM
REFERRED TO
PRESIDENTIAL PERSONNEL

REP. SONNY MONTGOMERY
(D) - MISSISSIPPI

AGREES WITH YOU THAT SHOULD THERE BE A RETURN TO THE DRAFT, THERE SHOULD BE NO EXEMPTIONS FOR THOSE SELECTED FOR SERVICE BY A LOTTERY; BELIEVES THERE IS NOT NOW ENOUGH SUPPORT TO RESTORE INDUCTION AUTHORITY, BUT THE SYSTEM SHOULD BE EXPANDED AND PROVISION MADE FOR REGISTRATION AND CLASSIFICATION.

ACKNOWLEDGED BY FM
REFERRED TO
STU EIZENSTAT
CC:DEFENSE

THE WHITE HOUSE
WASHINGTON

2 January 1979

Patti--

Susan had already conveyed the President's message to Secretary Califano, but she asked me to send a copy of the letter with a copy of the President's comments as a follow-up. Here, for your files, is a copy of all of the related material.

EV

FROM	SUBJECT	DISPOSITION	COMMENTS
EP. TRENT LOTT (R) - MISSISSIPPI	APOLOGIZES FOR TAKING YOUR TIME WITH A MATTER WHICH SHOULD BE HANDLED WITH SOME DEGREE OF EXPEDITIOUSNESS BY A FEDERAL AGENCY, BUT HAS RECEIVED NO RESPONSE TO THREE LETTERS HE SENT TO SECRETARY CALIFANO, AND HAS BEEN UNABLE TO REACH THE SECRETARY BY PHONE; REQUESTS THAT THE SECRETARY RENDER HIS OPINION ON THE EFFECT TITLE IX OF THE EDUCATION AMENDMENTS OF 1972 MAY HAVE ON THE ACTIVITIES OF JAYCEES ON COLLEGE CAMPUSES.	ACKNOWLEDGED BY FM REFERRED TO HEW CC:EIZENSTAT	<i>Tell Joe to call Trent</i>
REP. ED JONES (D) - TENNESSEE	BELIEVES THAT THE NEW CHAIRMAN OF THE COMMODITY FUTURES TRADING COMMISSION MUST HAVE AN AGRICULTURAL/FARM BACKGROUND, COUPLED WITH KNOWLEDGE OF THE FUTURES MARKETS.	ACKNOWLEDGED BY FM REFERRED TO PRESIDENTIAL PERSONNEL	
REP. SONNY MONTGOMERY (D) - MISSISSIPPI	AGREES WITH YOU THAT SHOULD THERE BE A RETURN TO THE DRAFT, THERE SHOULD BE NO EXEMPTIONS FOR THOSE SELECTED FOR SERVICE BY A LOTTERY; BELIEVES THERE IS NOT NOW ENOUGH SUPPORT TO RESTORE INDUCTION AUTHORITY, BUT THE SYSTEM SHOULD BE EXPANDED AND PROVISION MADE FOR REGISTRATION AND CLASSIFICATION.	ACKNOWLEDGED BY FM REFERRED TO STU EIZENSTAT CC:DEFENSE	

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

January 2, 1979

TO: SECRETARY CALIFANO

FROM: FRANK MOORE *f.m.*
Assistant to the President
for Congressional Liaison

SUBJECT: LETTER TO THE PRESIDENT FROM CONGRESSMAN
TRENT LOTT

Per the President's request, I am forwarding a copy of the letter which Trent Lott has sent to him regarding the Congressman's desire to obtain certain information from you. I am also attaching a copy of a page from the President's mail summary on which he has commented on this letter.

I know that the original letter was forwarded to you for response at the time of its receipt here at the White House. I am also aware of the fact that you have been in contact with the Congressman. However, I am forwarding these copies to you for your information and/or appropriate handling.

TRENT LOTT
5TH DISTRICT, MISSISSIPPI

308 CANNON BUILDING
202-225-5772

ADMINISTRATIVE ASSISTANT
TOM H. ANDERSON, JR.

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

COMMITTEES:
RULES
POST OFFICE AND CIVIL SERVICE

DISTRICT OFFICES:
GULFPORT, MISSISSIPPI 39501
601-864-7670
HATTIESBURG, MISSISSIPPI 39401
601-582-3246
LAUREL, MISSISSIPPI 39440
801-649-1231

December 20, 1978

ACK. FM/HEW
CONGRESSIONAL
LIAISON

DEC 28 1978

CC: Eizenstat

The President
The White House
Washington, DC 20500

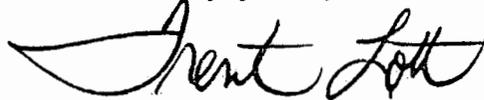
Dear Mr. President:

First, let me apologize for having to take up your time with a matter that would seemingly be handled with some degree of expeditiousness by a federal agency. However, as you will note from the attached letters, one of which I have already called to the attention of your staff, I am unable to elicit any response whatsoever to an inquiry I made to the Secretary of Health, Education and Welfare.

I have asked the Secretary to render his opinion on the effect title IX of the Education Amendments of 1972 may have on the activities of Jaycees on college campuses. Not only have I received no response to my request, but I have also had no acknowledgement of either of my letters. Any help you might be able to give me in obtaining a reply would be deeply appreciated.

Thanking you, and with best wishes for the holiday season, I
am

Sincerely yours,



Trent Lott

TL:mrt
Enclosures

SU27
ED00
BU01

TRENT LOTT
5TH DISTRICT, MISSISSIPPI

308 CANNON BUILDING
202-225-5772

ADMINISTRATIVE ASSISTANT
TOM H. ANDERSON, JR.

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

December 20, 1978

COMMITTEES:
RULES
POST OFFICE AND CIVIL SERVICE

DISTRICT OFFICES:
GULFPORT, MISSISSIPPI 39501
601-844-7670
HATTIESBURG, MISSISSIPPI 38401
601-821-3246
LAUREL, MISSISSIPPI 38440
601-649-1231

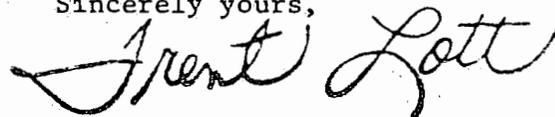
Honorable Joseph A. Califano
Secretary of Health, Education and Welfare
330 Independence Ave., SW
Washington, DC 20201

Dear Mr. Secretary:

This is my third time to write you about the same subject, since I have received absolutely no reply to my first two communications and have been unable to reach you by telephone this week. As you will note from the copies of my earlier correspondence which I have attached hereto, I am interested in your opinion on the bearing title IX of the Education Amendments of 1972 may have on the activities of Jaycees on college campuses.

The courtesy of an acknowledgement and a reply to my repeated inquiries would be welcomed.

Sincerely yours,



Trent Lott

TL:mrt
Enclosures
cc: The President

November 13, 1978

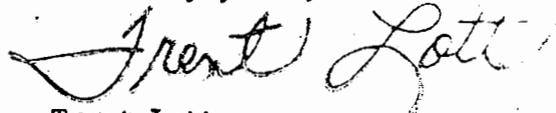
Honorable Joseph A. Califano
Secretary of Health, Education, & Welfare
330 Independence Avenue, SW
Washington, DC 20201

Dear Mr. Secretary:

You will find enclosed a copy of a letter I sent to you two months ago regarding activities of Junior Chamber of Commerce chapters on college and university campuses. I have never received any acknowledgement of my inquiry, and, although telephone calls to HEW have revealed that this communication has received your attention, I have had no response from you.

I would appreciate hearing from you about this matter at your earliest convenience.

Sincerely yours,



Trent Lott

TL:mrt

Enclosure

cc: Mr. Frank B. Moore
Assistant to the President
for Congressional Relations

September 8, 1978

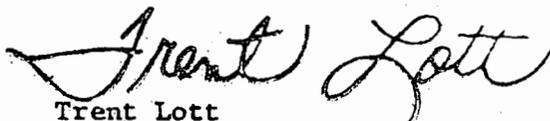
Honorable Joseph A. Califano
Secretary of Health, Education, & Welfare
330 Independence Avenue, SW
Washington, DC 20201

Dear Mr. Secretary:

Recently it has been called to my attention by the Junior Chamber of Commerce (Jaycees) in Mississippi that some colleges and universities are concerned about what bearing title IX of the Education Amendments of 1972 have on Jaycee activities on campus. I would appreciate having your comments on this matter in order that I may respond further to the concerns of my constituents.

Thanking you, and with best wishes, I am

Sincerely yours,


Trent Lott

TL:mrt

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

2 January 1979

9
1

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

1. SECRETARY KREPS sent you a status report on Commerce's efforts to amend the Communications Act of 1934. She predicts that the next Congress will pass legislation amending at least some aspects of the 1934 Act.
2. SECRETARY KREPS sent you a report on her recent visit to Moscow with Secretary Blumenthal. "The general consensus which seemed to dominate the meeting was that political conditions are improving and that if they continue to improve, trade may improve as well."
3. SECRETARY HARRIS sent you a letter from a resident of a Pennsylvania housing project for the elderly, expressing deep appreciation to the President and to Secretary Harris for the government housing.
4. CHARLES SCHULTZE sent you the 1978 CEA Annual Report, as required by law, but does not recommend that you read it. The report will be published in the Economic Report of the President.

**Electrostatic Copy Made
for Preservation Purposes**

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20506

December 29, 1978

MEMORANDUM FOR RICK HUTCHESON

From: Peter Gould

Attached is the CEA Annual Report for 1978. As was the case last year, it is my judgment that this formal transmittal to you may be the end of the road for the document. I suggest that you should feel free to file this and if you wish inform the President that it has been transmitted. It will be published in the Economic Report of the President to be distributed in January.

If you have any questions give me a call.

Attachment

LETTER OF TRANSMITTAL

Council of Economic Advisers,
Washington, D.C., December 29, 1978.

The President:

Sir: The Council of Economic Advisers submits this report on its activities during the calendar year 1978 in accordance with the requirements of the Congress, as set forth in section 10(d) of the Employment Act of 1946 as amended by the Full Employment and Balanced Growth Act of 1978.

Cordially,

Charles L. Schultze, Chairman.
Lyle E. Gramley.
William D. Nordhaus.

With the enactment of the Full Employment and Balanced Growth Act of 1978, the chartering legislation of the Council of Economic Advisers was substantially revised for the first time since the Council was created by the Employment Act of 1946. The new Act, which was signed by the President on October 27, 1978, is better known as the Humphrey-Hawkins bill, after the primary sponsors of the law, Senators Hubert and Muriel Humphrey and Congressman Augustus Hawkins.

Under the Full Employment and Balanced Growth Act, the basic mission of the Council of Economic Advisers is unchanged. The Council is to continue to advise and assist the President in the formulation of national economic policies and in Presidential decisions on other matters that affect the economic life of the Nation. However, the Humphrey-Hawkins bill creates an important new framework within which the government is charged with pursuing policies to reach economic objectives.

The bill reaffirms and enlarges upon the commitment of the Employment Act of 1946 by declaring that it is a national objective to provide full opportunities for useful employment to all Americans willing and able to work. The Humphrey-Hawkins bill also establishes for the first time in law a national commitment to reduce the rate of inflation, and it recognizes the need for better coordination of monetary and fiscal policies to achieve these objectives.

In furtherance of these goals, new procedures and requirements are established in the bill for the President, the Congress and the Federal Reserve System.

The new law requires that the President each year set forth in the Economic Report of the President numerical goals for employment, unemployment, production, real income, productivity, and prices. Short-term goals for these key indicators of the economy's health are to be established for 2 years. Medium-term goals for the subsequent 3 years also are to be set in each Economic Report.

The Full Employment and Balanced Growth Act sets forth specific numerical goals for unemployment and inflation for the 5-year period now ahead. The bill states that the goal for unemployment in 1983 should be 4 percent overall and 3 percent for workers aged 20 and over. For inflation, the bill sets a goal of 3 percent by 1983 and, upon achievement of that goal, zero percent by 1988. These are highly ambitious goals that cannot be achieved solely through the application of fiscal and monetary policy measures. The bill recognizes this in two ways.

First, it recommends to the President a wide variety of policies that he may consider to attack the problems of unemployment and inflation. However, the bill does not require him to pursue any specific policies, nor does it authorize spending on any new programs. Should the President wish to pursue those policies mentioned in the Act, he would be required to seek Congressional authorization to fund the new programs.

Second, the bill authorizes the President, beginning with the second Economic Report published after passage of the Act, to recommend goals for unemployment and inflation in 1983 different from those provided for in the bill should economic circumstances make such changes necessary. The bill provides, however, for continued commitment by the Congress and the President to the objective of reducing unemployment to 4 percent as soon as feasible.

Should the President recommend a change in the 1983 goal for reducing unemployment, he is required to state in his Economic Report the year in which he believes that the 4 percent goal can be achieved. The Congress then is required to state in its first Concurrent Budget Resolution its own timetable for achieving the 4 percent unemployment goal. Such a statement in the budget resolution would be required if the President should postpone the 1983 goal set forth in the law, or if he should in subsequent years recommend a year for reaching 4 percent unemployment that is different from the date set in a future Congressional budget resolution.

Each year, the President is required by the new Act to present budget recommendations for the 2 years immediately ahead that are consistent with achievement of the short-term goals set forth in his Economic Report. He also is required to present projections for economic activity in the subsequent 3 years that are consistent with the medium-term goals set out in the Economic Report. Similarly, the bill requires that the Congress, in its deliberations on the budget, take into account the economic goals recommended

by the President. Every year, at the start of debate in each house of Congress on the first Concurrent Budget Resolution, 4 hours of debate are reserved for discussion of the economic situation and its ramifications for budgetary policy.

The Federal Reserve Board is required by the Act to review the President's budget and Economic Report and to report to the Congress on the President's recommendations and on the manner in which the conduct of monetary policy will contribute to the achievement of those goals. The Congress, in its deliberations on the budget each year, is to take into account the views and policies of the Federal Reserve as well as the President's program. Through this process, the bill should focus and promote better coordination of the Nation's economic policies.

The Council of Economic Advisers played an active role in the development of the Full Employment and Balanced Growth Act. During 1977, the Council participated actively in discussions with sponsors of the bill that led to the legislation introduced in mid-1977 with the President's full support and passed by the Congress in 1978. During Congressional consideration of the bill, the Council worked closely with members of Congress and their staffs, and with other agencies of the government to achieve passage of sound legislation.

The Economic Report of the President and Budget published in January, 1979, will be the first to be published under the new Act. Not only will these reports for the first time

set forth economic goals in the fashion required by the new Act, but they will reflect mandates in the legislation for continued study of major national economic problems. The Humphrey-Hawkins bill requires the Office of Management and Budget (OMB) each year to review selectively a number of national priority programs and policies that can contribute to the achievement of the economic goals of the bill. The bill particularly commends to OMB's study such areas of major concern as government policies toward energy, agriculture, the problems of urban areas, and the expansion of exports. Similarly, the bill requires that the Economic Report of the President include an Investment Policy Report that discusses the needs of businesses for investment capital and appropriate government programs to support adequate rates of capital formation.

FUNCTIONS OF THE COUNCIL OF ECONOMIC ADVISERS

Macroeconomic Policies

The Employment Act of 1946 challenged the government to pursue policies designed to achieve maximum employment, production, and purchasing power. In recognition of the evolution of the economy since 1946, and the increasing importance of the inflation problem in today's economy, the Full Employment and Balanced Growth Act continues to charge the Federal Government with responsibility to promote high levels of employment and production, but also to pursue prudent budgetary policies, to seek an improved international trading posture for the United States, and to take steps necessary to assure reasonable price stability.

These new legislative objectives bring the law into line with the Council of Economic Advisers' current role in the Administration, a role that has expanded steadily in the years since 1946 as new economic problems placed new demands on the Council and its staff. Today, the Council is responsible for advising the President on policies ranging from overall Federal fiscal policies through efforts to reform the Federal regulatory system to the international economic policies of the U.S. Government.

From the outset, the Council's fundamental role has been to advise the President on overall economic policies designed to achieve the government's objectives for employment, output, and price stability. To fulfill this responsibility, the Council develops economic forecasts several times yearly with the assistance of an interagency forecasting committee. This group, which is chaired by a Member of the Council, meets to analyze the outlook for individual sectors of the economy and to develop detailed economic forecasts for the years immediately ahead. The members of this committee, in addition to the Council, include representatives from the Office of Management and Budget and the Departments of Treasury, Commerce, and Labor.

The forecasts prepared by the forecasting group are presented regularly by the Chairman of the Council to the Economic Policy Group (EPG). The members of the EPG, who are the President's principal economic advisers, meet on a weekly basis to discuss and develop economic policy proposals.

In the final months of each year, during the development of the President's annual budget, the Council presents to the EPG and later to the President proposals for Federal fiscal policies during the upcoming fiscal year. The development of overall macroeconomic policy advice for the President thus remains one of the Council's major responsibilities.

The Council also worked actively during 1978 with the Council on Wage and Price Stability (CWPS) to develop and execute measures to combat inflation, including the anti-inflation program that the President announced in a speech to the Nation on October 24, 1978. The Council on Wage and Price Stability was chaired by the Chairman of the CEA, Charles L. Schultze, until October, 1978, when Alfred E. Kahn was named Advisor to the President on Inflation and Chairman of CWPS.

Microeconomic Policies

In addition to its work on overall economic policies, the Council of Economic Advisers increasingly is involved in the analysis of "microeconomic" issues -- those policy actions and economic developments that affect individual sectors of the economy, or even individual industries and markets. During 1978, the Council participated in the development of the Administration's policies toward such areas as agriculture, energy, financial institutions, health insurance, welfare reform, and other major issues. The Council and its staff were actively involved in the development of the tax program that the President submitted to the Congress in January, 1978.

During 1978, the Council continued to chair the interagency Regulatory Analysis Review Group (RARG). The RARG was created late in 1977 to review selected analyses of the economic effects of major regulatory proposals. The President has ordered that a Regulatory Analysis must be prepared for each major regulatory proposal. The analysis is developed by individual regulatory agencies and submitted for public comment prior to promulgation of final regulations. During the public comment period, the RARG reviews the economic analysis of the regulation. The RARG's appraisal of the regulatory analysis under review is then filed in the agency's record of public commentary.

In 1978, 6 major regulations were reviewed by the RARG. They were the Occupational Safety and Health Administration's standard on worker exposure to acrilonytrile and its generic carcinogen policy, the Environmental Protection Agency's new source performance standard for steam-powered electric generating plants and its ambient air quality standard for ozone, the Department of Transportation's regulation on access to mass transit facilities for the handicapped, and the Department of Interior's surface coal mining regulations.

The Council's staff played an active role in the preparation of several of the RARG's comments on these regulations, and in coordinating the activities of the RARG.

CEA also worked closely with regulatory agencies and other offices in the Executive Office of the President in the development of the Regulatory Council that was established by the President in October, 1978. This Council, which consists of heads of government regulatory agencies, has been charged with developing twice each year a calendar of upcoming regulatory proposals. This calendar, which will include the expected costs and benefits of regulations about to be proposed, is expected to prove to be an important tool in coordinating the activities of regulatory agencies and assisting in the President's efforts to reduce the burden of regulation on the private economy while achieving the Nation's regulatory objectives. Although not a member of the Regulatory Council, CEA has been invited to sit-in at meetings of the new Council.

The CEA continued during 1978 to play an active role in the development of the Administration's international economic policies. The Chairman of the Council also served during the year as the Chairman of the Economic Policy Committee of the Organization for Economic Cooperation and Development. In that capacity he chaired three meetings of the Committee, which consists of senior economic officials from OECD member governments.

The Council also is an active participant in the working parties of the OECD Economic Policy Committee on inflation, balance of payments adjustment and medium-term growth. Council members or staff economists

attend periodic meetings of these working parties during the year to represent the U.S. Government.

Public Information

The Full Employment and Balanced Growth Act retained the requirement, originally set forth by the Employment Act of 1946, that the President submit each year a report to the Congress on the state of the economy. As noted earlier, however, the Humphrey-Hawkins bill requires new information to be included in the Economic Report of the President.

The Council assumes major responsibility for the preparation of the Economic Report of the President, and the CEA annual report --the principal publications through which the public is informed of the Council's work and views.

These publications also are important vehicles for presenting and explaining the Administration's overall domestic and international economic policies. In recent years, about 50,000 copies of the Report have been distributed annually.

In addition, the Council prepares the monthly publication Economic Indicators, a compendium of statistical information developed by the Council's Statistical Office for the Joint Economic Committee of the Congress. Each month, about 10,000 copies of Economic Indicators are distributed.

Information also is provided to members of the public through speeches, and other public appearances by the Chairman, Members, and staff economists of the Council.

In 1978, the Chairman and Members appeared on 23 occasions before Committees of the Congress to testify on the Administration's economic policies. The Council this year published a Staff Paper on the taxation of capital gains prepared by John Yinger, senior staff economist, with the help of other CEA staff members. Each year, the Council answers numerous requests from the press and provides information in response to inquiries from individual citizens.

ORGANIZATION AND STAFF OF THE COUNCIL

Office of the Chairman

Charles L. Schultze, the Chairman of the Council, is responsible for communicating the Council's views to the President. This duty is performed through direct consultation with the President, and through written reports on economic developments and on particular programs and proposals. The Chairman represents the Council at meetings of the Cabinet and in many other formal and informal contacts with government officials.

Council Members

The two Council Members are responsible for all subject matter covered by the Council, including direct supervision of the work of the professional staff. Members represent the Council at a wide variety of meetings and assume major responsibility for the Council's involvement in many activities. Lyle E. Gramley and William D. Nordhaus continued in their capacity as Council Members during 1978.

In practice, the small size of the Council's staff permits the Chairman and Council Members to work as a team in most circumstances. There is, however, an informal division of subject matter between them. Mr. Gramley assumed primary responsibility in 1978 for macroeconomic analysis, including the preparation of economic forecasts, and for labor market policies. Mr. Nordhaus is primarily responsible for international economic analysis and for microeconomic analysis, including such policy areas as energy, agriculture, social welfare, and regulated industries.

Past Council Members and their dates of service are listed in the following table:

Name	Position	Oath of office date	Separation date
Edwin G. Nourse	Chairman	August 9, 1946	November 1, 1949.
Leon H. Keyserling	Vice Chairman	August 9, 1946	
	Acting Chairman	November 2, 1949	
John D. Clark	Chairman	May 10, 1950	January 20, 1953.
	Member	August 9, 1946	
	Vice Chairman	May 10, 1950	February 11, 1953.
Roy Blough	Member	June 29, 1950	August 20, 1952.
Robert C. Turner	Member	September 8, 1952	January 20, 1953.
Arthur F. Burns	Chairman	March 19, 1953	December 1, 1956.
Neil H. Jacoby	Member	September 15, 1953	February 9, 1955.
Walter W. Stewart	Member	December 2, 1953	April 29, 1955.
Raymond J. Saulnier	Member	April 4, 1955	
	Chairman	December 3, 1956	January 20, 1961.
Joseph S. Davis	Member	May 2, 1955	October 31, 1958.
Paul W. McCracken	Member	December 3, 1956	January 31, 1959.
Karl Brandt	Member	November 1, 1958	January 20, 1961.
Henry C. Wallich	Member	May 7, 1959	January 20, 1961.
Walter W. Heller	Chairman	January 29, 1961	November 15, 1964.
James Tobin	Member	January 29, 1961	July 31, 1962.
Kermit Gordon	Member	January 29, 1961	December 27, 1962.
Gardner Ackley	Member	August 3, 1962	
	Chairman	November 16, 1964	February 15, 1968.
John P. Lewis	Member	May 17, 1963	August 31, 1964.
Otto Eckstein	Member	September 2, 1964	February 1, 1966.
Arthur M. Okun	Member	November 16, 1964	
	Chairman	February 15, 1968	January 20, 1969.
James S. Duesenberry	Member	February 2, 1968	June 30, 1968.
Merton J. Peck	Member	February 15, 1968	January 20, 1969.
Warren L. Smith	Member	July 1, 1968	January 20, 1969.
Paul W. McCracken	Chairman	February 4, 1969	December 31, 1971.
Hendrik S. Houthakker	Member	February 4, 1969	July 15, 1971.
Herbert Stein	Member	February 4, 1969	
	Chairman	January 1, 1977	August 31, 1974.
Ezra Solomon	Member	September 9, 1971	March 26, 1973.
Marina V.N. Whitman	Member	March 13, 1972	August 15, 1973.
Gary L. Seavers	Member	July 23, 1973	April 15, 1975.
William J. Fellner	Member	October 31, 1973	February 25, 1975.
Alan Greenspan	Chairman	September 4, 1974	January 20, 1977.
Paul W. MacAvoy	Member	June 13, 1975	November 15, 1976.
Burton G. Malkiel	Member	July 22, 1975	January 20, 1977.

Professional Staff

At the end of 1978 the professional staff consisted of the Special Assistant to the Chairman, 10 senior staff economists, 2 staff economists, 1 statistician, and 5 junior staff economists. Members of the professional staff were responsible for economic analysis and policy recommendations in major subject areas involving the Council's interests and responsibilities.

The professional staff and their special fields at the end of the year were:

Peter G. Gould.....Special Assistant to the Chairman

Senior Staff Economists

Thomas C. Earley.....Agriculture and Food Policy

Robert J. Flanagan.....Labor Market and Anti-Inflation Policies

Steven W. Kohlhagen.....International Economic Developments and Trade

Val L. Koromzay.....International Economic Developments and Trade

Susan J. Lepper.....Monetary and Financial Policies, Housing, State and Local Finance, and General Macroeconomic Analysis

David C. Munro.....Business Conditions Analysis and Forecasting

David S. Sibley.....Regulated Industries

Lawrence J. White.....Regulated Industries

David A. Wyss.....Business Conditions Analysis and Forecasting, and Health Policy

John M. Yinger.....Public Finance and Income Maintenance Policy

Statistician

Catherine H. Furlong..... Senior Statistician

Staff Economists

Robert E. Litan.....Regulated Industries and
Energy

Michael J. McKee.....Business Conditions Analysis
and Forecasting

Junior Economists

James P. Lockett.....Labor Market Policies

Robert S. Lurie.....Regulated Industries and
Energy

Frederick W. McKinney.....Public Finance, Income
Maintenance, and Health Policy

Elizabeth A. Savoca.....Business Conditions Analysis
and Forecasting

Wanda S. Tseng.....International Economic
Developments and Trade

Catherine H. Furlong, Senior Statistician, is in charge of the Council's Statistical Office. Mrs. Furlong has primary responsibility for managing the Council's statistical information system. She supervises the publication of Economic Indicators and the preparation of the statistical appendix to the Economic Report. She also oversees the verification of statistics in memoranda, testimony, and speeches. Natalie V. Rentfro, Earnestine Reid, and Elizabeth Kaminski assist Mrs. Furlong.

From time to time during the year, the Council calls upon outside economists to provide special assistance on projects requiring their particular expertise. During 1978 consultants to the Council included Peter K. Clark (Stanford University), Donald H. Fullerton (Stanford University), Frank S. Levy (The Urban Institute), and John B. Shoven (Stanford University).

During the summer James R. Golden (U. S. Military Academy) was a member of the professional staff.

Marie G. Boccucci provided secretarial assistance during the summer months.

In preparing the Economic Report the Council relied upon the editorial assistance of Rosannah C. Steinhoff. Also called on for special assistance in connection with the Report were Dorothy L. Reid and Dorothy Bagovich, former members of the Council staff.

Supporting Staff

The Administrative Office of the Council of Economic Advisers provides general support for the Council's activities. Nancy F. Skidmore, Administrative Officer, prepares and analyzes the Council budget and provides general administrative services.

Elizabeth A. Kaminski, Staff Assistant to the Council, handles general personnel management, serves as Executive Secretary to the Regulatory Analysis Review Group, and provides general assistance to the Council and to the Special Assistant in the management of the Council's activities.

Members of the secretarial staff for the Chairman and Council Members during 1978 were Patricia A. Lee, Linda A. Reilly, Florence T. Torrison, and Alice H. Williams. Secretaries for the professional staff were M. Catherine Fibich, Bessie M. Lafakis, Joyce A. Pilkerton, Bettye T. Siegel, Margaret L. Snyder, and Lillie M. Sturniolo.

Departures

The Council's professional staff members are drawn primarily from universities and research institutions. Senior staff economists who resigned during the year were Roger E. Brinner (Data Resources, Inc.), Peter K. Clark (Stanford University), Nina W. Cornell (Federal Trade Commission), George E. Johnson (University of Michigan), J.B. Penn (Department of Agriculture), Jeffrey R. Shafer (Federal Reserve Board), and William L. Springer (Data Resources, Inc.). Arthur E. Blakemore, staff economist, resigned to accept a position with the Council on Wage and Price Stability.

Junior economists who resigned in 1978 were Michael S. Golden (Congressional Budget Office), Howard K. Gruenspecht (Domestic Policy Staff), Richard I. Kolsky (Yale University), Richard A. Koss (Wharton Econometric Forecasting Associates, Inc.), Julianne M. Malveaux (The Rockefeller Foundation), and Martha M. Parry (Stanford University).

James W. Gatling and Frank C. Norman joined the new Office of Administration created in the Executive Office of the President as part of the President's 1977 reorganization of his own staff offices.

~~CONFIDENTIAL~~



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

DEC 20 1978

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Kreps-Blumenthal Moscow Visit

This is my report on the trip which Secretary Blumenthal and I made to the Soviet Union during the week of December 4 to head up the U.S. delegation to the meetings of the US-USSR Joint Commercial Commission and the US-USSR Trade and Economic Council.

Generally, I would characterize the meetings as a modest step forward in our overall relationship.

We placed squarely on the record for the Soviets your desire, as expressed in your Orlando speech, to expand trade and economic cooperation. We gave substance to that position by announcing the approval of 22 outstanding oil and gas equipment export license applications and by a careful generalized expression of interest in the projects represented by the Trade Council's 28 major projects list, which William Verity discussed with you. While we stressed that we could not approve specific cases in advance, we promised to review each application on a case-by-case basis expeditiously once received. On the other hand, we repeatedly made it clear that we believe that a significant increase in trade depends, as a practical matter, upon continued improvement in the overall relationship, including continued progress on emigration, human rights, and SALT.

We were constantly pressed by the American media and Soviet officials to take a concrete stand against the Jackson-Vanik amendment, which bans credits and MFN for the Soviet Union, as well as the Stevenson amendment, which places a ceiling on the level of credits available. The Soviets characterize these as "discriminatory trade practices" and repeatedly stated that U.S.-Soviet trade remains stagnant because of U.S. legislative impediments. In response we emphasized that U.S. legislation is the product of strong public and Congressional opinion. We pointed out that as a matter of political reality a change in U.S. law could materialize only if the American public and the Congress perceived an overall improvement in U.S.-Soviet relations. We did note positively the recent substantial increase in emigration from the Soviet Union.

The Soviets were encouraged in their opposition to linking trade with political matters by U.S. businessmen present in Moscow as well as by Governor Harriman in his speech before several hundred at the Trade Council meeting where he said trade and politics should not be linked.

Jay 1/3/90

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CLASSIFIED BY Stanley J. Marcuss
SUBJECT TO GENERAL DECLASSIFICATION
SCHEDULE OF EXECUTIVE ORDER 11652
AUTOMATICALLY DECLASSIFIED ON
DEC. 31 _____ (insert year) 1985

~~CONFIDENTIAL~~

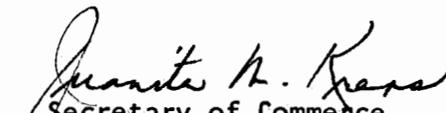
2

On a somewhat mundane level in our Commission meetings, we made useful progress on business facilitation matters: (1) The Soviets agreed to meet with us to prepare negotiations to extend reciprocal granting of multiple entry-exit visas. This would remove one of the most irritating problems in doing business in the Soviet Union. (2) The Soviets agreed to permit establishment of telex facilities, designation of local recreation areas for on-site projects, and improved housing for Americans working at these on-site projects. (3) We agreed to meet again in six months to review what steps had been taken on business facilitation.

We emphasized to the Soviets that existing problems are not solely on our side, and we hit them hard on the arbitrary treatment of American businessman William Crawford last summer, stressing the damaging effect of such action on the business climate. While publicly the Soviets rejected these charges, privately they admitted their embarrassment and promised to do everything possible to avoid future actions. They did drop the charges against an American Dow Chemical employee who had been arrested on traffic accident charges. The Soviets pointed to that action as illustrative of their desire to avoid unnecessary incidents.

The general consensus which seemed to dominate the meeting was that political conditions are improving and that if they continue to improve, trade may improve as well. The Soviets appeared to be appreciative of our action on the oil and gas cases and our willingness to be forthcoming on the major projects. I am convinced that had we not been able to make those gestures, the meetings would have been consumed by little more than barren restatements of general positions.

I found Brezhnev's personal condition disturbing. Although he appeared to be intellectually alert, he had difficulty speaking due to the thickness and immobility of his tongue, and he moved unsteadily as he escorted me from the private meeting to the dining room, a good 200 yards. He did participate in several vodka and wine toasts and seemed to enjoy himself, but he appeared to be under heavy medication. The fact that he attended the dinner at all can probably be taken as a sign of interest in improving our relations.


Secretary of Commerce

~~CONFIDENTIAL~~



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

27 DEC 1978

Dear Mr. President:

I am enclosing a letter that I have received from a resident of a housing project for the elderly in Washington, Pennsylvania.

It is heartwarming to receive such letters and to know that people appreciate our attention to the housing needs of special groups, such as senior citizens.

Sincerely yours,

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

Patricia Roberts Harris

Enclosure

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

Sonia Haskinson

IMMEDIATE
SECRETARY

Washington aborapts
apt 311

NOV 1 4 02 PM '78
RECEIVED

54 North College St
Washington Pa

NOV 1 11 04 AM '78

15301

10-23-78

Dear Patricia Roberts Harris

Jesus said feed my sheep
you and President Carter are doing
that in helping elderly people living in
apartments you are building

I am living in one its beautiful
as all tenants are saying

We have fixtures in bathroom and
kitchen that should last many years
we even have a garbage disposal
building built so well no cold drafts
coming in

a fire proof building sprinklers
and smoke detectors all over the place

The concern for tenants well being
is in affect at all times, if anyone is
sick they will be helped

There will be no break in to rob
any one here

We have a linen closet another one
in living room, a walk in closet in
bed room, sufficient cabinets in
Kitchen

Its the first time I've lived in
a new building, I cant find the
right words to thank you, I am grateful

Mr. Quinlan comes in often to see
if every thing is going well, his
address is

Hammill-Quinlan
133 Jefferson Rd
Penn Hills
Pittsburgh Pa

They did build this building
no one told me to write to you I
just had do it and thank you and
Pres. Carter

I am 68 yr old and feel fine
since my kids are at university
of Pittsburgh.

many blessings always

Sincerely

Sonia Foskison

heating unit and air condition all
in one



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

27 DEC 1978

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Sincerely yours,

Pat

Patricia Roberts Harris

Enclosure

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

Sonia Huskinson
Washington abo apts
apt 311

IMMEDIATE
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CY 401

NOV 1 4 02 PM '78

54 North College St
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NOV 1 11 04 AM '78
RECEIVED

15301
10-23-78

Dear Patricia Roberts Harris

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I am living in one its beautiful
as all tenants are saying

We have fixtures in bathroom and
kitchen that should last many years
we even have a garbage disposal
building built so well no cold drafts
coming in

a fire proof building sprinklers
and smoke detectors all over the place

The concern for tenants well being
is in affect at all times, if anyone is
sick they will be helped

There will be no break in to rob
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I am 68 yw old and feel fine
since my dr's are at university
of Pittsburgh.

many blessings always

Sincerely

Sonia Hoskinson

heating unit and air condition all
in one

ID 786225

THE WHITE HOUSE

WASHINGTON

DATE: 13 DEC 78

FOR ACTION: STU EIZENSTAT *NC*

FRANK MOORE *attached*

INFO ONLY: THE VICE PRESIDENT

JERRY RAFSHOON

JACK WATSON

ANNE WEXLER

JIM MCINTYRE

for summary

SUBJECT: KREPS MEMO RE PROGRESS ON REWRITE OF COMMUNICATIONS ACT
1934

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+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM FRIDAY 15 DEC 78 +
+++++

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ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

5



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

FYI

DEC 11 1978

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MEMORANDUM FOR THE PRESIDENT

SUBJECT: Progress on Rewrite of Communications Act of 1934

The attached sets forth the Department of Commerce's progress in dealing with the House Communications Subcommittee's Rewrite of the Communications Act of 1934 and discusses our plans for the future. The National Telecommunications and Information Administration (NTIA) has been handling this matter as an expert agency for the Administration in testimony and discussions with the Subcommittee. Overall, progress has been good. Senator Hollings has recently entered the process by announcing his intention to propose "omnibus amendments" to the 1934 Act. This strengthens prospects for eventual reform.

Highlights of the Department's testimony and analyses of major problems are given. Our basic thrust has been to support and attempt to strengthen the House bill's pro-competitive and deregulatory emphasis. The greatest problems remain in the public broadcasting, international, and cable areas and we will continue to watch the spectrum management area quite closely. The Department will concentrate in these areas and continue its liaison with the Subcommittee.

It now seems likely that there will be legislation passed amending at least some aspects of the 1934 Act in the next Congress.

Juanita H. Keese
Secretary of Commerce

Attachment



PROGRESS ON REWRITE OF COMMUNICATIONS ACT OF 1934

In June, Chairman Lionel Van Deerlin of the House Subcommittee on Communications, together with the ranking minority member, introduced a comprehensive bill to replace the Communications Act of 1934, which sets the framework for regulation of broadcasting, common carriers like AT&T, and other communications systems. The Department of Commerce's National Telecommunications and Information Administration (NTIA) testified during the summer as an expert agency on all aspects of this so-called "rewrite" bill. We supported its basic deregulatory thrust, but suggested some major changes. A revised version of the bill will be introduced in February, and further hearings will be held.

Many tended to discount the rewrite process because the Senate had indicated no interest in it. Recently, however, Senator Hollings, Chairman of the Senate Subcommittee on Communications, has announced his intention to introduce "omnibus amendments" to certain aspects of the Communications Act in the next Congress. This is valuable support for reform and makes it much more likely that there will be some substantial revision, although not a total rewrite (which Hollings continues to oppose). We believe that after hearings, the two sides will confer in late 1979 and a "two-chairmen bill" will emerge. It is this bill that will then move through the Congress, and while it will undoubtedly be revised, it probably has a good chance of enactment in 1980.

The following summarizes the status of major issues and our strategy for the future:

Common Carrier

The bill would opt for both competition and deregulation, wherever feasible, in intercity common carrier communications services. This would enlarge opportunities for other firms to compete with AT&T and also give AT&T a fairer chance to make competitive responses.

We endorsed most of the pro-competitive provisions and believe there is a good chance of their eventual enactment. As in the airline industry, competition in the common carrier telecommunications industry has now become an accepted fact of life, and the dispute is over the method of transition to full competition. This transition raises difficult and politically sensitive issues, since it must be carried out in a way that does not result in sharp rises in local telephone rates. Long distance rates have subsidized local charges through a complex process which may be jeopardized by full competition in inter-city services if not carefully implemented by the FCC and Congress. Senator Hollings' contribution may be particularly important here, because common carrier is one of the areas in which he is most interested.

A major sticking point is the proposal in the House bill to divest AT&T of Western Electric. We did not testify on this provision because we had not adequately studied it. We believe that this issue will probably not be dealt with legislatively; rather, its resolution, in our judgment, will be left to the pending antitrust suit against AT&T.

Broadcasting and Cable

In our testimony on commercial broadcasting, we presented a strong indictment of the present regulatory system as unworkable, burdensome and unduly infringing First Amendment rights. We advocated complete deregulation of radio, at the least, in the major markets where there are a plethora of stations (often as much as 60 in a city, with over 8000 stations in toto). This competitive environment does not now exist for television (952 stations), but we proposed substantial reduction and rationalization of television regulation.

These proposals are consistent with the bill, but we differed with it in some respects. We proposed greatly simplified and less burdensome means for dealing with issues such as the fairness doctrine and license renewal in television. We supported retention of affirmative EEO requirements and a licensing process that would favor minorities, who now own less than 1% of broadcast properties. The bill contains a proposal to charge commercial broadcasters a substantial spectrum fee based on the economic value of spectrum they use and to apply the resulting monies as a dedicated fund for public broadcasting and other worthy causes. We supported the concept of economic valuation as a spectrum management tool, but thought it unwise to convert this tool into, in effect, a dedicated tax to support social goals.

We disagreed with the Subcommittee's proposal to deregulate entirely cable television, because in some small communities this might mean that local television service would be unavailable. Instead, we suggested marked reductions in present regulation, which is too protective of broadcasting, particularly the VHF station in the top markets.

The broadcasting industry is split on the bill, with the most powerful groups opposing it chiefly because of the spectrum fee. If that obstacle is removed, progress is possible. Many public interest groups are also opposed, because they favor stronger regulation of broadcasting content. Hollings has indicated that he favors only minor reform in broadcasting. One new factor is a recent court decision holding that broadcasters have no renewal expectations over a challenger for their license. If this decision is not reversed, broadcasters may be much more interested in legislative revision.

The cable industry, broadcasters, and the copyright owners all oppose total Federal deregulation of cable. Van Deerlin will introduce a new version, as will Hollings.

Public Broadcasting

In our testimony, we reaffirmed the Administration's commitment to a strong public broadcasting system with

safeguards against political interference. The bill proposes substantial changes in public broadcasting which we believe are not well thought out; in particular, it gives too much responsibility to the Federal Government. This will have to be changed, since every witness opposed it. Consistent with your statement in October 1977, we endorsed the notion of a fundamental review of this area, but advocated that further consideration should be deferred until the independent Carnegie Commission on Public Broadcasting reports next January.

There is much support in the public broadcasting community for a comprehensive revision of their charter and we expect to develop proposals during the next few months. The House will continue to be supportive of major reform, but Hollings has not included it in his agenda.

International Common Carrier

The bill seeks to rely on competition in international communications regulation, but two basic difficulties stand in the way: (1) the United States has limited control over international telecommunications developments because decisions must be made jointly with foreign partners, who generally do not favor competition; and (2) AT&T controls 85% of the international traffic originating in the United States (i.e., the message telephone service) and would continue to do so in a deregulated environment.

We testified that we do not believe the bill's attempt to solve these problems by allowing COMSAT to play a more active competitive role and introducing a better government-industry planning mechanism are adequate. We supported better planning and urged that the Executive may have to play a more active role analogous to its role in international airline negotiations. We did not present this as a final solution to the problems we raised, and we intend to focus much of our future attention on this difficult area.

Government Organization; Spectrum Allocation

We supported some minor but important reforms of the FCC, including the reduction in the number of Commissioners

from 7 to 5 and stronger conflict of interest prohibitions. We did not address most aspects of the bill's proposal to establish a new Executive telecommunications agency, but did support centralizing in the Executive Branch all aspects of spectrum management except the selection of licensees for non-government stations. We believe that the present division of responsibility between the Department of Commerce and the FCC leads to serious inefficiencies which may create a crisis in the availability of spectrum over the coming decades.

There appears to be substantial support for reform of the FCC along the lines suggested and limited support for changes in the Executive Branch structure. We intend to continue to focus on centralized spectrum management. Opposition comes from the FCC and many sectors of the industry who believe that the Executive, which is itself a spectrum user, would unfairly discriminate against the commercial sector. We believe that the Executive would largely have to use the same rule-making procedures for assigning spectrum as the FCC now does. As a result, the private sector could even be net gainers under such an arrangement, because for the first time government and non-government users would directly compete for spectrum. These arguments appear to be well received by the House Subcommittee, but our chances for success are dubious.

Future Strategy

We believe that in the domestic common carrier and commercial broadcast areas, the general approach of the rewrite is sound, and that we should work on specific language, revising several provisions; this is particularly needed in the commercial broadcast area. In the areas of public broadcasting, international communications, and cable, the rewrite is sadly defective but there is a clear need for change. Accordingly, we intend to focus our major efforts in these areas, first to try to fashion sound, politically-feasible courses and then to draft the legislation reflecting those courses. We shall determine how to use these legislative drafts most effectively in the context of Congressional developments and feed-back. In this

effort, we shall be touching base with the interested industries, the FCC and the other agencies, and Congressional staffs. We will also continue to work on a statutory approach in the spectrum field where we have particular expertise and interest.

Juanita M. Kreps

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	LINDER
	MARTIN
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SANDERS
	VOORDE
	WARREN
	WISE

TO: RICK

FROM: MARI

RE Kreps Memo re Progress on Rewrite of Communications
Act 1934

Our Senate Liaison office feels that Senator Hollings should be briefed and his views solicited. Dan Tate is interested in knowing if that has taken place. Otherwise, no comment.

No Comment on the Lipshutz memo re Garnishment of Salaries etc.

THE WHITE HOUSE
WASHINGTON

1/2

Per From, ZB
already has a copy.

Bole

MEMORANDUM

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3619
J

THE WHITE HOUSE
WASHINGTON

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12.30
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Electrostatic Copy Made
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MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *ZB*
SUBJECT: Tentative Schedule for Teng Hsiao-ping (C)

Attached is a tentative schedule for the Teng Hsiao-ping visit.
It contains these special features:

- Teng would rest overnight at Camp David before the state visit begins. (C) *no*
- Instead of limiting your participation to two days, you would briefly see Teng on his third and final day in Washington to participate in a ceremony at which agreements would be signed (science and technology, possibly culture). (C) *?*
- The state dinner would be limited to government officials, including a large number from Congress. (C)
- We would schedule an Evening Gala at the Kennedy Center on the second night. The theme of the evening selections would be "The Best of America", a tasteful variety show which would be televised live in China. (C) *Maybe, but no dinner*

We are recommending to the Chinese that Teng visit Atlanta (one night), Houston (two nights), and Seattle (one night). Politically, this should consolidate our standing with Nunn, Bentsen, and Jackson, and it takes Teng to two areas -- the South and Southwest -- skeptical of normalization. Hamilton and Anne Wexler like the idea. (C) *We should check attitudes in Texas*

RECOMMENDATION:

That you approve this tentative schedule and itinerary. (C)

Approve _____ Disapprove ✓

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WHITE HOUSE GUIDELINES, FEB. 24, 1988
BY *Jay* NARS, DATE *4/5/90*

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PRELIMINARY SCHEDULE FOR TENG HSIAO-PING VISIT

- January 28: Morning arrival at Andres Air Force Base
Helicopter to Camp David
Overnight at Camp David
- January 29: 10:30 - White House welcoming ceremony
11:00 - Meeting with President Carter
(White House) (Review of the agenda
decide whether to instruct aids to
prepare agreements for signature on
the 31st)
12:15 - Lunch hosted by Secretary Vance
(State Department)
3:00 - Meeting with President Carter
(White House) (discussion of world
affairs)
4:30 - Conclude meeting
* 7:00 - White House State Dinner (Black tie)
(Entertainment by Isaac Stern)
Overnight at Blair House
- January 30: 10:30 - Meeting with President Carter
(Discussion of bilateral issues)
12:00 - Lunch: Congress
Afternoon - Congressional consultations --
format to be decided with Frank Moore
and the leadership
*Evening - Dinner and Gala at the Kennedy Center --
Theme: "The Best of America"
Overnight at Blair House
- January 31: 8:30 - Breakfast meeting w/Cabinet officials
(Blumenthal, Kreps, Schlesinger,
Bergland - Blair House)
10:00 - Visit Lincoln Memorial (tentative)
12:30 - Press event -- format to be decided
with Jody Powell
Afternoon - Signing of agreements (President
Carter and Vice Premier Teng participate
in ceremony)
- *Subject of a separate memo from Jordan, Wexler, Poston, and myself.

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BY NARS, DATE 4/3/80

