

10/12/79 [2]

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To: ORN

THE WHITE HOUSE
WASHINGTON

October 12, 1979

XC: Bert ✓
David ✓
Lathrop ✓
(files)

MEMORANDUM FOR: STU EIZENSTAT
FROM: ORIN KRAMER *ORN*
SUBJECT: Executive Order on Florida Condominiums

Last night I spoke with Sid Nerzig and his attorney about their proposal for a Presidential executive order. They recommend that the President freeze the escalation clauses in owners' leases, and that he do so under his inherent "police power" authority.

As you know, the President's authority is limited to those powers directly vested in him under the Constitution and those delegated to him by the Congress. It is unclear whether he retains some residual police power authority; if such authority does exist, it clearly is limited to issues threatening the nation's security. Even under the most liberal reading of the President's powers, he cannot promulgate an executive order on condominium leases.

The good news is that after our meeting with Florida delegation staff yesterday, OMB agreed to support extending the coverage of the bill to include cooperatives as well as condominiums.

Recommendation:

If you agree, I will wait until Monday and then pass the good and bad news back to Nerzig. I asked Senator Chiles' and Congressman Lehman's offices to release to the press this afternoon our decision on the cooperative issue, and at least Lehman has done so.

NOV 20 1979
GENERAL MAIL

Phil
J

MEMORANDUM FOR THE PRESIDENT

FROM: PHIL WISE *PW*
SUBJECT: Telephone Call to Florida

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Mr. Sid Nerzig
305/587-6986-O
305/946 1148-H

Mr. Nerzig is President of the Condominium Cooperative Council, an organization of over 400 Condominium Cooperatives in the state. In 1975, Mr. Nerzig talked with you about supporting regulations on recreational leases in regards to condominiums. You agreed to support such legislation. That legislation has passed the House (H2792), but the comparable Senate bill is jammed up in Senator Harrison Williams sub-committee on Housing and Urban Affairs. Mr. Nerzig is aware that you are supporting this legislation.

During the telephone conversation, Mr. Nerzig will probably discuss the situation. You should inform Sid of the new administration initiative in this area (see attached memo and Stu's letter) and ask him for his help on October 13. His influence is widely felt.

*Lud Ashley holding up
Conversion bill H 5175 - attach amend.
H2792 has not passed House
Pres - Ex Order Stu Call Tuesday
Toledo unions putting pressure on Lud
Will help in caucuses done*

NOV 19 1979
FBI FILES

THE WHITE HOUSE
WASHINGTON

October 5, 1979

✓ To: Orin; I've talked to
Nerby on Fla. Please
do me on this as if

Jhr

MEMORANDUM FOR: STU EIZENSTAT
FROM: ORIN KRAMER
SUBJECT: Florida Condominium Legislation

✓ XC: Bert
✓ David

Background

As you know, in 1978 and 1979 we supported comprehensive condominium protection legislation drafted jointly by the Administration and the Florida Congressional delegation. At our request, Jay Janis testified on the bill before the Senate Banking Subcommittee on June 28, and you sent a letter to the Florida delegation reaffirming our strong support in June.

Nonetheless, neither banking committee reported legislation, and there is agreement among all the interested parties, including Senators Chiles and Stone, that a broad condominium protection bill cannot pass at this time. There is no real committee support for the bill in its existing form, and it is opposed by industry groups, including the American Bar Association, the National Association of Realtors, the American Land Developers Association, and the U.S. Conference of Commissioners on Uniform State Laws (which recently developed a model State condominium statute), on the ground that the bill is an unwarranted Federal intervention into what is perceived as a State problem, and primarily the problem of one State.

In view of these obstacles, we have reached agreement with the Florida delegation and Banking Committee Staff to seek a narrower bill which addresses the Florida problem but eliminates controversial issues which are irrelevant to Florida. Specifically, the Florida issue is that condominium sale contracts frequently required the purchaser to accept "recreational leases," which mandate that the purchaser pay substantial and sometimes uncontrolled fees for the maintenance of adjacent facilities, over which the purchaser could not control costs. Under the proposed bill, unit owners would be authorized to seek a judicial determination that such leases are unconscionable. The bill would describe standards a court should consider in determining whether a lease was unconscionable. Our intention is to seek legislation which incorporates these provisions but which deletes controversial provisions relating to conversions which were in our original omnibus bill. The provisions to be removed are not relevant to Florida because they are already covered by Florida State law.

Current Status and Recommended Action

Attached is a letter from five members of the Florida delegation seeking your endorsement of the narrow legislation described above. Also attached is a draft response from you expressing Administration support for this approach. I have cleared your letter with OMB and Senator Stone's staff.

You should be aware of one potential area of disagreement. The new Chiles/Stone legislation, which I received this morning, extends the coverage of the recreation lease provision to cooperative as well as condominium owners. All our previous legislative efforts have focused exclusively upon condominiums; HUD and OMB will oppose extending coverage to cooperative units. Since this issue could not be resolved this afternoon, and it is important that your letter go out immediately, your letter gives full support to the condominium provision but defers judgment on the cooperative issue pending the submission of HUD's customary detailed letter on the bill to the Congress. This formulation is acceptable to Senator Stone's staff, with the understanding that we will discuss the cooperative issue with them next week. Florida has very few cooperatives, but the staffers who added this provision were unavailable today, and thus it is unclear how strongly they feel about this. I will keep you informed.

I recommend that you sign the letter as soon as possible so that it can be released in Florida.

THE WHITE HOUSE
WASHINGTON

713
579

October 9, 1979

Dear Congressman Stack:

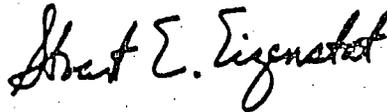
Thank you for your letter of October 2 regarding the serious recreation lease program facing Florida condominium owners.

President Carter has long shared your view that condominium owners should not be victimized by unconscionable recreation leases. He pledged to support legislation to afford greater protection to Florida's condominium owners. As you know, we have worked closely and actively with the Florida delegation to seek favorable Congressional action on the Condominium Act of 1979. In view of the reluctance of the Congress to enact a comprehensive bill at this time, I agree that it would be appropriate to support narrower legislation which exclusively addresses the recreation lease issue.

I am pleased to reaffirm our support for a bill which would authorize condominium unit owners to seek a judicial determination that recreation leases are unconscionable, and which would set forth standards for the court to consider in determining unconscionability. After the bill has been formally introduced, the Department of Housing and Urban Development and other agencies will review the extension of the bill's coverage to cooperatives and will submit a more detailed analysis in its report to the Committee.

I look forward to continuing to work closely with you to assure the resolution of this important issue for the people of Florida.

Sincerely,



Stuart E. Eizenstat
Assistant to the President
for Domestic Affairs and Policy

The Honorable Edward Stack
U.S. House of Representatives
Washington, DC 20515

OCT 10 1979
CENTRAL FILES

THE WHITE HOUSE

WASHINGTON

October 9, 1979

Dear Congressman Mica:

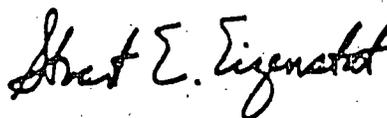
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Stuart E. Eizenstat
Assistant to the President
for Domestic Affairs and Policy

The Honorable Dan Mica
U.S. House of Representatives
Washington, DC 20515

THE WHITE HOUSE

WASHINGTON

October 9, 1979

Dear Congressman Lehman:

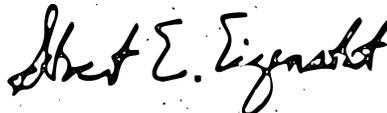
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Sincerely,



Stuart E. Eizenstat
Assistant to the President
for Domestic Affairs and Policy

The Honorable William Lehman
U.S. House of Representatives
Washington, DC 20515

THE WHITE HOUSE

WASHINGTON

October 9, 1979

Dear Senator Chiles:

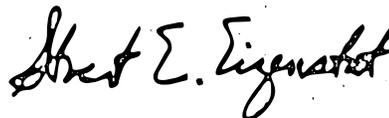
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I look forward to continuing to work closely with you to assure the resolution of this important issue for the people of Florida.

Sincerely,



Stuart E. Eizenstat
Assistant to the President
for Domestic Affairs and Policy

The Honorable Lawton Chiles
United States Senate
Washington, DC 20510

THE WHITE HOUSE

WASHINGTON

October 9, 1979

Dear Senator Stone:

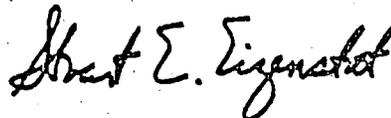
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Sincerely,



Stuart E. Eizenstat
Assistant to the President
for Domestic Affairs and Policy

The Honorable Richard Stone
United States Senate
Washington, DC 20510

Dear Senator _____:

Thank you for your letter of October 2 regarding the serious recreation lease problem facing Florida condominium owners.

President Carter has long shared your view that condominium owners should not be victimized by unconscionable recreation leases. As you know, we have worked closely and actively with the Florida delegation to seek favorable Congressional action on the Condominium Act of 1979. In view of the reluctance of the Congress to enact a comprehensive bill at this time, I agree that it would be appropriate to support narrower legislation which exclusively addresses the recreation lease issue.

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I look forward to continuing to work closely with you to assure the resolution of this important issue.

Sincerely,

Stuart E. Eizenstat

United States Senate

WASHINGTON, D.C. 20510

October 2, 1979

Stuart E. Eizenstat
Assistant to the President for
Domestic Affairs and Policy
The White House
Washington, DC 20500

Dear Mr. Eizenstat:

We appreciate the support that the Administration has given us in the past regarding condominium legislation. As you know, hearings have been held in the House and the Senate on S. 612 and H.R. 2792, the Condominium Act of 1979. The testimony before the Senate Housing Subcommittee of Jay Janis, former Under Secretary of the Department of Housing and Urban Development, stressing the need for passage of the legislation and reaffirming the Administration's strong support was most helpful.

The problem of long-term, escalating recreation leases continues to plague condominium owners in our state. These owners, a great number of whom are senior citizens on fixed incomes, can only get relief from the federal government and this legislation. Many of these owners will be subject to another cost-of-living increase in their leases on January 1, 1980.

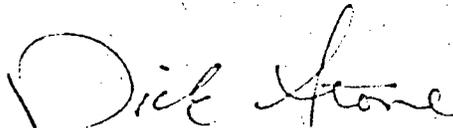
In an attempt to at least provide some interim relief for these people, we have prepared legislation which basically addresses the lease issue. We have enclosed a copy of this draft legislation, which is taken from the sections of S. 612 and H.R. 2792 dealing with recreational leases. We would greatly appreciate once again having the support and counsel

Stuart E. Eizenstat
October 2, 1979
Page 2

of the Administration and the Department of Housing and Urban
Development in an attempt to get early Congressional action.

Warm personal regards.

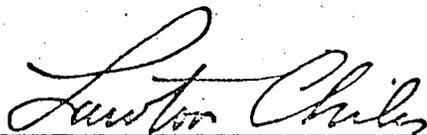
Most cordially,



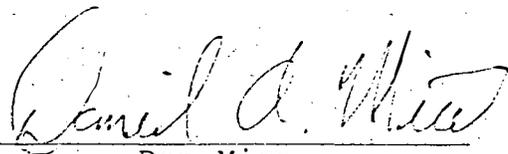
Richard (Dick) Stone



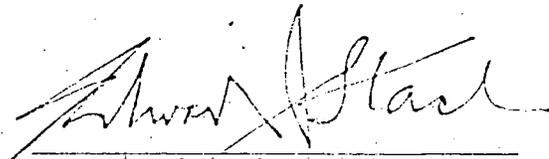
William Lehman



Lawton Chiles



Dan Mica



Edward Stack

Enclosure

THE WHITE HOUSE
WASHINGTON

10/12/79

Zbig Brzezinski
Jim McIntyre
Frank Press
Phil Wise

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

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

10/12/79

Mr. President:

Phil Wise has no comment
re the proposed meeting.

Rick

WIS
JK

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THE WHITE HOUSE
WASHINGTON

C

October 10, 1979

Mr. President:

In addition to the attached which presents a fair picture of the current space shuttle situation, you should be aware of the following additional points:

-- To keep the shuttle on its current schedule will require more resources than previously projected (\$200-300 million more for an FY 80 Supplemental and probably over \$400 million for FY 81). This is still much cheaper than the expendable launch vehicles we would need without the program over the long haul.

-- The memo notes that the safety margins are less for the shuttle than for the Apollo. This is important not only in its own right but because a first manned launch will now occur in the middle of the election campaign. Further slip-page will require spending even more money for expendable launch vehicles to ensure we can handle critical intelligence satellite payloads.

-- This is the issue that will be at stake at the November 5 meeting when you are considering the level of the FY 80 Supplemental. It is also the reason we have been pressing NASA so hard for management changes.



David Aaron

Attachment

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THE WHITE HOUSE
WASHINGTON

OCT 10 1979

C

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MEMORANDUM FOR THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI *Zbigniew*
JIM McINTYRE *Jim*
FRANK PRESS *Frank*

SUBJECT: Management Assessment of the Space Shuttle Program

Attached are Bob Frosch's letter (Tab A) to you transmitting his report on the management actions he is taking in regard to the space shuttle program, and the views of the consultants appointed on your behalf to review the program (Tab B).

In early November, Dr. Frosch, Harold Brown and we will report to you on the shuttle's technical, schedule, and budget status, as part of the FY 1981 budget process.

Dr. Frosch's management changes--and this year's budgetary additions--reflect the need to take steps to assure that the shuttle program can meet operational requirements in a timely fashion--in particular, the critical 1983-84 SALT related DOD launch dates. From its inception, the shuttle program was tightly cost-constrained: Schedule was allowed to slip when planned work could not be completed within annual budget limits. This adversely affected long-term planning and control of costs and caused delays for both the First Manned Orbital Flight and the procurement of operational spacecraft. Now we face critical national security launch dates heavily dependent on the shuttle, and the catching-up process is posing inevitable technical, budgetary, and management difficulties. Dr. Frosch's plan reorients shuttle management to meet these and related problems.

In addition to strengthening the management of shuttle development, responsibility for the operational aspects of the program is being clarified and elevated by Dr. Frosch, to assure availability and responsiveness of the operational system for a variety of users. The outside consultants agree that this is necessary and further suggest that a senior operations manager, with major program experience, be brought in from outside NASA to direct this effort. Following a discussion with Jim McIntyre, Dr. Frosch is initiating a search, both inside and outside NASA, for an operations manager.

The senior consultants believe that technical and safety margins in the shuttle program are clearly less than on the Apollo program and express concerns about the national and international implications of failure in initial flights of the shuttle. Despite these concerns, the consultants stated to us with conviction that there is sufficient time to complete the development program and to establish operational capability with adequate safety margins to meet the key DOD launch dates. In our November report to you, Dr. Frosch and we will deal with scheduling issues in more detail.

We believe that you should meet with Dr. Frosch, as he suggests, to discuss his report, to reaffirm our commitment to the shuttle's timely success, and to express your support of his leadership in this critical period.

Attachments

Tab A



National Aeronautics and
Space Administration

Washington, D.C.
20546

Office of the Administrator

October 5, 1979

C

The President
The White House
Washington, DC 20500

**Electrostatic Copy Made
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Dear Mr. President:

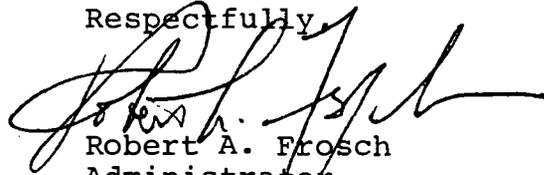
I am ready to report on my review of the Space Shuttle program in response to your memorandum of July 12, 1979. While we still face technical problems and perhaps some presently unidentified program challenges, we are nearing the first flights leading to the operational status of an important new capability for the United States; a capability which will not only give us technological leadership in access to space, but will appropriately symbolize that leadership as well.

The fiscal implications of my review are being handled through the Fiscal Year 1981 budget process with Jim McIntyre, and I understand we will be meeting with you in early November. We will be prepared, at that meeting, to discuss technical and management implications as well, and to that end, I suggest that Zbigniew Brzezinski, Frank Press, and Harold Brown join in this discussion.

In examining the Shuttle program management, I have been assisted by many others, including the three consultants appointed on your behalf. I agree with their observation that there will always be an element of risk, even if the early flights are fully successful. Perhaps the first flights have a greater risk than that in Apollo, and an early failure might have important policy consequences. The consultants have asked me to raise this matter explicitly with you. I recommend that you read the statements of concern contained in their attached reports. I intend to authorize first flights only after I am convinced that we have taken all appropriate steps to reduce mission risks and that the flight will be safe.

I enclose the summary of the principle management actions I am taking as a result of this examination. These actions are required for the program phase which we are now entering. We will be expected to make the enclosures available to our Congressional Committees soon, and I will be able to report to you on their reactions when we meet.

Respectfully,



Robert A. Frosch
Administrator

2 Enclosures

REPORT ON SPACE TRANSPORTATION SYSTEM
MANAGEMENT ACTIONS

In response to the national requirements for a fully operational Space Transportation System to support scientific, commercial, defense, and international space objectives, the Shuttle program and its management have undergone a series of stringent reviews, both internal and external.

All those who have examined the program appear to agree on several principal points:

1. The program appears to be fundamentally technically healthy; while there are problems to be solved and many unknowns still to be faced, there are no currently known serious problems that we do not know how to solve. The program personnel are extremely competent.
2. The program was underfunded at the start and, viewed with investigative hindsight, has been underfunded since. This was sufficient to force an overly lean program with management consequences: a short-term management attitude of solving problems as they arise while putting off long-term large-scale planning.
3. More concentrated senior management attention is required to assure longer-term and more comprehensive perspectives as well as current program status information.
4. Special attention must be paid to the organization of the system's operation phase and to the needs of the major users.

In light of these reviews and conclusions, a number of actions are now being taken to initiate the transition from emphasis on technical development and first flight to emphasis on deployment of an efficient operational system.

1. Organization

- a. The Deputy Administrator, Dr. A. M. Lovelace, will now concentrate his principal attention on the overall Space Transportation System development and its future operational phases; many of his general management responsibilities are now being taken up by the Administrator with the assistance of some senior managers in the agency. The Administrator will maintain his general oversight over the Space Transportation program.
- b. The Associate Administrator for Space Transportation Systems, Mr. John F. Yardley, is the line manager directing the Shuttle program, including development and system acquisition. He is being designated Associate Administrator for Space Transportation System Acquisition. Other responsibilities which he has had to carry in the past are being shifted to another line organization.
- c. Management of the operational aspects of the Space Transportation System, including logistics, expendable launch vehicles, Spacelab, and creation of a responsive service organization are being consolidated into a new organization under an Associate Administrator for Space Transportation System Operations.
- d. Both organizations are being provided with additional personnel resources, with emphasis on financial and schedule management functions. Both organizations are being structured to provide them with the authority needed to carry out these financial and technical responsibilities.

These steps increase Shuttle program visibility and accountability within the NASA structure, provide program management with the resources necessary to focus on downstream commitments, and provide an effective mechanism for top management attention to the highest priority issues.

2. Information and Analysis

- a. The NASA and contractor Shuttle management information system is being reorganized to improve the accuracy and timeliness of technical and financial data provided from the contractors, to provide for rapid verification and analysis of these data, and to create an effective process for presentation and evaluation of status and forecast information.
- b. A revised program financial operating baseline is being developed during October as part of the Fiscal Year 1981 budget process.
- c. Additional financial and program analytical manpower is being applied at each level of the program structure: top management, program direction, Field Centers, and contractor organizations.
- d. The NASA Inspector General, the Comptroller, and the Director of Procurement are each being given added resources for expanding their continuing audit, review, and early-warning functions.

These steps increase timely management access to accurate program and financial information at the level and in the form appropriate for management forecasts, crisis avoidance, interagency coordination, and decision making.

3. Preparation for Flight

- a. The NASA Chief Engineer is undertaking a detailed analysis of the Shuttle flight certification test criteria and test results (down to the subsystem level) to assure full compliance with those criteria. Additional in-house and out-of-house manpower resources are being provided to complete this certification review during the next six months to support decisions on commitment to first flight.
- b. Dr. Eugene Covert of MIT is continuing his detailed critical oversight of the Shuttle main engine development program begun by the independent National Research Council group of propulsion experts he chaired.
- c. The review group for the thermal protection system, under the chairmanship of Dr. Holt Ashley of Stanford, has essentially completed its examination of the Shuttle tile installation procedures, structural testing, and safety margins. The group concurs with NASA's current courses of action.
- d. The Congressionally-chartered Aerospace Safety Advisory Panel, under the Chairmanship of Mr. Herbert Grier, is increasing its attention to the overall integrity and safety of the Shuttle system.

These additional steps, taken together with the extraordinary engineering attention NASA has always paid to manned space flight developments, provide us the best assurance that Shuttle operations will be successful; it must be recognized, however, that an element of risk always exists in space flight operations.

4. Communication and Coordination

- a. The Administrator and Deputy Administrator are undertaking to improve and broaden the information flow between NASA, the Defense Department, and the Executive Office of the President to assure Shuttle program responsiveness to national program objectives.
- b. The Administrator and Deputy Administrator will meet regularly with the top executives of the Shuttle contractor firms to assure industrial understanding of, and responsiveness to, both developmental and operational program requirements.
- c. The documentation of STS performance, schedule, operational planning procedures, and pricing is being completed in order to provide unambiguous ground rules for Shuttle systems users.

These steps will accelerate Shuttle operational utility by reducing user uncertainties and by assuring the Shuttle program management of current information on user plans and needs.

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Tab B

Baker Hall 4-4
Advanced Management Program
Harvard Business School
Soldiers Field
Boston, MA 02163.
September 19, 1979

Dr. Robert Frosch
Administrator
NASA Headquarters
600 Independence Avenue
Washington, DC 20500

**Electrostatic Copy Made
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Dear Dr. Frosch:

I was pleased to accept the invitation to look, as an outsider, at the current status of the Space Transportation System program and to report my observations and recommendations. I have not been directly involved with the Space Shuttle for some years, but since I was a "midwife" to its birth I feel I am in a relatively good position - seven years later - to measure how the program is meeting its objectives.

Operating as an individual, I could only examine the broader questions and problem areas. But, rather than a disadvantage, I believe this has helped give me a perspective that has served the main purpose for the request for a fresh and independent general assessment. My ability to obtain the necessary information for my evaluation has been due to the fine cooperation I have received not only from you and your headquarters staff, but also from the NASA Centers, Aerospace Safety Advisory Panel, contractors, the Air Force, OMB, NSC, OSTP, and many others. I was surprised not only by their degree of assistance but also by the consistent pattern of their stories which I have factored into my own thinking in order to provide you with my observations and recommendations. The following summarizes my verbal preliminary report to you.

Observations

1. Need. The concepts underlying the original national commitment appear even more valid today. Plans are proceeding to develop a vehicle that will be the base of a family tree of reusable launch vehicles - cost effective trucks hauling freight to and from orbit. Already, this concept is effecting payload design and operations plans in a beneficial way. I also sense that the originally reserved attitude of the DOD has rather recently begun to swing around to one of support and increasing vision of expanded use of the system.

2. Funding and Management. Many problems in the management of the program have been cited by a host of reviewers. In my view most of these have really been symptoms of the basic problem - underbudgeting by successive administrations coupled to a progressively overoptimistic view of what work should be attempted on reduced resources. NASA, flush from their outstanding achievement of putting men on the moon and convinced that a shuttle program was vital to our nation, probably had tended to underestimate the degree of some of the technical challenges of the STS and, as problems became more obvious, probably has buckled too easily to budget pressure. The Nixon Administration did not live up to agreements of initial funding and subsequent budget levels nor was the contingency recommended by NASA allowed. Support by subsequent administrations has not been strong. While permitting the program to continue, the emphasis has been to pressure NASA to reduce its annual costs below those required to maintain program schedule and management efficiency. The impact of this approach, inevitably, has been to push NASA towards a higher risk and less efficient program where qualification testing is done concurrently with vehicle manufacture and work performance shortfalls are pushed into succeeding years - in essence, schedule slip was substituted for adequate funding levels and contingency. This, in turn, has led to a need for continual reprogramming of work (very inefficient) and a stretch in the completion date and overall cost. NASA managers have had to become so caught up in the budget battle each year that their program focus tended to shift toward that of achievement of an annual level rather than the completion of a difficult technical project.

As the RTD&E program draws to a close and with schedule now a re-emphasized ingredient, these chickens are coming home to roost. The program still faces technical challenges, and increased costs and schedule delays must be faced up to. Though I am not able to develop a credible estimate of the funds required to complete the program through delivery of the presently scheduled operational vehicles, the number is finite and very likely the magnitude of the contingency requested but denied at the program's birth.

3. Technical. The status of development and testing does not appear to be unusual for a program of this nature. Though real technical challenges remain (especially with regard to the thermal protection system - tile launch survivability, main engine performance and reliability, and the hydraulic power unit of the orbiter) and concern is high, there are no obvious "show stoppers" at this time. Programs addressing critical technical areas are underway but program schedule and hardware performance margins appear worrisomely thin.

4. Program Management has evolved to exploit individual and organizational strengths and styles. Though management has been adequate in the technical/development area, more attention to program control (cost and schedule status projection and reporting) and operational considerations are now required. This will require increased staffing and some reallocation of duties to insure that key managers are not stretched too thin. Also, improved reporting and communication in both the program management line and at the policy levels in and out of NASA is required.

5. NASA Credibility. Though NASA might have had an optimistic approach to the STS program for too long and thus helped get themselves into the cost/schedule/performance box we now find the agency, the overall performance of the program - considering its size and challenge - has been quite good. If there is a credibility problem, it appears to me to be more due to inadequate communication at the top level (Congress/OMB/OSTP/NSC/DOD) than to some major programmatic or organic weakness in NASA. All those involved (in and out of NASA) have been, or should have been, reasonably aware of budget problems and what has transpired over the past several years. If NASA has a credibility problem, I believe it is more due to a tendency to be overly accommodating to budget pressure for the sake of preserving a national commitment to a STS rather than to a lack of candor. Backbiting and finger-pointing will serve no useful purpose at this juncture of an important national effort. If there is a "problem", enough blame can be developed to spread around (maybe even to midwives!). Now is the time of all involved to resist carping and kabitizing and get behind the program.

With these observations in mind, I would make the following general and specific recommendations:

1. First, and by far the most important, you should prepare a concise statement of the major technical and operational problems to be solved, a realistic schedule for shuttle availability around which others can plan with reasonable certainty, and the cost for following such a schedule. Though the program was probably helped initially by "management-by-schedule-contingency" and work "roll over", this approach appears to have become counter-productive a couple of years ago. Care should be taken to insure that excessive optimism is weeded out and that adequate contingency reserves (cost and schedule) are now provided. This should be reviewed with the Secretary of the Air Force and other major users for adequacy and then presented to the President as a NASA (Frosch) commitment.

2. The associate administrator, John Yardly, has become the STS program director and generally has done a remarkable job. Nonetheless, he is now being stretched too thin and should be relieved of his other duties to concentrate on managing the RTD&E program through first manned orbital flight (FMOF) - but still at the associate administrator/policy level. As mentioned earlier, he needs more staff to accomplish the required upgrading in program and cost control. Additionally, the communications link between you and the STS program needs strengthening.

3. Organizational steps should be taken to obtain increased attention to and priority for the operational aspects of the STS. I believe there would be multiple benefits to assigning this area (presently part of Yardly's) to someone from DOD and current on DOD space priorities. This more operationally focused individual might take over the non-RTD&E/FMOF responsibilities of the present Associate Administrator and should also be at the policy level.

4. Though the safety margins may be adequate under an aircraft testing philosophy (tuning the shuttle to airline-like operation has been a key program guide star), the shuttle is still the preeminent U.S. spacecraft, and much like Apollo, bears the burden of being a significant part of the image of U.S. technical capability. Though I would test fly the shuttle on FMOF (if problems are addressed as expected), I would worry more about it than I did for Apollo Eight due to narrower safety margins (e.g. fallout from reduced hardware qualifications and unmanned flight testing). I believe that this narrower-than-Apollo-margins situation should be brought to the attention of the President for his review of any national and international political/policy implications along with your revised program estimate.

5. Improve external communications by periodic (at least once per month) meetings with the Secretary of the Air Force and the Director of OSTP (and probably OMB). These should be only with principals in attendance. Obviously, improved communication is also necessary with NASA's Congressional leadership. Candor and cooperation are key ingredients to success here.

I hope you and others will find these views useful and that the recommended readjustments and additional commitments are made. These, plus a commitment of support by the President and the Congress will not only help overcome questions of NASA's credibility but will provide reasonable assurance that you and your team will be able to deliver a new and vital capability

to our nation. But, the pressures to rationalize and cut corners will likely be great. The time has come for NASA to be fully candid with itself about the remaining challenges and for you to help our national leadership pull together on this important program.

I would be pleased to discuss this further with you if you wish.

Sincerely,



William A. Anders
Consultant

cc: Dr. F. Press
Mr. J. McIntyre
Adm. L. Smith
Dr. R. Charpie

ROBERT A. CHARRIE
125 HIGH STREET
BOSTON 02110

October 2, 1979

Dr. Robert A. Frosch
Administrator
National Aeronautics and
Space Administration
Washington, D.C. 20546

**Electrostatic Copy Made
for Preservation Purposes**

Dear Dr. Frosch:

I want to thank you for giving me the opportunity to undertake, as an individual, a brief review and appraisal of the management aspects of the Space Transportation System (STS). My primary effort has been directed to identifying and evaluating potential management problems which must be overcome if the STS is to fulfill the requirements and expectations which the nation has developed for it.

Schedule

Since the earliest hearings on STS the figure of merit used to judge the program has been the total DDT&E cost (in constant 1972 dollars) expended to successful first flight. While the overall program plan has encompassed future sequential orbiter production and sustained STS operations, NASA has continued to measure the Shuttle's status against the predicted dates and dollars to first flight and this point of view is deeply ingrained in every manager connected with the STS.

Each annual appropriation for STS was inadequate for the planned annual work program in the early years of the project. NASA chose to respond to funding shortages by slipping the schedule, by pulling production funding forward into DDT&E years and by adjusting work programs to available funds levels. So long as STS had no specific mission to fulfill on a firm date that schedule-slipping and dollar-shifting process was hard to criticize. We must recognize, however, that the NASA habit of proposing overly-ambitious work programs and too-optimistic completion dates which derived, in part, from the Project's response to inadequate funds in the early years continues to be part of the present Project's culture.

Now, there is a firm DOD mission requirement for STS. The schedule for orbiters 099 and 103 and related support facilities is no longer arbitrary. In a world after SALT II the STS schedules for those commitments cannot be slipped further without creating unacceptable risks to our national security. While the precise date of first flight is still not critical it is clear that successful flight must be demonstrated for STS early enough so as not to delay the successful on-time performance of the required DOD missions.

Recommendation 1

Prepare a new master schedule which is focussed on achieving the scheduled DOD missions as its primary objective. Retain first flight as an important milestone event in order to be able to report on total DET&E costs to successful first flight. Focus added planning and management effort on the events which must take place after first flight in order to achieve the new primary objective. In no event should any additional funds or time be stolen from 099 or 103.

Funding

STS funding problems have been carefully discussed by Messrs. Smith, Anders and the Committee of Consultants. I endorse their findings and recommendations.

My sense of the current status is that

- . STS is far behind schedule and still losing ground because all current plans and schedules are based on assuming no major surprises or problems.
- . Much of the component and sub-assembly testing will occur so late in the program that a rash of minor problems, none of which would cause the STS program to be a failure, could add up to a further major delay with consequent increases in cost.
- . The main test article program must be completely successful. This is a risky requirement but there is no backup test facility available and there is no time allowed for a major problem such as the SSME might realistically have.

Recommendation 2

Ask for enough additional funding in the current budget cycle request to keep OV's 099 and 103 on the DOD-required schedule after assuming for prudent management that there will be a major setback, say six months additional delay in current first flight plans, caused by one or the other contingencies mentioned above.

Operations Organization

The time has come in my judgment to separate organizationally the responsibilities for achieving first flight and system shake-down from those associated with the long run operations effort. I think the operations organization should either be a separate part of NASA, fully equal to the STS program in status, or separate from NASA, organized perhaps after the pattern of COMSAT, serving all customers including NASA equally.

The operations requirements emphasize management performance; they include schedule, costs, reliability, safety, flexibility and relentless quality and performance improvements.

Today there is some criticism and competition among NASA centers and between agencies in connection with long-term operations plans. This bickering adds to the urgency for action now.

Recommendation 3

Establish now a separate dedicated operations organization for STS. Give it the charter for planning and executing the transition from the development/proof test phase of STS to the routine operations phase. Be sure to include in the management seasoned people from industry and DOD as well as from NASA.

Shuttle Risk

I support Bill Anders' suggestion that NASA promptly undertake to make the President aware of the risks represented by the Shuttle. For my part, I am thoroughly prepared to see the U.S. try to fly this harder-than-Apollo vehicle as soon as the present testing program is completed. However, it is prudent for NASA to give the President the timely opportunity to understand the implications of a "ready-to-fly" decision by the Agency.

People

During my interviews I became aware that several key senior people will probably leave NASA shortly after the achievement of successful first STS flight. It is my belief that NASA has an adequate supply of well-prepared and promotable candidates for those key jobs. However, too much turnover in a short period might create undesired chaos if the Agency were not prepared for it.

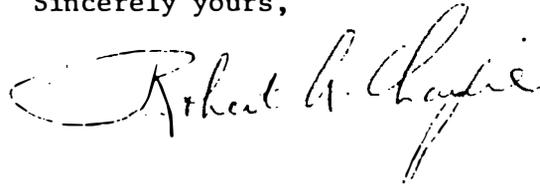
October 2, 1979

Recommendation 4

Review the key people and key jobs on STS. Prepare specific plans for filling the vacancies which will probably appear within six months of successful flight. Careful advance planning will go far to offset turnover problems among key managers.

I have found my review of STS to be a stimulating task. I have been impressed by the quality and devotion of all the people connected with the program. Thank you for the opportunity of getting to know NASA and Shuttle better.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Robert A. Chapin". The signature is written in dark ink and is positioned to the right of the typed name "Sincerely yours,".

cc: WAAnders
LSmith
FPress
JTMcIntyre, Jr.

VAdm. Levering Smith
1462 Waggaman Circle
McLean, VA 22101

September 26, 1979

Dr. Robert A. Frosch
Administrator
National Aeronautics and
Space Administration
Washington, DC 20546

**Electrostatic Copy Made
for Preservation Purposes**

Dear Dr. Frosch:

I consider myself honored to have been invited, as an independent outsider, to look at the current status and the road ahead of the Space Transportation System and to report my observations. As you know, I have had no prior connection with the management of this program and little experience with space programs, except the Transit Navy Navigation Satellite, since the initial planning of the Manned Space Flight Program. However, I have had recent experience managing development, production and maintenance of programs of comparable magnitude -- the most recent being the development of the Trident Strategic Weapon System.

The three consultants selected for this task found that they could use the limited time available most effectively by operating as individuals; though Mr. Anders and I were able to compare notes twice and together orally reported observations to you. I have carefully read his letter report and concur with all of its essential observations and recommendations, though I did not study either the original or continuing need for the STS program. Accordingly this report will be relatively brief, expanding on or differing slightly from his report -- particularly from the engineering and technical program management viewpoint.

Funding

I strongly support the observation that the component and sub-component problems cited by various reviewers are symptoms of greatly inadequate funding in the early part of the development program and that these problems were generally unpredicted because of unfounded optimism

of what could be accomplished with the funds made available. I am painfully familiar with the budgetary problems of providing adequate funding for the early part of a development program of this magnitude at the forefront of technology. I also recognize the budgetary need to probe for excessive contingency fund requests. On the other hand, I recognize that the essentiality of much of the foundation work, properly and prudently planned for the early part of a major, advanced technology, development program, is a matter of judgment which only much later tests can substantiate or disprove. Hence, given that those planning and managing such a program must by training and temperament be ever optimistic that solutions to problems can be found, it is not surprising to discover that the early part of the program was underfunded nor that many participants are still hopeful of meeting the most recent schedule. Nevertheless, had NASA successfully resisted these budget pressures, i.e. without causing the program to be cancelled (which has been a continuing fear in many minds), today's program plans would undoubtedly be on a much firmer foundation. Justifying the specific need for that foundation of understanding and empirical data compares to shoveling sand against the tide but until the foundation exists each small component failure forces a major investigation.

I can not presume to be able to estimate the proper schedule or cost to reach initial operational availability. However, intuition pushes me to suggest that the cost will be of the order of one billion dollars above the NASA estimate submitted with the FY 1980 budget request.

Technical

I have not found sufficient reason to believe that the basic engineering approaches are unsound, and almost certainly are sound, however, I have found justification for believing that the program submitted in support of the FY 1980 budget (including FY 1979 supplemental) will not, without additional funding provide empirical data adequate, in my judgment, to justify a first flight. It also appears to me that additional failures should be expected in the component test program and that such failures will not indicate a fundamental flaw in the program or justify a major delay of first flight. However, the risk of outside misinterpretation of the significance of such failures is sufficient to justify the preparation of quite detailed criteria to be satisfied as a precondition to authorizing first flight.

Program Management

While I agree with Mr. Anders' observation about improved reporting and communication, the need is not for greater and greater detail reported nearer and nearer to real time, but is for reasonably timely understanding of the true status of progress towards major objectives and of the prospects of reaching them. Frankly, I think that the detail of action plans, and the daily reporting at this level of detail, together with imposed concern for adjustments to keep within annual funding, has lead program management away from evaluation with relation to longer term major objectives.

Recommendations

The recommendation that you prepare a realistic, achievable schedule and a projection of the cost of meeting the major objectives on time, is relatively simple for me to make but I recognize the preparation is not all that simple to accomplish. In essence such a recommendation either assumes that you can accurately predict the outcome of each currently scheduled component test and each yet to be rescheduled component test, and know the needed corrective action (all obviously impossible) or that NASA in cooperation with its contractors can, for a change, correctly guesstimate the contingency of both time and money that will exactly compensate for the unknowns. I suggest that a major change of attitude is needed to make these guesstimates from the bottom up, and I therefore recommend that, in addition to submitting a top down estimate to the President now, you request new schedule and budget proposals from the centers and contractors. These proposals should be submitted in time for the final FY 1981 budget adjustments, with clear understandings that reserves are expected, that centers are to keep their own reserves, that the new schedule is to be met and that all this reflects a change of attitude which is expected to permeate the whole organization. It would be this schedule and cost proposal which should be coordinated with DoD and presented to the President as a NASA (Frosch) commitment.

It seems quite unlikely to me that, at this relatively late date, this new schedule, even when adequately funded, could significantly improve the "narrower-than-Apollo-margins" now planned. To reduce the resultant risk of a major flight failure, I recommend the preparation and

adoption of a quite detailed set of criteria to be satisfied as a pre-condition to authorizing first flight. Still a schedule risk would remain, as well as a risk to the image of U.S. technical capability, and I therefore join with Mr. Anders in strongly recommending that this narrower margin situation be brought to the attention of the President for his review of any national and international political/policy implications.

I hope that these views and recommendations are found pertinent and useable and that, with commitment of support by the President and the Congress, you and your team will resist the pressures, meet the remaining severe engineering challenges, and add new lustre to the image of U.S. technical capability.

Most sincerely,

Levering Smith
Levering Smith
Consultant

- cc:
- Dr. Frank Press
- Mr. James T. McIntyre, Jr.
- Dr. Robert A. Charpie
- Mr. William A. Anders

ID 794442

THE WHITE HOUSE
WASHINGTON

DATE: 11 OCT 79

FOR ACTION:

Handwritten notes:
M...
T...
P...
J...

INFO ONLY: PHI WISE

FRAN VOORDE

SUBJECT: BRZEZINSKI MCINTYRE PRESS MEMO RE MANAGEMENT ASSESMENT
OF THE SPACE SHUTTLE PROGRAM

+++++
+ RESPONSE DJE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: +
+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

August 16 Note



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

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OCT 4 1979

RL
MEMORANDUM FOR: The President

SUBJECT: U.S. Laws and Regulations Affecting U.S.
Companies in South Africa

056793

(U) In your August 16 note you asked whether we are enforcing our laws and regulations regarding U.S. companies in South Africa. The answer is yes. The situation is as follows:

(U) Since February of 1978, there has been a complete embargo on the export of U.S. origin goods and unpublished technical data to the South African police and military, regardless of whether the item has any police or military utility per se. The export of arms to any entity in South Africa - military, police, or civilian - has been embargoed since 1963, and crime control and detection equipment has been under control (not embargo) for export to the civilian sector since 1977.

(U) For the most part, military items are on the "Munitions List" which is administered by the State Department. Dual use (commercial/military) items are on the "Commodity Control List" which is administered by the Department of Commerce. Both agencies strictly enforce the embargo on sales to the South African military and police.

(U) There are no U.S. government restrictions on U.S. investment or the extension of private sector credit to South Africa. However, Export Import Bank programs in South Africa have been effectively precluded by statute as well as Executive Branch policy.

(FOUO) According to recent press reports, Rev. Jesse Jackson has stated that the South African subsidiaries of General Motors and Ford are supplying trucks, cars, and military and para-military equipment to the South African armed forces and police. We are investigating these allegations.

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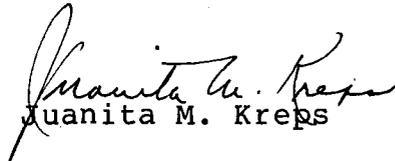
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-2-

(FOUO) However, you should be aware that sales of commercial vehicles by GM and Ford South African subsidiaries to the South African police and military would not necessarily constitute a violation of U.S. law. If such sales had been made prior to the embargo, for example, there would be no violation. In addition, there are at least three situations in which U.S. subsidiaries in South Africa might continue to sell to the police and military without violating U.S. law: (1) if their product contains U.S. origin goods exported prior to the embargo; (2) if their manufacturing process makes use of unpublished U.S. technical data exported prior to the embargo; and (3) if their product contains no U.S. origin goods and their manufacturing process does not make use of unpublished U.S. technical data. We will investigate the facts to determine the situation, and if a violation appears to have occurred, we will take appropriate enforcement action.

(U) I have attached a three page paper containing further background and details. It also contains a list of current Commerce investigations involving South Africa.


Juanita M. Kreps

Attachment

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U.S. Laws and Regulations Affecting U.S. Companies in South Africa

(U) Background Highlights:

- o (U) August, 1963 - An embargo on sales of U.S. arms to South Africa was declared.
- o (U) July, 1977 - Crime control and detection equipment formerly under control only to Communist nations was placed under validated license controls for exports to South Africa. (In June of 1978, such controls were placed on exports of such equipment to all destinations except NATO countries, Australia, New Zealand, and Japan.)
- o (U) February, 1978 - An embargo was placed on exports and reexports of U.S. origin goods and unpublished technical data "to or for use by or for" the South African military and police.
- o (U) For the most part military items are on the "Munitions List" which is administered by the State Department. Dual-use (commercial/military) items are on the "Commodity Control List" which is administered by the Department of Commerce. Both agencies strictly enforce the embargo on sales to the South African military and police.

(U) Investment: There are no restrictions on U.S. investment in South Africa. U.S. policy is neither to encourage nor to discourage such investment.

(U) Credit: There are no U.S. Government restrictions on the extension of private sector credit to South Africa. The Export-Import Bank has been precluded from providing direct credits on sales to South Africa since 1964. A 1978 law bars Exim guarantees and insurance as well as credits absent a case-by-case U.S. government determination concerning apartheid effects. No such determinations have been made.

(U) Nuclear Controls: The same nuclear controls which the U.S. has in effect toward other Free World nations are applied to South Africa. Because South Africa is not an adherent to the Nuclear Non-Proliferation Treaty and because it is building a uranium enrichment facility, the U.S. Government is likely to deny certain items for that country which it might not deny for others. This is strictly a "nuclear" policy and is not based on the same concerns that have led to other U.S. actions regarding South Africa.

(U) The Nuclear Regulatory Commission licenses exports of nuclear reactors, special nuclear material, and nuclear production facilities such as uranium enrichment plants.

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UNCONTROLLED

- (U) The Department of Commerce licenses multipurpose commodities that can be used in reactors and production facilities.
- (U) Implementation:
- o (U) Items on the Commodity Control List which require a validated license for export to South Africa are reviewed by Commerce to determine whether the item to be exported has a significant potential for ultimate use by the military or police. Aircraft, computers, crime control and detection equipment, and all goods to be sold to South Africa governmental entities are among the items deemed to have such a potential.
 - o (U) Since imposition of the embargo in 1978, the Commerce Department, in consultation with the Department of State, has reviewed 572 license applications for exports to South Africa. We have approved 442 applications; denied 24; and returned 26 without action, usually with a request for additional information. Eighty cases are currently pending.
 - o (U) More than half of the applications approved for South Africa since February of 1978 were for sales to distributors of aircraft and aircraft parts. Other approvals included sales to general industrial and commercial firms and Government entities such as electrical utilities and railways.
 - o (U) Commerce believes that the small number of denials reflects the business community's awareness of the embargoes on arms and on sales to the South African military and police. U.S. companies do not submit applications for sales which they know they cannot make.
 - o (U) Examples of denials since February 16, 1978, include a computer valued at \$490,000 to a governmental entity because of potential use in abuse of human rights; shotguns and parts worth \$29,944 because of the prohibition on all exports of arms to South Africa; warranty parts for radar worth \$70,400 intended for the military; and oscilloscopes valued at \$34,425 because of intended military use.
 - o (U) A major portion of the pending cases are the result of problems or uncertainty regarding the ultimate South African end-user (e.g., pharmaceuticals to be exported to a distributor who intends to resell a portion of the shipment to a military/police entity or technical data for the manufacture of tires, some of which may ultimately be purchased by the military/police).

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(FOUO) Enforcement:

- o (FOUO) The Compliance Division of the Office of Export Administration is responsible for investigating suspected violations of export control matters involving South Africa. A list of pending cases involving South Africa follows:
 - 1. Allegation: Diversions from Swaziland, Lesotho, and Botswana to South Africa
Commodity: Shotguns and ammunition
Value: Undetermined
Status: Under investigation
 - 2. Allegation: Diversions from Canary Islands, Greece and Mozambique to South Africa
Commodity: Shotguns, shells and primers
Value: \$204,842
Status: Matter is before Hearing Commissioner; settlement negotiations are underway
 - 3. Allegation: Computer-related equipment to South African police
Commodity: Disc storage units
Value: \$81,000
Status: Under investigation
 - 4. Allegation: Diversion from UK to South African Air Force
Commodity: Digital computer with spares
Value: \$298,000
Status: Preliminary investigation opened August 6, 1979
 - 5. Allegation: Unauthorized export of shotguns destined for South Africa
Commodity: 150 shotguns
Value: \$13,600
Status: Shipment was seized on or about August 2, 1979; investigation is in initial stages.
 - 6. Allegation: According to recent press reports, Rev. Jesse Jackson has stated that the South African subsidiaries of General Motors and Ford are supplying trucks, cars, and military and para-military equipment to the South African armed forces and police. We are investigating these allegations.

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August 16 Note

THE WHITE HOUSE
WASHINGTON

8-16-79

To Juanita Krebs

Are you enforcing
laws & regulations re
U.S. corporations in
South Africa?

J.C.



Export Administration Bulletin

Supplement to
Export
Administration
Regulations

Number 175
February 16, 1978

U.S. DEPARTMENT OF COMMERCE / Industry and Trade Administration
BUREAU OF TRADE REGULATION / OFFICE OF EXPORT ADMINISTRATION

**SUBJECT: RESTRICTIONS ON EXPORTS TO THE REPUBLIC OF
SOUTH AFRICA AND NAMIBIA**

SUMMARY: This revision imposes an embargo on exports and reexports of U.S.-origin commodities and unpublished technical data for use by military or police entities of the Republic of South Africa and Namibia. These revisions are issued in order to further U.S. foreign policy regarding the preservation of human rights and to strengthen U.S. implementation of United Nations Security Council Resolutions.

These regulations are intended to further U.S. foreign policy regarding the preservation of human rights by denying access to U.S.-origin commodities and technical data by the military and police entities of the Republic of South Africa and Namibia. The regulations are also intended to strengthen United Nations Security Council Resolutions of 1963 and 1977 regarding exports of arms and munitions to the Republic of South Africa.

An embargo is established on the export and reexport of all U.S.-origin commodities and technical data (except data generally available to the public) to or for use by or for military or police entities in the Republic of South Africa and Namibia. This includes the export and reexport of commodities and technical data to service equipment owned, controlled or used by or for such entities. Also, recipients in these destinations of U.S.-origin technical data may not sell or otherwise make available, directly or indirectly, the direct product of the data to military or police entities.

U.S. DEPARTMENT OF COMMERCE © Juanita M. Kreps, Secretary
Frank A. Weil, Assistant Secretary for Industry and Trade
Stanley J. Marcuss, Deputy Assistant Secretary for Trade Regulation
Rauer H. Meyer, Director, Office of Export Administration

To enforce the embargo, Parts 371 and 373 of the Export Administration Regulations are revised to prohibit the use of any general license authorization or special licensing procedure to export or reexport commodities where the exporter or reexporter knows or has reason to know that the commodities are intended for delivery, directly or indirectly, to or for use by or for military or police entities in the Republic of South Africa or Namibia. This includes commodities to service equipment owned, controlled or used by or for such entities.

Foreign consignees, warehouses, distributors, end-users, exporters and service facilities utilizing the special licensing procedures are required to certify that commodities received under a particular special licensing procedure will not be sold or used contrary to the embargo. This certification must be submitted to the Office of Export Administration with new applications for special licenses and in support of current special licenses before additional goods may be shipped under these licenses.

Section 379.4 is revised to prohibit the use of General License GTDR where the exporter or reexporter knows or has reason to know that the technical data or any products of the data are intended for delivery, directly or indirectly, to or for use by or for military or police entities in the Republic of South Africa or Namibia or for use in servicing equipment owned, controlled or used by such entities. "Products of the data" include direct products of the data, as well as any subsequent products of the direct product. Recipients of technical data exported or reexported to South Africa and Namibia under General License GTDR may not provide, directly or indirectly, the direct product of the data to military or police entities in those countries. This Section is further revised to prohibit the use of General License GTDR to export or reexport technical data relating to arms, munitions, and military equipment or materials (including materials and equipment for their manufacture and maintenance) to any consignee in those countries.

Part 386.6 is revised to require exporters or their agents to enter a special destination control statement on all copies of bills of lading, air waybills and commercial invoices covering exports to the Republic of South Africa or Namibia. This statement is required for all validated license and applicable general license exports. The statement specifically prohibits resale to or delivery of the commodities or technical data involved to or for use by or for the police or military entities in these destinations.

The Special Country Policies and Provisions (Part 385) also have been revised to reflect the policy changes announced in this revision.

Finally, the Commodity Control List, incorporated by reference at 15 C.F.R. § 399.1(a), is revised to indicate that commodities otherwise eligible for export to the Republic of South Africa and Namibia under General License G-DEST will require a validated export license if they are for delivery to or for use by or for military or police entities in the Republic of South Africa or Namibia or for use in servicing equipment owned, controlled or used by or for these entities. This revision affects the following Commodity Control List entries:

5091, 6099, 6199, 6299, 5391, 6399, 5406, 5431, 5485, 6499, 5568, 5585, 5595, 5596, 6599, 5635, 5673, 6699, 5715, 5780, 5799, 6799, 6899, 6999.

SAVINGS CLAUSE

Exports and reexports of commodities and technical data for the servicing of equipment owned, controlled or used by or for military or police entities may continue for a period of two months from the effective date of these regulations, provided such servicing is pursuant to a contract or other legal commitment in effect on the effective date of these regulations. Only commodities and technical data necessary for the repair of such equipment during such two-month period may be exported or reexported during this period. Technical data and commodities including spare parts, for future use or for the upgrading of the capacity or performance of such equipment may not be made available during this period.

Persons affected by this provision should notify their customers to make alternate arrangements for servicing after the end of this two-month period.

Accordingly, the Export Administration Regulations (15 C.F.R. Parts 371, 373, 379, 385, 386 and 399.1) are revised as follows:

1. In Section 371.2, paragraphs (c) (8) and (9) are revised and a new paragraph (c) (10) is added to read as follows:

§ 371.2

GENERAL PROVISIONS

* * * * *

(c) ***

- (8) The commodity or technical data are controlled by another U.S. Government agency (see § 370.10):
 - (9) The commodity is listed in a Supplement to Part 377 as being under short supply control, unless the export is authorized under the provisions of General License G-NNR, GLV, SHIP STORES, PLANE STORES or RCS; or
 - (10) The exporter or reexporter knows or has reason to know that the commodity is for delivery, directly or indirectly, to or for use by or for military or police entities in the Republic of South Africa or Namibia. This includes commodities for purposes of servicing equipment owned, controlled or used by or for such entities.
2. In Section 373.1, paragraphs (a) and (b) are relettered (b) and (c), and a new paragraph (a) is added to read as follows:

§ 373.1

INTRODUCTION

(a) Special Limitations

- (1) Limitations on exports and reexports to South Africa and Namibia. Consistent with U.S. policy toward the Republic of South Africa and Namibia, as set forth in § 385.4(a), the special licensing procedures in this Part 373 may not be used by any U.S. exporter or approved consignee to (i) export or reexport arms, munitions, or military equipment or materials (including materials, machinery or technical data for their manufacture and maintenance) to South Africa or Namibia (See Supplement No. 2 to Part 379); or (ii) export or reexport any commodity or technical data for delivery directly or indirectly to or use by or for military or police entities in these destinations. This includes commodities and technical data for purposes of servicing equipment owned, controlled or used by or for such entities.

(2) Certifications Required.

To assure compliance with the limitations set forth in (1) above by (a) foreign consignees approved under Project and Distribution licenses, (b) distributors approved under the Foreign-Based Warehouse procedure and the Distribution License procedure, and (c) U.S. exporters and service facilities approved under the Service License (SL) procedure, the appropriate certifications described in (i) and (ii) below shall be submitted to the Office of Export Administration. The appropriate certification must be submitted in support of special licenses valid as of February 16, 1978 before additional commodities may be shipped to the foreign parties concerned, and certifications must be submitted before new or pending applications for special licenses will be considered.

(i) Sale to and servicing in the Republic of South Africa and Namibia. The following certification is to be completed by (a) customers that are approved under the Foreign-Based Warehouse procedure to sell in or reexport to the Republic of South Africa or Namibia; (b) distributors and end-users approved under the Distribution License procedure and located in the Republic of South Africa or Namibia; and (c) U.S. exporters and service facilities approved under the Service Supply (SL) procedure to service equipment in the Republic of South Africa or Namibia: "I (We) certify that commodities received under this (enter Distribution, Foreign-Based Warehouse, or Service Supply) License will not be sold or otherwise made available, directly or indirectly, to or for the use by or for police or military entities in the Republic of South Africa or Namibia or used to service equipment owned, controlled or used by or for these entities."

(ii) Production of Foreign-made end-products for sale to the Republic of South Africa and Namibia. The following certification is to be completed by all foreign consignees of Project and Distribution

licenses who have been authorized to use U.S.-origin parts in the manufacture of foreign-origin end-products intended for export: "I(We) certify that the commodities received under this (enter Project or Distribution) license will not be used in the production abroad of commodities that will be sold or otherwise made available, directly or indirectly, to or for the use by or for police or military entities in the Republic of South Africa or Namibia.

3. In Section 373.2, paragraph (b) is revised by rewording the introductory sentence and paragraph (c) is revised by adding a new paragraph (2) (vi) as follows:

§ 373.2
PROJECT LICENSE

* * * * *

(b) Commodities, Technical Data, and Activities
Not Eligible for Project License

The Project License procedure is subject to the South African and Namibian limitations in § 373.1. In addition, the procedure does not apply if:

* * * * *

(c) Application Procedure

(2) ***

- (vi) Special Certification. The certification required by §373.1(a)(2)(ii) is required from each ultimate consignee that produces or intends to produce commodities for export.

4. In Section 373.3, the introductory paragraph and (d) (2) are revised to read:

§ 373.3
DISTRIBUTION LICENSE

A Distribution License procedure is established that authorizes exports, during a period of one year, of certain commodities under an international marketing program to consignees that have been approved in advance as foreign distributors or users. The Distribution License procedure is subject to the South African and Namibian limitations in § 373.1. (An application for a Distribution License to replace an expiring Distribution License may cover a validity period of up to two years.)

(c) ***

(d) Application for Distribution License

(1) ***

(2) Documents Required. Each application for a Distribution License shall include the documents specified in (i) through (iii) below, and, if applicable, the certification specified in (iv) below:

(i) Application for Export License, Form DIB-622P;

(ii) Distribution License Consignee Statement, Form DIB-678, except that if the consignee is a foreign government agency, as defined in §375.2(b)(iv), Form DIB-678 is not required;

(iii) Comprehensive narrative statement by the exporter, and

(iv) The certification required by §373.1(a)(2)(i) or (ii) from (a) distributors and end-users in the Republic of South Africa or Namibia and (b) end-users in other countries that intend to produce commodities for export.

An application for a Distribution License need not be supported by the Import Certificate or consignee/purchaser statement otherwise required under § 375.2 or 375.3.

5. In Section 373.4, the introductory paragraph and paragraph (c)(2) are revised to read as follows:

§ 373.4

FOREIGN-BASED WAREHOUSE PROCEDURE

A Foreign-Based Warehouse Procedure is established that authorizes an exporter (i) to stock commodities abroad at a central location for distribution to customers in the country where the stock is located or in other countries; (ii) to ship commodities directly from the United States to these customers to fill an urgent need or a specialized requirement that cannot be filled from the foreign-based stock; or (iii) to ship directly from the United States to these customers parts or components not stocked abroad to be used to repair equipment originally exported by the U.S. exporter. This Foreign-Based Warehouse Procedure is subject to the South African and Namibian limitations in § 373.1. The documentation usually required in support of an application for an export license (see Part 375) and prior specific reexport authorization (see Part 374) is waived under this procedure.

(b) ***

(c) Application to Participate in the Foreign-Based Warehouse Procedure

(1) ***

(2) Form DIB-625P. Each customer to whom distribution is proposed, whether or not in the country where the foreign-based stock is located, must complete and submit to the distributor or to the U.S. exporter six copies of a Multiple Transactions Statement by Customer of Distributor of United States Commodities Stocked Abroad, Form DIB-625P. The U.S. exporter shall submit these forms to the Office of Export Administration either with or subsequent to his filing the Form DIB-624P. Form DIB-625P may authorize the customer to resell or otherwise redistribute the commodities received. If, however, the distributor himself wishes to distribute the commodities similarly in the country where his warehouse is located while relying on his customers to redistribute elsewhere, such distributor is not precluded from submitting his own Form DIB-625P as well as those of his customers. In such a case, he assumes all of the responsibilities of a customer in the country where his warehouse is located in addition to the responsibilities of a distributor.

In addition, each distributor or customer who intends to sell in the Republic of South Africa or Namibia shall also submit the certification required by §373.1(a)(2)(i).

6. In Section 373.7, paragraphs (b), (d)(1)(ii)(e), (d)(2)(ii), and (d)(3)(ii) are revised to read as follows:

§373.7
SERVICE SUPPLY (SL) PROCEDURE
* * * * *

(b) Commodities Subject to Procedure

Any commodity for which a validated export license is required may be exported or reexported under the provisions of this §373.7 except:

- (1) Parts to service commodities related to nuclear weapons, nuclear explosive devices or nuclear testing, as described in §378.1;
- (2) Parts to service arms, ammunition or implements of war referred to in Supplement No. 2 to Part 370;
- (3) Parts to service commodities subject to Atomic Energy Act referred to in §370.10(e);
- (4) Parts to service commodities^{1/} listed in Supplement No. 1 to this Part 373;
- (5) Commodities listed in Supplement No. 1 to this Part 373;
- (6) Parts to service any equipment owned, controlled or used by or for a military or police entity in the Republic of South Africa or Namibia.

¹Except that parts may be exported under the provisions of this §373.7 to service vibration testing equipment identified in Supplement No. 1 to Part 373 under Export Control Commodity No. 1362 and all commodities identified in Supplement No. 1 to Part 373 under Export Control Commodity Nos. 1460 and 4460.

- (d) ***
- (1) ***
- (ii) ***
- (e) The certification required by §373.1(a)(2)(i), if applicable.
- (2) ***
- (ii) Application. Each application for reexport authorization by a foreign-based service facility shall include the documents specified in (a) through (c) below, and, if applicable, the certification required by §373.1(a)(2)(i):
- (a) A letter requesting authorization to use and reexport spare and replacement parts under the SL Procedure;
- (b) Form DIB-6027P, Service Supply (SL) statement by Service Facility or Manufacturer, in triplicate;
- (c) A comprehensive narrative statement by the operator of the service facility identifying the U.S. manufacturer(s) or U.S. exporter(s) that has(have) designated the facility to be its service facility and shall indicate the period for which the designation shall remain in effect. If the service facility is under the effective control of the U.S. person or firm, the statement shall so indicate. The statement shall also describe in detail the services performed by the service facility, as indicated on Form DIB-6027P.
- (3) ***
- (i) ***
- (ii) Application. Each application for reexport by a foreign manufacturer shall include the documents specified in (a) and (b) below, and, if applicable, the certification required by §373.1(a)(2)(i):
- (a) A letter from the manufacturer requesting permission to reexport under the Service License Procedure parts imported from the United States to replace such parts incorporated into a product manufactured by the applicant:

- (b) Form DIB-6027P, identifying the manufactured products containing parts exported from the United States and the countries to which these products are exported.

7. In Section 379.4, paragraph (e) is relettered (f) and a new paragraph (e) is added to read as follows:

§379.4
GENERAL LICENSE GTDR
* * * * *

(e) Restrictions Applicable to Republic of South Africa and Namibia

No technical data may be exported or reexported to the Republic of South Africa or Namibia under this General License GTDR where the exporter or reexporter knows or has reason to know that the data or any products of the data are for delivery, directly or indirectly, to or use by or for military or police entities in these destinations or for use in servicing equipment owned, controlled or used by or for such entities. As used in this paragraph (e), the term "any products of the data" includes the direct product 1/ of the data and any subsequent products of the direct product. Further, any technical data that do qualify for export or reexport to the Republic of South Africa or Namibia under this General License GTDR must be accompanied by a written notice to the consignee that the direct product 1/ of the data may not be sold or otherwise made available directly or indirectly to the military or police entities in these destinations. In addition, no technical data relating to the commodities listed in Supplement 2 to this Part 379 may be exported under this General License GTDR to any consignee in the Republic of South Africa or Namibia.

8. In Part 379, a new Supplement No. 2 is added to read as follows:

1/ The term "direct product," as used in this paragraph, is defined to mean the immediate product (including processes and services) produced directly by use of the technical data.

Technical Data

Supplement No. 2 to Part 379

Commodities Subject to Republic of South Africa
and Namibia Embargo Policy

(See § 379.4(e) and § 385.4(a))

- (1) Spindle assemblies, consisting of spindles and bearings as a minimal assembly, except those assemblies with axial and radial axis motion measured along the spindle axis in one revolution of the spindle equal to or greater (coarser) than the following:
 - (a) 0.0008 mm TIR (peak-to-peak) for lathes and turning machines; or
 - (b) $D \times 2 \times 10^{-5}$ mm TIR (peak-to-peak) where D is the spindle diameter in millimeters for milling machines, boring mills, jig grinders, and machining centers (ECCN No. 1093);
- (2) Equipment for the production of military explosives and solid propellants, as follows:
 - (a) Complete installations; and
 - (b) Specialized components (for example, dehydration presses; extrusion presses for the extrusion of small arms, cannon and market propellants; cutting machines for the sizing of extruded propellants; sweetie barrels (tumblers) 6 feet and over in diameter and having over 500 pounds product capacity; and continuous mixers for solid propellants) (ECCN No. 1118);
- (3) Specialized machinery, equipment, gear, and specially designed parts and accessories therefore, specially designed for the examination, manufacture, testing, and checking of the arms, ammunition, appliances, machines, and implements of war; (ECCN No. 2018);
- (4) Construction equipment built to military specifications, specially designed for airborne transport (ECCN No. 2317);
- (5) Vehicles specially designed for military purposes, as follows:
 - (a) Military mobile repair shops specifically designed to service military equipment;
 - (b) All other specially designed military vehicles, excluding vehicles listed in Supplement No. 2 to Part 370;

- (c) Pneumatic type casings (excluding tractor and farm implement types), of a kind specially constructed to be bullet-proof or to run when deflated;
 - (d) Engines for the propulsion of the vehicles enumerated above, specially designed or essentially modified for military use; and
 - (e) Specially designed components and parts to the foregoing (ECCN No. 2406);
- (6) Pressure refuellers, pressure refuelling equipment, and equipment specially designed to facilitate operations in confined areas and ground equipment, not elsewhere specified, developed specially for aircraft and helicopters, and specially designed parts and components, n.e.s. (ECCN No. 2410);
- (7) Specifically designed components and parts for ammunition, except cartridge cases, powder bags, bullets, jackets, cores, shells, projectiles, boosters, fuses and components, primers, and other detonating devices and ammunition belting and linking machines (ECCN No. 2603);
- (8) Nonmilitary shotguns, barrel length 18 inches or over; and nonmilitary arms, discharge type (for example, stun-guns, shock batons, etc.), except arms designed solely for signal, flare, or saluting use; and parts, n.e.s. (ECCN No. 5998); and
- (9) Shotgun shells, and parts (ECCN No. 6998).
9. In Section 385.4, Paragraph (a) is revised to read as follows:

§385.4

COUNTRY GROUP V

- (a) Republic of South Africa and Namibia

In conformity with the United Nations Security Council Resolutions of 1963 and 1977, relating to exports of arms and munitions to the Republic of South Africa, and consistent with U.S. foreign policy towards the Republic of South Africa and Namibia, the Department of Commerce has established the following special policies for commodities and technical data under its licensing jurisdiction.

- (1) An embargo is in effect on the export or reexport to the Republic of South Africa and Namibia of arms, munitions, military equipment and materials, and materials and machinery for use in the manufacture and maintenance of such equipment. Commodities to which this embargo applies are listed in Supplement No. 2 to Part 379.
- (2) An embargo is in effect on the export or reexport to the Republic of South Africa or Namibia of any commodity, including commodities that may be exported to any destination in Country Group V under a general license, where the exporter or reexporter knows or has reason to know that the commodity will be sold to or used by or for military or police entities in these destinations or used to service equipment owned, controlled or used by or for such military or police entities.
- (3) An embargo is in effect on the export or reexport to the Republic of South Africa or Namibia of technical data, except technical data generally available to the public that meets the conditions of General License GTDA, where (a) the technical data relate to the commodities listed in Supplement No. 2 to Part 379, or (b) the exporter or reexporter knows or has reason to know that the technical data or any product of the data as defined in 379.4(e) are for delivery to or use by or for the military or police entities of these destinations or for use in servicing equipment owned, controlled or used by or for these entities. In addition, users in the Republic of South Africa or Namibia of technical data that do qualify for export or reexport under the provisions of General License GTDR must be informed in writing at the time of the export or reexport of the data that the direct product of that data may not be sold or otherwise made available, directly or indirectly, to the military or police entities in these destinations. The term "direct product" is defined in footnotes in Section 379.4(e).
- (4) Parts, components, materials and other commodities exported from the United States under either a general or validated export license may not be used abroad to manufacture or produce foreign-made end-products where it is known or there is a reason to know the end products will be sold to or used by or for military or police entities in the Republic of South Africa or Namibia.

- (5) A validated export license is required for the export to the Republic of South Africa and Namibia of any instrument and equipment particularly useful in crime control and detection, as defined in § 376.14.
- (6) General License GIT may not be used for any commodity destined for the Republic of South Africa or Namibia (See § 371.4(b)).
10. In Section 386.6, paragraphs (a) and (c) are revised to read:

§386.6

DESTINATION CONTROL STATEMENTS

(a) Requirement for Destination Control Statement

When required by this Section 386.6(a), an appropriate destination control statement is required to be entered on all copies of the bill of lading, the air waybill and the commercial invoice covering an export from the United States. The same statement shall appear on all copies of all such shipping documents that apply to the same shipment. At the discretion of the exporter or his agent, a destination control statement may be entered on the shipping documents for exports for which no destination control statement is required.

- (1) Exports to all destinations except South Africa and Namibia. One of the three destination control statements described in § 386.6(c) is required for any export under
 - (i) A validated license;
 - (ii) General License GLV, GMS, GTF-US, GTE, or GLR; or
 - (iii) General License G-DEST if:
 - (a) The value of the shipment exceeds \$250,
 - (b) The commodity exported is identified by the symbol "Y" in the "Validated License Required" column of the Commodity Control List, and
 - (c) The country of destination is other than the Republic of South Africa or Namibia.
- (2) Exports to the Republic of South Africa and Namibia. The following destination control statement is required

for all shipments to the Republic of South Africa and Namibia made under a validated license or under General License G-DEST, GLV, GTF-US, G-NNR, GLR, GMS, and GTE:

"These (commodities) (technical data) licensed by the United States for (Republic of South Africa) (Namibia). Diversion contrary to U.S. law prohibited. Resale to or delivery, directly or indirectly, to or for use by or for police or military entities prohibited."

* * * * *

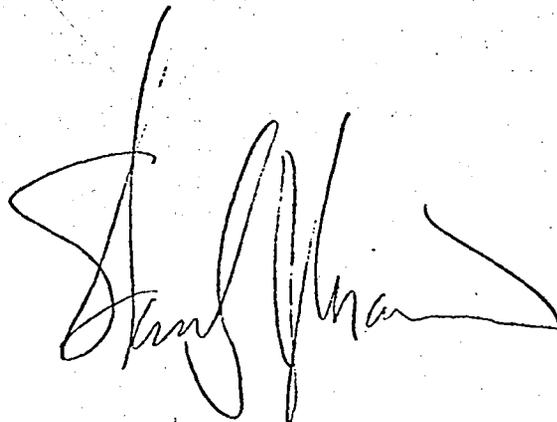
(c) Statement to Be Used

Except for exports to the Republic of South Africa or Namibia, one of the three destination control statements set forth in § 386.6(d) below may be used, as follows:

* * * * *

11. The Commodity Control List, incorporated by reference at 15 C.F.R. § 399.1(a), is revised to indicate that commodities otherwise eligible for export to the Republic of South Africa and Namibia under General License G-DEST will require a validated export license if intended for delivery to or use by or for military or police entities under jurisdiction of the Republic of South Africa or Namibia.

EFFECTIVE DATE OF ACTION: February 16, 1978



STANLEY J. MARCUSS
Deputy Assistant Secretary
for Trade Regulation

9:15 AM

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

October 11, 1979

MEETING WITH CONGRESSIONAL LIAISON GROUP
Friday, October 12, 1979
9:15 a.m. (15 minutes)
The Cabinet Room

From: Frank Moore / Bob

I. PURPOSE

To launch our program of Congressional visits to the Hill, to let the staff know what you expect them to accomplish, and to give the project your official sanction.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: I have had several discussions with you on ways in which we might improve our communications with Members of the House. On October 5 I gave you a memo which outlined my plan to create an informal task force to begin a series of visits to Members on a Democrat-first targeted list. You approved the proposal and you indicated you would be willing to do two things to help: first, meet with the task force, and second, inform the Cabinet.

The participants in today's meeting are the persons I have identified as the team which will be involved in the program. As of now, only 8 people will actually be doing the Hill visits. Others on our staff will be involved in coordinating the project. By Tuesday we will have put together the targeted list of Members and made the individual assignments. By the end of the week the visits will have begun. (Next week I will also provide you with talking points so that you can discuss this at the next Cabinet meeting.)

Before this happens, it is important that the project receive your personal endorsement. This will enable the members of the task force who are charged with making the visits to enter into their discussions as your emissaries and with your full support.

B. Participants:

WHCL:	Frank Moore	Jim Copeland
	Bill Cable	Ronna Freiberg
	Valerie Pinson	Bob Thomson
	Terry Straub	Bob Maher

OMB: Herky Harris

BUDGET TASK FORCE: Chris Davis
Susan Elfving
Gael Sullivan

Other members of the task force unable to attend today's meeting: Jim Kenin (COWPS)
Sarge Carlton (BTF)

C. Press Plan: off the record.

III.. TALKING POINTS

1. Frank and I and various members of the CL staff have been talking for some time about improving communications with the Hill. This is not a new topic to most of you, but I know it continues to be of concern. I am happy to see that we are about to launch a systematic program to do something about it. I view this with great seriousness and I support you in your undertaking.
2. As I see it this is not a casework-or-favor-solicitation project. It should be approached as an opportunity for Members to communicate with me through you. I am sending you up there as my personal emissaries and I hope you will encourage Members to feel that their comments and requests will be reported back to me.
3. In cases where specific requests come up, let us try to fill them when we can, but I hope you will employ good judgment and not make commitments we can't deliver on.
4. I will rely on Frank to bring to my attention any matters that arise out of your discussions where you feel I can be directly helpful. I will also count on you to do the necessary follow-up so that the Members get a real sense that we are listening to them.

THE WHITE HOUSE
WASHINGTON

12 Oct 79

The Vice President
Frank Moore

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

Rick Hutcheson

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

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

ACTION
FYI

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

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

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

done

TO: THE PRESIDENT
FROM : BOB DUNN
SUBJECT : REQUEST FROM THE VICE PRESIDENT THAT YOU PHONE
SENATOR EAGLETON

THE VICE PRESIDENT WANTS: YOU TO KNOW THAT SENATOR
EAGLETON MADE A STRONG AND HIGHLY SUPPORTIVE STATEMENT ABOUT
YOU LAST NIGHT.

THE VICE PRESIDENT HAS SUGGESTED THAT YOU PLACE A CALL
TO THE SENATOR SOME TIME TODAY IF AT ALL POSSIBLE.

OK to Frank & Fritz

Call by CHAS. CURRY

done

816-DAI-7100

re Co-Chairmanship

J

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON
12 Oct 79

Frank Moore

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

Rick Hutcheson

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

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

ACTION
FYI

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

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

THE WHITE HOUSE
WASHINGTON

October 10, 1979

To: The President

F. J. J.

MEMORANDUM FOR FRANK MOORE

FROM: DAN TATE

SUBJECT: The President's Inquiry re Clive Short --
Nominee for U.S. Marshal for Nebraska

Recently, the Nebraska Congressional delegation wrote to the President to inform him that Clive Short had asked that his nomination for Marshal be withdrawn.

Shortly after that letter was sent, Senator Jim Exon called me to say that the nomination had been held up for almost two years primarily by Republicans in Nebraska who had made allegations about Mr. Short and had precipitated repeated numerous FBI investigations. Rather than keep fighting the matter, Short chose to withdraw.

Exon said the problem was in Nebraska, not in Washington.

The President wrote a note on his log inquiring about the matter. Is this sufficient explanation?

Yes

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THE WHITE HOUSE
WASHINGTON

10/12/79

The First Lady
Hamilton Jordan
Sarah Weddington

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

Rick Hutcheson

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

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

ACTION
FYI

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

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

cc ~~Search~~ ^{Hamm, nos}
all good
J

October 12, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: SARAH WEDDINGTON *SW*

SUBJECT: Gertrude Donahey (Ohio)

I spoke with Ms. Donahey this morning. She was most pleased with your call and is looking forward to working for the re-relection effort.

As you know, she didn't want to make commitments until she had visited with Paul Tipps. She was able to catch him to visit yesterday.

1. She is happy to serve on the Executive Committee of our Ohio Steering Committee. *good*
2. She is happy to have her name used in connection with the "Citizens for Carter" dinner on the 24th, although prior commitments probably prevent her from personally being present. *good*
3. She will consult with Paul Tipps and think about the people who should be recruited from the congressional districts to serve on the Steering Committee (Rick Hutcheson had suggested one per congressional district). *"*
4. She will think about the best ways to get endorsements of the officers of the Democratic Federation of Women in Ohio and I am to call her next week to map strategy. Some of them she may ask me to call and others she may call personally. *"*
5. She will work with Paul Tipps and other members of the Executive Committee to recruit key county chairs in Ohio for the Steering Committee. *"*
6. She will designate a key staff member to work with me, Kraft, and Hutcheson in putting together the Steering Committee. She will give me that name when I call next week. *"*
7. She does not have current plans to come to Washington, but is still hoping to get here soon. She appreciates our offer to assist in making arrangements. *"*

She is a delightful public servant and I am pleased to have the opportunity to work with her and know her better. *"*

cc: Rick Hutcheson
Alicia Smith

1. I AM VERY PLEASED TO ANNOUNCE THAT OUR 7-MONTH EFFORT
TO BUILD AN ADEQUATE PRIMARY SUPPLY
OF HOME HEATING OIL FOR THE COUNTRY
2. HAS SUCCEEDED.
3. FIGURES RELEASED YESTERDAY INDICATE THAT STOCKS TODAY
ARE IN THE RANGE OF 235 MILLION BARRELS.
4. WE ARE WELL AHEAD OF LAST YEAR,
5. AND IT IS NOW CLEAR THAT WE ARE AT THE POINT OF ACHIVING OUR GOAL
OF 240 MILLION BARRELS.
5. THIS IS A GRATIFYING ACHIEVEMENT
6. WHICH INSURES THERE WILL BE ENOUGH HOME HEATING OIL TO MEET
THE NATION'S NEEDS THIS WINTER.

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(=OVER=) (HAVING ACHIEVED.....)

1. HAVING ACHIEVED OUR GOAL OF BUILDING PRIMARY STOCKS
2. OUR PRIORITY NOW SHIFTS TO DISTRIBUTING THESE SUPPLIES
THROUGHOUT THE SYSTEM.
3. I AM THEREFORE TODAY INSTRUCTING THE DEPARTMENT OF ENERGY
TO WORK WITH MAJOR REFINERS AND SUPPLIERS
4. TO ASSUME THIS AS ITS FIRST PRIORITY.
5. THE POSITIVE ACTION ALREADY TAKEN BY FUEL DISTRIBUTORS
MUST BE CONTINUED AND EXPEDITED.
6. NO ONE NEEDING FUEL SHOULD BE LEFT UNSERVED.
7. THE DPEARTMENT OF ENERGY WILL DEAL WITH AREAS WHERE
EXTRAORDINARY CONDITIONS MAY CAUSE
TEMPORARY SPOT SHORTAGES.

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by Preservation Process

(=NEW CARD=) (LAST APRIL.....)

1. LAST APRIL OUR PRIMARY STOCKS OF DISTILLATE FUEL
STOOD AT ONLY 113 MILLION BARRELS --
2. 25 MILLION BARRELS BELOW 1978 LEVELS AT THE SAME DATE.
3. I COMMEND THE REFINERS FOR THEIR COOPERATION
4. AND I ALSO APPLAUD ALL AMERICANS WHO HAVE JOINED IN EFFORTS
TO CONSERVE ENERGY AND THEREBY REDUCE DEMAND FOR OIL
5. I URGE CONTINUED RESTRAINT IN ENERGY CONSUMPTION
6. WHICH WILL TEND TO HOLD DOWN PRICES AND PREVENT SPOT SHORTAGES.
7. I AM ALSO CALLING UPON REFINERS TODAY TO TAKE THE FOLLOWING STEPS:
8. --MAINTAIN HEATING OIL AND DIESEL PRODUCTION AT HIGH LEVELS
TO ASSURE A CONTINUED FLOW OF ADEQUATE SUPPLIES THROUGHOUT THE WINTER.

Prostatic Copy Made (=OVER=) (--To DISTRIBUTE.....)
Preservation Purposes

1. --TO DISTRIBUTE AS MUCH HEATING OIL AS POSSIBLE NOW TO SECTORS OF THE COUNTRY WHICH MAY EXPERIENCE HEAVY SNOWS OR EARLY FREEZING OF WATERWAYS.
2. --TO INCREASE ALLOCATIONS TO MARKETERS TO ACCELERATE DELIVERIES TO WHOLESALERS AND RETAILERS BEFORE THE FULL ON-SET OF THE HEATING SEASON.
3. --TO MAINTAIN HISTORICAL CREDIT PRACTICES WITH DISTRIBUTORS.
4. I KNOW THAT THE INCREASE IN THE PRICE OF OIL PRODUCTS
IS WORKING A HARDSHIP ON SOME CONSUMERS --
5. ESPECIALLY THOSE ON LOW AND FIXED INCOMES.

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for Preservation Purposes**

(=NEW CARD=) (I URGE THE CONGRESS.....)

1. I URGE THE CONGRESS TO ADOPT WITHOUT DELAY
THE MEASURES I HAVE PROPOSED
2. WHICH WILL MAKE \$1.6 BILLION AVAILABLE THIS WINTER TO ASSIST THE POOR,
THE AGED,
AND OTHERS UNABLE TO MEET
ENERGY PRICE INCREASES.
*Electrostatic Copy Made
for Preservation Purposes*
3. I HAVE TODAY SENT THE CONGRESS A SUPPLEMENTAL APPROPRIATIONS REQUEST
TO ACHIEVE THIS PURPOSE.
4. WITH THE PASSAGE OF THE WINDFALL PROFITS TAX
5. I CAN ASSURE THE COUNTRY THAT \$2.4 BILLION PER YEAR
WILL BE AVAILABLE EACH YEAR OF THE NEXT DECADE
FOR THESE PURPOSES.

1. IN ADDITION I HAVE INSTRUCTED THE SMALL BUSINESS ADMINISTRATION
2. TO INSURE THAT THERE IS ASSISTANCE AVAILABLE
3. TO SMALL SUPPLIERS IN NEED OF CREDIT TO MAKE PURCHASES
FROM MAJOR SUPPLIERS OF HOME HEATING OIL.

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THE WHITE HOUSE
WASHINGTON

DRAFT FROM JACK WATSON

10/12/79

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I am very pleased to announce that our seven month effort to build an adequate primary supply of home heating oil for the country has succeeded. Figures released yesterday indicate

~~[that primary stocks had reached 230.8 million barrels of oil last week. Given the recent fill rates,~~

^{that} stocks today are in the range of 235 million barrels. We are well ahead of last year, and it is now clear that ^{we are is at the point of} the nation ~~will~~ ^{achieving} our goal of 240 million barrels.

This is a gratifying achievement which insures there will be enough home heating oil to meet the nation's needs this winter.

^{Having achieved our goal of building primary stocks, our} I am, therefore, ^{today} instructing the Department of Energy to work ^{assume this} with major refiners and suppliers to ~~(make)~~ ^{priority} as its first priority, ^{now} ~~[the movement of heating oil throughout the distribution system~~ ^{shifts} ~~serving our homes, businesses and other users of heating oil]~~ ^{to}

The positive action already taken by fuel distributors must be continued and expedited. No one needing fuel should be left unserved. The Department of Energy ^{will} ~~[stands ready to]~~ ^{distributing these supplies throughout the system.} deal ^{with} ~~[with particular problem]~~ areas where extraordinary conditions may cause ^{temporary} spot shortages.

Last April, ~~[when I set the goal of 240 million barrels as the necessary reserve for this winter]~~ our primary stocks of distillate fuel stood at only 113 million barrels, 25 million barrels below 1978 levels at the same date.

My instructions to the Department of Energy were to work closely with the industry, do everything necessary to insure that there were sufficient heating oil to meet the country's needs this winter, as well as providing enough diesel fuel to meet the needs of American agriculture. } The achievement of ^{240 million barrel} of this goal, without mandatory measures, is especially ~~satisfying~~ gratifying.

I ~~congratulate~~ and commend the refiners for their ~~superb~~ cooperation in ~~meeting this important national goal.~~ ^{and}, I also applaud all Americans who have joined in efforts to conserve energy and, thereby, reduce demand for oil. I urge continued restraint in energy consumption, ^{tend to} which will ^{hold down prices and prevent spot shortages.}

I am also calling upon refiners today to take the following steps:

- Maintain heating oil and diesel production at high levels to assure a continued flow of adequate supplies throughout the winter;
- To distribute as much heating oil as possible now to sectors of the country which may experience early freezing of waterways; ~~or~~ heavy snows ~~or~~
- To increase allocations to marketers to ^{ac} ~~ex~~celerate deliveries to wholesalers and retailers before the full on-set of the heating season.

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-- To maintain historical credit practices with distributors.

I know that the increase in the price of oil products is working a hardship on some consumers -- especially those on ^{low and} fixed incomes. I urge the Congress to adopt, without delay, the measures I have proposed which will make \$1.6 billion available this winter to assist the poor, the aged and others unable to meet energy price increases. I have today sent the Congress a supplemental appropriations request to achieve this purpose. With the passage of the Windfall Profits Tax, I can assure the country that \$2.4 billion per year will be available each year of the next decade for these purposes.

In addition, I have instructed the Small Business Administration to insure that there is assistance available to small suppliers in need of credit to make purchases from major suppliers of home heating oil.

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