

10/12/79 [3]

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THE WHITE HOUSE
WASHINGTON

13 Oct 79

Stu Eizenstat
Jody Powell

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

Rick Hutcheson

THE WHITE HOUSE

WASHINGTON

October 13, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: House Vote on Gasoline Decontrol

The House, in a surprise vote, adopted an amendment to the DOE authorization bill which would mandate immediate decontrol of gasoline prices. The vote was 191 to 188.

We discussed the Administration's reaction to the vote at our regular meeting of the Executive Council of the Energy Coordinating Committee this afternoon. We all agree on the attached statement. Our reason for opposing the amendment is based both on the substantive concern outlined in the draft statement, and on Congressman Dingell's attitude toward decontrol. Dingell will sponsor an amendment to reverse today's vote early next week. He feels very strongly on this issue, and an Administration decision to go against him could jeopardize our working relationship with him on other important issues such as rationing and the EMB.

It is unlikely that a provision mandating immediate gasoline decontrol would survive even with our support since the margin adopting it was slim and a number of members were absent. There is also a very real question whether the Senate will act on the DOE authorization bill this year.

The Executive Council did agree that it is worth taking another look at whether gasoline should be decontrolled. At Secretary Duncan's suggestion, it will be considered by the EPG. We will also do a careful analysis of the House vote, which I believe will show a large number of Democratic absentees and a solid Republican coalition in favor of decontrol.

If you get a question during call-in show tomorrow, we recommend that you use this response. Also, if you agree with the statement, I will work with Jody to put it out, preferably sometime before your show.

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PROPOSED STATEMENT ON HOUSE GASOLINE DECONTROL VOTE

It has been the President's policy since the beginning of the Administration that gasoline ultimately should be decontrolled. The President made a decision earlier this year based upon an assessment of general gasoline and economic conditions that decontrol would not be appropriate at this time.

The Administration does not support a Congressional amendment mandating decontrol of gasoline. The President now has all the authority he needs to take this step when it is appropriate after a review of prevailing economic factors.

THE WHITE HOUSE

WASHINGTON

October 12, 1979

C
/

MEMORANDUM FOR THE PRESIDENT

FROM: *Rex for* JODY POWELL

SUBJECT: NPR radio show

1. THE BROADCAST

The broadcast "Ask the President" will be aired live across the country over National Public Radio (NPR) member stations, primarily FM-educational stations, from noon until 2 p.m. Saturday, October 13.

The program will be moderated by Susan Stamberg, NPR correspondent and anchor of NPR's equivalent of the evening news--"All Things Considered," a half-hour daily broadcast. Susan will introduce the caller to you and has the license to follow up on the callers' questions with her own questions of you. This is the same right Walter Cronkite had in the previous radio show.

NPR has been publicizing the program in newspaper ads and on the air, directing those who wish to talk with you to mail postcards to NPR in Washington.

The cards are broken into six geographic regions, and an equal number from each region will be randomly selected by NPR Saturday morning prior to the broadcast. NPR will place each call from its studios and put the caller on your speaker in the Oval Office.

You and Susan Stamberg will be seated in the wing chairs by the fireplace in the Oval Office listening to the callers on the speakers and talking into microphones.

The caller's name and city will be displayed on a television monitor in front of you. Both you and Susan Stamberg will have the technical capability to interrupt or "talk down" any caller. An NPR executive will be standing by at its studio with the ability to disconnect obscene callers or those they judge to be "crank" callers.

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Jerry Rafshoon and Anne Edwards will be on hand to introduce you to Stamberg, coordinate with NPR, and so forth.

There will be a handful of radio and television engineers in the Oval Office throughout the broadcast. A television pool will videotape the entire proceeding for network news excerpts, as well as possible re-broadcast in entirety by public television.

Shortly before the broadcast starts, there will be a brief photo session for still photographers--much as we do prior to your Oval Office speeches. The press corps will be listening to the broadcast in its entirety.

You are requested to come to the Oval Office by 11:50 a.m. Lillian Brown will be there for makeup.

We have scheduled brief handshakes and photos in the Cabinet Room with a small group of NPR executives immediately following the broadcast. Rafshoon will escort you to the Cabinet Room.

2. BRIEFING MATERIALS

Attached are the foreign policy and domestic Q&A briefing books. The foreign policy book contains some updates since your news conference earlier this week. Several updated domestic Qs and As--interest rates, energy, etc.--are being prepared and will be given you by David Rubenstein first thing Saturday morning.

Rubenstein has recently completed a summary record of your Administration and suggests, correctly, that it would be a good idea for you to thumb through it to remind you of accomplishments so that you can hit those points in the broadcast. The summary is attached.

THE WHITE HOUSE

WASHINGTON

13 Oct 79

Alfred Kahn

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

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
X	KAHN
	LINDER
	MARTIN
	MILLER
	MOE
	PETERSON
	PRESS
	SANDERS
	SPETH
	STRAUSS
	TORRES
	VOORDE
	WISE

THE WHITE HOUSE
WASHINGTON

October 11, 1979

Fred
I'm willing to
a) eat or b) not eat,
depending on further
advice from my
mentor
J. C.

MEMORANDUM FOR THE PRESIDENT

FROM: ALFRED E. KAHN

Fred

SUBJECT: Lunch at McDonald's

As you'll recall, I suggested yesterday that you consider having lunch with Amy at McDonald's sometime soon.

I assumed you knew the reason for the suggestion (and apologize for neglecting to mention it): that it would be a way to publicize the fact that shortly after your meeting with the food industry in August, McDonald's lowered its hamburger and cheeseburger prices because of a drop in the price of beef.

Before finding a spot on your schedule, I decided to check on the continuing validity of the reason -- and learned to my chagrin that with the price of beef again going up, McDonald's is contemplating raising its prices within the next few weeks. We should find out for certain by early next week: at that time, I'll reevaluate the situation and my recommendation.

In the meantime, will you be willing not to eat at McDonald's?

THE WHITE HOUSE

WASHINGTON

13 Oct 79

Lloyd Cutler

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	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

Good!
J

October 12, 1979

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: LLOYD CUTLER

Lnc

SUBJECT: SALT

Senators Byrd and Cranston had a very constructive two-hour lunch meeting today in pursuit of their effort to develop a consensus among defense-minded Senators and Senators interested in more rapid progress on deep cuts. Attending the meeting, in addition to Byrd and Cranston, were Senators Moynihan, Nunn, Mathias, McGovern, Inouye, Percy, Muskie, Morgan, Hart, Church, Stennis, Chafee, and Bellmon.

The group discussed a possible internal U.S. government understanding, not requiring Soviet consent, that would commit the Senate in principle to support the authorizations and appropriations for the five-year defense program, and that would instruct the SALT III negotiators to achieve significant deep cuts. The specifics were not discussed, except for a suggestion of Senator McGovern's that if SALT III with significant deep cuts was not signed within three years, the Senate would not ratify it. This led Senator Byrd to raise the question of whether the NATO allies would object to such a Senate position, because of their own keen interest in a theatre nuclear limitation agreement as part of or parallel to SALT III.

During the discussion Senator Nunn said that he would not insist on any specific percentage increase on defense expenditures or on Congressional (e.g., Senate and House) enactment or approval of the 1981 defense budget. Senator Bellmon was also more affirmative about SALT than in his recent statements.

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The group established two sub-committees: a sub-committee on deep cuts with Moynihan as chairman and McGovern, Bellmon, and Chafee, and a sub-committee on defense expenditures with Cranston as chairman and Morgan, Nunn, and Hart. The sub-committees have been instructed to work with us on trying to frame the specifics of the understanding.

My original report on the meeting was from Senator Cranston. Later in the day I happened to meet with Church, Mathias, Percy, and Moynihan, each of whom confirmed the same positive impression of the meeting.

A handwritten signature in cursive script, appearing to read 'LNC', is located to the right of the main text.

cc: Vice President Mondale
Secretary Vance
Secretary Brown
Hamilton Jordan
Dr. Brzezinski
Hedley Donovan
Frank Moore
Bob Beckel

KENNEDY-KING DINNER, OCTOBER 13, 1979

CONGRESSMAN

1. THANK YOU ~~DELEGATE~~ FAUNTROY. [AMBASSADOR-YOUNG,] MAYOR BARRY,
~~MRS. KENNEDY~~, MRS. KING, DISTINGUISHED GUESTS,
FELLOW RESIDENTS OF THE DISTRICT OF COLUMBIA. /

2. I HAVE BEEN READING ABOUT MAYOR BARRY TRYING-TO-FIND-THE-RIGHT-HOUSE.

3. HE HAS MY SYMPATHY. I UNDERSTAND HIS PROBLEM.

4. IT TOOK ROSALYNN AND ME TWO SOLID-YEARS-OF-HARD WORK.

TO GET THE HOUSE-WE WANTED-IN-THE-DISTRICT. /

5. EVEN THEN WE COULD NOT HAVE DONE IT WITHOUT ^{A LOT OF} ~~YOUR~~ HELP ^{FROM YOU -}

6. IT IS ESPECIALLY APPROPRIATE THAT THIS DEMOCRATIC PARTY SHOULD ^{REMEMBER} (HONOR)
RECENT HEROES OF OUR COUNTRY, [AT ITS ANNUAL DINNER]

7. FOR IT WAS ONLY RECENTLY THAT YOU WON YOUR STRUGGLE FOR THE-RIGHT-TO-VOTE. /

8. THE EARLY DAYS OF THAT STRUGGLE WERE SHADOWED

BY THE TRAGIC DEATHS OF THE MEN WE HONOR HERE TONIGHT --

9. JOHN F. KENNEDY, ROBERT F. KENNEDY, AND MARTIN LUTHER KING, JR. //

10. THEY CHAMPIONED THE CAUSE OF THE VOICELESS --

11. PEOPLE WHOSE SILENT PAIN BECAME AN OCEAN ROAR THAT-SWEPT-ACROSS-OUR-NATION,

12. WASHING AWAY ANCIENT HATREDS AND PREJUDICE AND FEAR.

13. THEIR SUCCESS WAS MADE POSSIBLE BY THE PEOPLE WHO STOOD BESIDE THEM.

14. SOME OF THEM ARE HERE TONIGHT -- ^{CLOSEST} THEIR ^A LOVED ONES --

^{FINALLY} ^{SOME} ~~THE KENNEDY~~ [#] CORETTA SCOTT KING. [AND-ANDY-YOUNG.] //

15. WE HAVE ^{FINALLY} WON ^{SOME} (MANY) OF THE BATTLES BEGUN BY THOSE WE HONOR. [HERE-TONIGHT]

16. OLD BARRIERS HAVE FALLEN SO THAT MANY OF OUR PEOPLE

CAN SHARE MORE FULLY IN AMERICAN LIFE.

1. THIS HAS BEEN ESPECIALLY TRUE HERE IN THE DISTRICT.
2. YET FOR ALL ~~OF~~ OUR VICTORIES, THE FIGHT-~~FOR-FULL-CITIZENSHIP-MUST-CONTINUE.~~ //
3. OUR STRONG DISTRICT DEMOCRATIC PARTY IS PROOF OF SOME OF THOSE VICTORIES.
4. YOU WON THE ^{RIGHT TO} VOTE ~~FOR THE~~ PRESIDENT IN 1964,
5. AND FOR LOCAL OFFICIALS IN 1974. /
6. IN 1964, 1968, AND 1972 THE CITY CAST 80 PERCENT
OF ITS VOTES IN PRESIDENTIAL ELECTIONS
FOR DEMOCRATIC CANDIDATES.
7. THAT IS THE KIND OF CAREFUL, BALANCED POLITICAL JUDGMENT I ADMIRE! //
8. THE DISTRICT IS TRULY THE MOST DEMOCRATIC PLACE IN THE COUNTRY.
9. THIS IS A ^{GREAT} CREDIT TO YOU!
10. IN 1976, UNDER THE DIRECTION OF RANDY KINDER,
YOU WERE ABLE TO IMPROVE ON THAT REMARKABLE RECORD --
11. CASTING 82 PERCENT OF YOUR VOTES FOR THE CARTER-MONDLE TICKET.
12. I WANT TO THANK YOU AGAIN FOR THAT OVERWHELMING SUPPORT.
13. I HOPE YOU WILL DO EVEN BETTER ^{FOR DEMOCRATS} IN 1980.
14. YOU YOURSELVES HAVE PRODUCED OUTSTANDING POLITICAL LEADERS:
15. YOUR ABLE REPRESENTATIVE TO THE UNITED STATES CONGRESS --
WALTER FAUNTROY;
16. YOUR DYNAMIC AND NATIONALLY-ADMIRERD YOUNG MAYOR --
MARION BARRY;
17. THE EFFECTIVE LEADER OF YOUR LOCAL DEMOCRATIC PARTY --
BOB WASHINGTON;
18. YOUR DISTINGUISHED DEMOCRATIC NATIONAL COMMITTEEMAN AND COMMITTEEWOMAN --
JOHN HECHINGER AND SHARON DIXON.

1. IN ADDITION THIS GREAT CITY HAS PROVIDED MY ADMINISTRATION
WITH MANY OF ITS MOST OUTSTANDING LEADERS,...
2. PEOPLE LIKE: PAT HARRIS, CLIFF ALEXANDER,
GENO BARONI AND STERLING TUCKER,
TYRONE BROWN (FCC), EMMETT RICE (FED. RESERVE),
SENATOR JOE TYDINGS, RUTH PROKOP (MERIT SYSTEM PROTECTION BOARD),
EDITH BARKDALE SLOAN (CONSUMER PRODUCT SAFETY COMMISSIONER),
BUNNY MITCHELL, WILEY BRANTON (CONRAIL BOARD MEMBER),
MARJORIE LAWSON (KENNEDY CENTER BOARD),
JIM DYKE, PAULINE SCHNEIDER,
AND MANY OTHERS.
3. THIS FORCES THE FEDERAL GOVERNMENT TO ~~UNDERSTAND YOU BETTER.~~ //
4. THE PARTY THAT PRODUCED THIS ARRAY OF TALENT
5. ALSO NURTURED THE DISTRICT'S IMAGE AS A VIROGOUS-LOCAL-ENTITY,
6. SEPARATE AND APART FROM THE SEAT OF FEDERAL GOVERNMENT. /
7. THERE ARE, ^{REALLY} TWO WASHINGTONS:
8. THE FEDERAL CITY WHICH IS A NATIONAL AND AN INTERNATIONAL CENTER;
9. AND HOMETOWN WASHINGTON WHERE ⁷⁰⁰~~670~~,000 LOCAL PEOPLE [✓]
LIVE AND WORK AND MAKE THE CITY FUNCTION. /
10. WHEN I CAMPAIGNED I OFTEN MENTIONED MISTAKES OF THE FEDERAL GOVERNMENT
11. AND I HAVE EVEN HAD ~~A FEW THINGS TO SAY ABOUT IT~~ SINCE I CAME TO LIVE HERE.
12. BUT I NEVER CONFUSED THE TWO CITIES,
13. AND I HAVE ^{ONLY} ~~NEVER HAD ANYTHING TO SAY~~ GOOD THINGS TO SAY ABOUT
HOMETOWN WASHINGTON.

1. THIS CITY ENJOYS THE SPECIAL BEAUTY AND CULTURAL ADVANTAGES
OF BEING THE-NATION'S-CAPITAL,
2. ~~YOU MUST~~ ^{WELL} ~~ALSO~~ COPE WITH THE SPECIAL RESPONSIBILITIES
OF BEING AN-INTERNATIONAL-CITY.
3. ^{BUT} HOMETOWN WASHINGTON MUST ALSO CORRECT OR PREVENT PROBLEMS
IT SHARES WITH OTHER CITIES SUCH AS
URBAN DECAY,
POVERTY,
CRIME,
AND UNEMPLOYMENT. //
4. YOU MANAGE BECAUSE YOU HAVE A SPECIAL KIND OF DETERMINATION. ✓
5. ~~IT IS THAT DETERMINATION~~ WHICH HAS SUSTAINED THIS COMMUNITY
DESPITE GENERATIONS OF DEPRIVATION-
OF-BASIC-HUMAN-RIGHTS. //
6. AS FAR AS HOMETOWN WASHINGTON IS CONCERNED,
7. I HAVE THE SAME COMMITMENTS TONIGHT THAT I HAD WHEN I RAN FOR PRESIDENT. ✓
8. MORE THAN TWO YEARS AGO I ASKED VICE-PRESIDENT ~~WALTER~~ MONDALE
9. TO CONVENE A HIGH-LEVEL TASK FORCE OF LOCAL-ELECTED-OFFICIALS,
ADMINISTRATION-OFFICIALS LEADERS
MEMBERS OF
AND THE CONGRESS ✓
10. TO WORK WITH YOU AND WITH ME TO CARRY OUT THOSE COMMITMENTS.
11. FIRST, I AM DETERMINED TO REDUCE-FEDERAL-INTRUSION-IN-THE-
AFFAIRS-OF-YOUR-LOCAL-GOVERNMENT.
12. I ENDED PRESIDENTIAL REVIEW OF LOCAL DECISIONS WHERE
NO SIGNIFICANT FEDERAL INTEREST IS INVOLVED,
13. AND I SUPPORT SIMILAR ELIMINATION-OF-CONGRESSIONAL-REVIEW-
OF ^{SUCH} ~~PURELY~~ LOCAL-MATTERS.

1. I WILL NEVER TREAT THE DISTRICT AS ~~MERELY AN~~
EXTENSION OF THE FEDERAL GOVERNMENT.

2. I AM COMMITTED TO COMPLETE HOME-RULE FOR THE DISTRICT ~~#~~ OF COLUMBIA. //

3. I ~~WILL CONTINUE TO TRANSFER AUTHORITY FOR LOCAL DECISIONS~~
TO LOCAL OFFICIALS. //

4. UNTIL THESE GOALS CAN ALL BE REACHED

5. I WILL PRESS FOR DECISIONS THAT ARE SPEEDY,
SIMPLE,
AND FAIR. //

6. SECOND, I AM DETERMINED TO ESTABLISH A SOUND-FINANCIAL-PARTNERSHIP
BETWEEN THE DISTRICT
AND THE FEDERAL GOVERNMENT.

7. I SUPPORT INCREASING THE AUTHORIZED FEDERAL PAYMENT, ?

8. AND APPROPRIATING THE FULL AMOUNT AUTHORIZED
WITH A FORMULA TO MAKE THIS PROCESS
ORDERLY AND PREDICTABLE.

9. I WANT TO REMOVE ~~THE FEDERAL GOVERNMENT FROM THE~~
DISTRICT BUDGET-MAKING-PROCESS.

10. BUDGETS SHOULD BE MADE BY THOSE WHO PAY FOR THEM. //

11. THE BULK OF YOUR BUDGET COMES FROM LOCAL TAXES.

12. OTHER CITIES GET FEDERAL HELP
AND STILL HAVE THE RIGHT TO MAKE ~~THEIR OWN~~
BUDGET DECISIONS.

13. SO SHOULD THE DISTRICT OF COLUMBIA. //

1. THIRD, I WANT TO END THE LAST-VESTIGE-OF-COLONIALISM-IN-AMERICA.

2. WE MUST PASS THE-VOTING RIGHTS-AMENDMENT. /

3. FUNDAMENTAL JUSTICE REQUIRES THAT ALL CITIZENS

HAVE NOT-ONLY-A-VOICE

BUT ALSO A VOTE IN CONGRESS //

[THROUGH-~~THEIR-ELECTED-REPRESENTATIVES~~] /

4. THE FIGHT TO WIN CONGRESSIONAL APPROVAL OF THIS AMENDMENT WAS NOT EASY,

5. BUT FOR THE FIRST TIME IN HISTORY

6. A PRESIDENT IS SUPPORTING FULL-VOTING-REPRESENTATION-FOR-THE-DISTRICT.

7. WE RECEIVED THE NECESSARY BIPARTISAN SUPPORT IN CONGRESS

8. BECAUSE WE ^{ALL} WORKED AS A TEAM. /

9. MANY PEOPLE DESERVE CREDIT FOR THAT VICTORY,

10. BUT WE ALL OWE A SPECIAL-DEBT-OF-GRATITUDE

TO THE MAN WHO NEVER STOPPED LETTING US

TO "DREAM THE IMPOSSIBLE DREAM" --

11. WALTER FAUNTROY. //

12. THAT SUCCESS ^{HAS BEEN} ~~WAS~~ ONE OF THE MOST SATISFYING VICTORIES ^{DURING} OF MY ADMINISTRATION,

13. BUT WE CANNOT REST UNTIL WE HAVE FULL-CONGRESSIONAL-REPRESENTATION

14. FOR THE CITIZENS-OF-THE-DISTRICT. //

15. EARLY IN HIS ADMINISTRATION, MAYOR BARRY VISITED ME IN THE OVAL OFFICE

16. TO DISCUSS WAYS WE COULD WORK TOGETHER TO SOLVE OTHER PROBLEMS

17. INVOLVING THE DISTRICT AND THE FEDERAL GOVERNMENT.

18. SINCE THEN OUR OFFICES HAVE BEEN WORKING [TOGETHER] CONSTANTLY

TO CEMENT THIS NEW PARTNERSHIP.

1. WE HAVE SEEN SIGNIFICANT RESULTS ALREADY.
2. WORKING TOGETHER WE ARE GOING TO ~~COMPLETE THE METRO SYSTEM~~ **WE NEED**
3. THE FEDERAL GOVERNMENT HAS ^{now} PLACED ITS TOTAL MONETARY COMMITMENT TO METRO ON THE TABLE.
4. NOW IT IS UP TO THE SURROUNDING JURISDICTIONS TO FUND THEIR SHARE OF THE SYSTEM.
5. WASHINGTON NEEDS THE FULL 101 MILE METRO SYSTEM, *2 Trash trucks*
6. AND WORKING TOGETHER AS PARTNERS, WE ARE GOING TO GET IT. //
7. WORKING TOGETHER WE HAVE DEVELOPED A PLAN TO ~~TRANSFER AUTHORITY TO PROSECUTE LOCAL CRIMES~~
8. FROM THE U.S. ~~ATTORNEY'S OFFICE TO THE DISTRICT GOVERNMENT.~~
9. LEGISLATION TO BRING ABOUT THIS TRANSFER WILL BE A *✓* TOP PRIORITY OF MY ADMINISTRATION.
10. OTHER CITIES HAVE CONTROL OVER THEIR LOCAL CRIMINAL JUSTICE SYSTEM,
11. AND SO SHOULD YOU. //
12. I AM COMMITTED AS WELL TO HAVING THE MAYOR APPOINT LOCAL JUDGES.
13. THE DISTRICT IS THE ONLY JURISDICTION IN THE COUNTRY
14. WHERE LOCAL JUDGES MUST BE APPOINTED BY THE PRESIDENT. //
15. THE RIGHT TO MAKE DECISIONS THAT AFFECT YOUR LIVES IS CRUCIAL,
16. BUT THE DISTRICT ALSO HAS SPECIAL PROBLEMS AND NEEDS SPECIAL HELP. /
17. WE RECENTLY ANNOUNCED GRANTS TALLING \$58 MILLION FOR THE DISTRICT.

(COME FROM YOU IN FEDERAL INCOME TAXES, AND

1. THESE FUNDS WILL GO TO CONSTRUCT NEW SEWAGE-TREATMENT-SYSTEMS,
COMPLETE URBAN-RENEWAL-PROJECTS,
MODERNIZE A PUBLIC-HOUSING-DEVELOPMENT,
PROVIDE FINANCIAL AID AND HOME-WEATHERIZATION
FOR THE ELDERLY-AND-LOW-INCOME-CITIZENS,
AND PAY FOR VARIOUS HEALTH-IMPROVEMENT-PROGRAMS.

THE PARTNERSHIP
IS PAYING OFF!

AND NOW, A PERSONAL NOTE --

2. THIS IS MY CITY TOO.
3. MY WHOLE FAMILY ENJOYS LIVING IN THIS EXCITING AND BEAUTIFUL ^{PLACE} CITY.
4. WE GREW UP IN A VERY SMALL TOWN, AS YOU KNOW,...
5. AND ONE OF THE THINGS WE ^{HAVE BEEN IS} ~~WANT IS TO BE~~ PART OF THIS COMMUNITY.
6. WE DON'T ~~EXER~~ GET TO DO ENOUGH OF THE SIMPLE THINGS WE ENJOY MOST OF ALL,
7. BUT WITHOUT PUBLICITY OR FANFARE

WE WALK AROUND-THE-TIDAL-BASIN,
RUN-ALONG-THE ^{CANAL} TOW-PATH,
VISIT SOME OF THE CHURCHES AROUND THE DISTRICT --
ST. MATTHEW'S, ST. JOHN'S,
ST. PATRICK'S, WASHINGTON CATHEDRAL,
NATIONAL CATHEDRAL, WARNER PRESBYTERIAN,
ZION BAPTIST, METROPOLITAN 'AME',
AND OUR OWN FIRST BAPTIST.

8. AS PARENTS OF A STUDENT AT STEVENS-ELEMENTARY
AND NOW AT HARDY-MIDDLE-SCHOOL,
9. WE ARE ^{PERSONALLY INTERESTED IN} ~~CONCERNED ABOUT~~ THE KIND OF PUBLIC EDUCATION WE HAVE TO OFFER
TO AMY AND TO YOUR CHILDREN.

1. IN PRIVATE HOMES, STORES, AND RESTAURANTS,
IN THEATERS AND ART GALLERIES,
IN MUSEUMS AND AT MEMORIALS,
2. WE SHARE THE CULTURE AND EXCITEMENT WITH TOURISTS AND OTHER RESIDENTS.
3. LIKE YOU, WE WATCH THE REDSKINS AND BULLETS PLAY BALL. /
4. ~~AT~~ THE CHILDREN'S HOSPITAL AND THE GREEN DOOR, ^{AS}
AT D.C. GENERAL HOSPITAL, IMMUNIZATION CENTERS, THE
D.C. VILLAGE HOMES FOR OLDER AMERICANS, ^{D.C. Village}
AT JUBILEE-HOUSE, FRIENDSHIP-HOUSE,
EMPLOYMENT SEMINARS FOR THE WELL AND HANDICAPPED,
AT THE FEDERAL-CITY-CLUB, AT TERRELL JR. HIGH SCHOOL,
AND AT THE CHILDREN'S MUSEUM -- /
5. ^{WE HAVE} ~~ROSALYNN HAS~~ TRIED TO LEARN HOW TO IMPROVE HEALTH CARE,
PROVIDE BETTER HOUSING,
CARE FOR ALCOHOLICS AND THE
MENTALLY AFFLICTED,
PROMOTE EMPLOYMENT,
AND ENHANCE THE BEAUTY OF THIS CITY.
^{AND WORKERS}
6. WE HAVE HAD HUNDREDS OF VOLUNTEERS, VISIT US AT THE WHITE HOUSE
7. TO THANK THEM AND TO ENCOURAGE EVEN MORE GOOD WORK IN OUR
HOME COMMUNITY.
8. WE ARE ONE-OF-YOU, AND PART OF THE CITY.
9. YOU HAVE BOTH OFFICIAL-FRIENDS AND PERSONAL-FRIENDS
LIVING AT 1600 PENNSYLVANIA AVENUE. //

1. WASHINGTON DOES SHARE-THE-PROBLEMS OF OTHER CITIES,
2. BUT WASHINGTON IS ALSO UNIQUE.//
3. IT SHOULD BE A MODEL OF HOW PROBLEMS CAN BE SOLVED
CREATIVELY-AND-COMPASSIONATELY ↗
4. SO THAT EVERY CITIZEN OF THE DISTRICT WILL HAVE A SHARE
IN BOTH THE PRESENT AND THE FUTURE--
5. NOT JUST OF THIS CITY, BUT OF-OUR-NATION.
6. WE CANNOT HAVE A FEDERAL-CITY OF AFFLUENT OFFICIALS,
LOBBYISTS-AND-LAWYERS
7. SERVING IN THE MIDST OF ANOTHER CITY,
A VERY DIFFERENT CITY --
OF THE POOR,
THE SICK,
THE OLD,
THE HOMELESS,
THE JOBLESS --
8. A CITY OF THE DISADVANTAGED AND DISFRANCHISED.//
9. THIS CITY HAS ^{ALREADY} PROVED THAT BLACK AND WHITE CITIZENS
CAN LIVE AND WORK TOGETHER,
10. AND CAN BUILD AN EFFECTIVE DEMOCRATIC PARTY TOGETHER.//
11. YOU ARE PROVING TOO THAT YOU CAN BUILD-A-GREATER-COMMUNITY TOGETHER.
12. YOU ARE BUILDING A COMMUNITY THAT DEMONSTRATES WHAT AMERICA --
THE LAND-OF-OPPORTUNITY --
REALLY MEANS.

1. BECAUSE OF YOU,
2. THIS UNIQUE NATIONAL CITY,
INTERNATIONAL ~~CITY~~, CENTER
AND HOMETOWN
3. IS A VIGOROUS COMMUNITY,
4. READY TO ACCEPT THE FULL RESPONSIBILITIES,
ALONG WITH THE FULL RIGHTS, [✓]
OF CITIZENSHIP.
5. LIKE YOU, I AM PROUD TO BE ^{A DEMOCRAT, AND I'M PROUD TO BE...}
A WASHINGTONIAN.

#

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Remarks for Kennedy-King Dinner -- 10/13/79

Thank you, Delegate Fauntroy. Ambassador Young, Mayor
Barry, Mrs. Kennedy, Mrs. King, Distinguished Guests, Fellow
[District] Residents of The District of Columbia

I have been reading about [all] [the trouble] Mayor (Marion)
Barry [has had] trying to find the right house. ^{He has my} [I can certainly
sympathize.] ^{sympathy} It took Rosalynn and me two solid years of
hard work to get the house we wanted in the District. Even
then, we could not have done it without your help.

It is especially appropriate that ^{this} [the] Democratic Party
[of the District of Columbia] should honor recent heroes of
country our [Party] at its annual dinner, for ^{it was only recently that} [you were only recently]
^{you won your struggle for} [enfranchised.] ^{given} the right to vote. *

The early days of ^{that struggle} [enfranchisement] were shadowed by the
tragic deaths of the men we honor here tonight -- John F. Kennedy,

Robert F. Kennedy and Martin Luther King Jr. They championed
 the cause of the voiceless ⁻⁻ people whose silent pain became
 an ocean roar that ^{swept across} ~~washed over~~ our nation, ^{washing away} ~~cleansing it of~~
 ancient hatred ^s and prejudice and fear.

~~[An important part of]~~ Their success was, ^{made possible} ~~aided by~~ the people who
 stood beside them, ^{through them} some of ~~whom~~ are here tonight -- Ethel
 Kennedy, Coretta Scott King and Andy Young.

~~[Andy has left my Cabinet, but he will never leave the~~
~~circle of my friendship.]~~

We have won many of the battles ^{began} ~~fought~~ by ^{those} ~~John and Robert~~
^{honored here} ~~Kennedy, and Martin Luther King]~~ Old barriers have fallen,
^{so that} ~~enabling~~ many of our people ^{can} ~~to~~ ^{more} share fully in American life.

~~[as never before -- politically, economically, socially,~~
~~educationally.]~~ This has been especially true here

in the District. Yet for all of our victories, the fight
^{citizenship must continue.}
 for full ~~[participation continues.]~~

Our
[The] strong District Democratic Party [here-tonight] is
proof of some of those victories. You ^{won} [got] the vote for the
President [and-Vice-President] in 1964, and for local officials
in 1974. In 1964, 1968, and 1972 the city cast 80 per cent
of its votes in Presidential elections for Democratic candid-
ates. *That is the kind of careful, balanced ^{political} judgment I admire!*
[You showed you not only know how to vote, you know how
to vote right.] The District is truly the most Democratic
place in the country. *This is a credit to you!*

In 1976, under the [able] direction of Randy Kinder
[District-Democrats] ^{you} were able to improve on that remarkable
record, casting 82 per cent of your votes for the Carter-Mondale
ticket. I want to thank you again for that overwhelming
support. I hope you will do even better in 1980.

You have yourselves have
[The District Democratic Party has] produced [an] outstanding
[group-of] political leaders.

Watson's staff), and many others. This forces the Federal Government to understand you better.

The party that produced this array of talent also nurtured the districts [Washington D.C.'s] image as a vigorous local entity, separate and apart from the seat of Federal Government.

There are two Washingtons; ~~on~~ the Federal City which is a national and an international center; and Hometown Washington where 670,000 local people live and work and make the city function. When I campaigned I often mentioned mistakes of the Federal ^{Government} [establishment] ^{and} in Washington. } I have even had a few things to say ^{about it} [about them] since I came to live here. But I never confused ^{anything but good things} the two cities, and I have never had [a bad word] to say about Hometown Washington.

This city enjoys the special beauty and cultural advantages of being the nation's capital, but ^{you} [Hometown Washington] must ^{also} cope with the special ^{responsibilities} [problems] of being an international city. Hometown Washington must also ^{correct or prevent} [cope-with] problems it

such as urban poverty crime and
shares with other cities -- decay, [deprivation], [desolation],
unemployment.

You manage because ^{you have} [Hometown Washington also has something
~~else --~~] a special kind of determination. It is that determination
^{sustained}
which has [made] this a community despite generations of [not
deprivation of basic human rights.
~~being allowed to vote or make your own decisions about local~~
~~issues.~~]

As far as Hometown Washington is concerned, I ^{have the same} [stand
commitments
tonight [for the same things] that I ^{had} [stood for] when I ^{ran for} [sought
~~the office of~~] President.

I [promise you that my Administration] will never
treat the District as merely an extension of the
Federal government.

I am
[This Administration is] committed to complete home rule
^{whenever possible.}
for the District. [Wherever it was within my power,]

*
↓
to P 7

*

will continue to
 I ~~have~~ transferred authority for (purely) local
 decisions to local officials. I have supported
 your legitimate aspirations for home rule in the
 Congress and in the nation.

More than two years ago I asked to convene
 At the beginning of my Administration I appointed a

high-level Task Force of local elected officials, the White
 House and the Congress, convened by my second in command
 officials Vice President

Walter Mondale
 to work with you and with me to carry out these commitments
 actions

My ~~final~~ decisions on District matters were based on
 additional three commitments:

First, I am determined
 My first commitment was to reduce Federal intrusion in the
 affairs of your local decisions -- government.

I ended Presidential reviews of local decisions
 where no significant federal interest was involved,
 and

I support similar elimination of Congressional
 review of purely local matters.

*

these goals can all be achieved reached, I will

Until ~~[that is done]~~, I ~~[have]~~ pressed for decisions that are speedy, simple, and fair.

Second, I ^{am} ~~[was]~~ determined to establish a sound financial partnership between the District and the Federal government --

I support increasing the authorized Federal payment, and appropriating the full amount authorized ^{with} ~~[and]~~ a formula to make this process orderly and predictable.

I want to remove the Federal government from the District budget making process. Budgets ^{expenditures} ~~[decisions]~~ should be made by those who ~~[must]~~ pay for them.

The bulk of your budget comes from local taxes. Other cities ^{and still} ~~[which also]~~ get federal help, have the right to make their own budget decisions. So should the District of Columbia.

Third, I ^{want to end} ~~[am committed to ending]~~ the last vestige of

colonialism in America. We must pass the Voting Rights Amendment.

~~There is no justification for denying United States citizens and taxpayers equal representation in the Congress simply because they happen to reside in the District of Columbia.)~~ Fundamental justice requires that all ~~our~~ citizens have ^{not only} a voice ^{but also a} _{vote} in Congress through their elected representatives.

The fight to win Congressional approval of this amendment was not ~~an~~ easy, ~~one~~ ^{but for} ~~(This was)~~ the first time in history a President ^{is supporting} ~~has supported~~ full voting representation for the District. We received the necessary bipartisan support in Congress because we worked as a team.

Many people deserve credit for that victory ^{, but} ~~people~~ like Coretta Scott King, Vice President Mondale, Senators Byrd, Kennedy and Baker, Speaker O'Neill, Congressmen Rodino ~~and Edwards and many others.~~ But ^{we} all owe a special debt of

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gratitude to the man who never stopped telling us to "dream the impossible dream" -- Walter Fauntroy.

That success was one of the most satisfying victories of my Administration, but we can not rest until [~~that dream is fulfilled and we~~ ^{you we} have ~~secured~~ full Congressional representation for the citizens of the District.

Early in his Administration, Mayor Barry visited me in the Oval Office to discuss ways we could work together to solve ~~some of the remaining issues~~ ^{other problems} involving the District and the Federal government. Since then, our offices have been working together constantly to cement this new partnership,

~~[and implement my fundamental commitments to the District.]~~

We have seen significant results already. ~~Several~~ weeks ago, representatives of the Mid-Atlantic Federal Regional Council and the District Government held an unprecedented ~~day-long meeting at the District Building.~~ ~~The cooperation and~~

~~[understanding that meeting fostered will begin to show up in solutions to your problems.]~~

~~Another example of District-Federal cooperation is the District Pension Reform Bill. Last year, unfortunately, I had to veto a bill which did not adequately reform the system. Solving the pension problem was one of Mayor Barry's top priorities. This year, I am pleased to say, the White House, and the District, working closely with the House and Senate District Committees ably chaired by Congressman Dellums and Senator Eagleton, have agreed on a bill that gets the job done.]~~

~~Working together, [too] we are going to complete the Metro System we need. [After careful consultations with appropriate Congressional and local elected officials, a compromise was agreed on which provides federal support of the entire 101 mile system. My Administration will work closely with Senator Eagleton and other Senators to get this legislation through the Congress this session.]~~

~~This is the first time in history that~~ the federal government has placed its total monetary commitment to Metro on the table. Now it is up to the surrounding jurisdictions to fund their share of the system.

Washington needs the full 101 mile Metro system, and working together as partners, we are going to get it.

Working together, ^{we} ~~the District Government and the Justice Department~~ have developed a ~~preliminary~~ plan to transfer authority to prosecute local crimes from the U.S. Attorney's Office to the District Government. ~~This plan protects the interests of the federal government, the District, and the Judicial system. It also protects the citizens.~~ Legislation to bring about this transfer will be a top priority of my Administration.

Other cities have control over their local criminal justice system ^{and so should you.} ~~The District should, too.~~

I am committed, as well, to having the Mayor appoint local judges. The District is the only jurisdiction in the country where local judges must be appointed by the President.

~~I have consulted extensively with local people on each of the 17 judges I have appointed to make sure my appointments reflected the choices local officials would have made -- highly qualified individuals are responsive to the concerns of the District. I am happy with the quality of the people appointed, but I feel strongly that these judges should be chosen at the local level.~~

The right to ^{make} ~~participate in~~ decisions that affect your lives is crucial, but the District also has special problems, and needs special help. We recently announced grants totalling \$58 million for the District. ~~This represents, \$32 million in grants that were speeded up, and \$26 million in new money.~~

These funds will go to construct new sewage treatment

systems, complete urban renewal projects, modernize a public housing development, provide financial aid and home weatherization for the elderly and low-income citizens, and pay for various health improvement programs.

This is my city, too. My whole family ^{enjoys} [~~shares my pleasure~~]
in] living in this exciting and beautiful city. ^{We ~~grew~~} [~~Rosalynn and I~~] grew
up in a very small town, as you know, and one of the things we
want is to be part of your ^{this} community.
[~~missed most was being able to see great works of art and hear
great music and see live theater. We have been thrilled by the
opportunity to do all of those things here and let Amy grow up
with them. Rosalynn especially enjoyed helping dedicate the
Children's Museum.~~]

~~But~~ We don't ever get to do enough of the simple things
but without publicity or fanfare we walk
we enjoy most of all, [~~We have managed a few walks~~] around the

Tidal Basin, ^{run along} ~~and on~~ the tow path, ~~and~~ visits ~~to~~ some of the
St. Matthew's, St. John's, St. Patrick's, Washington
Cathedral, National Cathedral, Warner Presbyterian
churches around the district -- Zion Baptist, Metropolitan AME, and
our own First Baptist.

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(Fran is making a list.)

~~There's usually a lot of good singing at churches, and we like to sing, but mostly we like to visit people in their churches because their churches are an important part of their lives -- a part where they are striving to do and be better, where they try to rise above their small and selfish impulses and help each other.~~

As parents of a ^{Elementary} student at Stevens, and now at [6th grader] at Hardy Middle School, we are concerned about public education we have ~~[share your concern for] the kind of [schools, the kind of community to offer to Amy and to your children. our children grow up in.]~~

~~In private homes, ^{stores} and restaurants, in theatres and art galleries, in museums and at memorials we ^{share} the culture and excitement ~~of~~ with ~~other~~ tourists, and other residents. Together we must make sure that the children of this~~

~~city receive the education they need -- that mothers and babies~~

~~do not risk needless death for lack of adequate prenatal care --~~

~~that young people can find jobs to support themselves and~~

~~plan a brighter future -- that families can afford decent homes.~~

At the Children's Hospital and the ^{Green} Door, ^{at} D.C. General Hospital, immunization centers, homes for older Americans, at Jubilee House, Friendship House, employment seminars for the well and handicapped, at the Federal City Club and at the Children's Museum, ^{Rosalynn has tried} we try to learn how to improve health care, provide better housing, care for alcoholics and the mentally afflicted, promote employment

Like you, we watch the Redskins & bullets play ball

^{we have}
~~She has~~ had hundreds of volunteers visit us at The White House to thank them and -16- to encourage even more good work in our home community.

We are ~~part~~ ^{one} of you, and part of the city. You have both official friends and personal friends

~~Together we must make sure that no one in this city~~ ^{living at}
1600 Pennsylvania Ave.
~~has to choose this winter between food and fuel.~~

~~Together we must make sure that the price of survival is not a life of perpetual poverty. We must make sure the disadvantaged do not merely hang at the margins of existence until a new generation grows up to drop out and lose out.~~

^{already} ~~Washington is a unique city,~~ ^{Washington does} but ~~(it also)~~ shares the problems of other cities, ^{but Washington is also unique.} It should be a model of how ~~those~~ ^{solved} problems can be ~~met~~ ^{met} creatively and compassionately so that every citizen of the District ^{will} ~~must~~ have a share in both the present and the future, not just of this city, but of ^{our} ~~this~~ nation.

We can ~~not~~ have a federal city of affluent officials, ^{serving} lobbyists and lawyers, in the midst of another city--a very different city--of the poor, the sick, the old, ~~the very~~ ^{young} the homeless, the jobless -- a city of the disadvantaged and disfranchised.

This city has proved that black and white citizens [~~black~~
and ~~white leaders~~] ^{and work} can live ^{and} together, ^{and} can build an effective
Democratic Party together. You are proving, too, that you can
build a ^{greater} community together. You are building a community that
demonstrates what America -- the land of [~~brotherhood and~~]
opportunity -- really means.

Because of [~~what the people here in this room have done~~
^{you,}
~~and are doing~~] ^{national city,} this unique, international city, and hometown is
a vigorous community, ready to accept the full responsibilities
-- along with the full rights -- of citizenship.

Like you, I am proud to be a Washingtonian.

#

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Mr. President---

If you can work this in during the remaining time, you should know:

---in the human rights question, in referring to Korea, you said the Korean Assembly Leader of the opposition party who was expelled was a "Mr. Lee."

---the leader is actually a Mr. Kim---Kim Yong Sam, whom you met when in Seoul.

Rex

THE WHITE HOUSE

WASHINGTON

October 12, 1979

Q
/

MEMORANDUM FOR THE PRESIDENT

FROM: RICK HUTCHESON *R.H.*

SUBJECT: MEMOS NOT SUBMITTED

1. ROUTINE CAB CASES, approved by Cutler, OMB and all agencies;
 - o Docket 33100 permits American Airlines to add additional stops on flights to Mexico.
 - o Dockets 32636, 36737, 33362 permit Zantrop Airlines to provide charter service for property and mail. *AL*
2. HENRY OWEN MEMO re four examples of Presidential leadership you may wish to cite. Without your active intervention with other heads of state at summit meetings, there would have been: no trade agreement; no German and Japanese commitments to expansionist economic policy at the Bonn summit; no national oil import ceilings; and no raising of targets in the IBRD replenishment negotiations now concluding.
3. JOHN P. WHITE MEMOS re violations of the Antideficiency Act by the Department of Defense and the Peace Corps. OMB concludes that the agencies have taken appropriate disciplinary actions in each instance.
4. JIM MCINTYRE sent you a sampling of correspondence indicating wide support for the trade reorganization proposal from business, labor and agriculture.

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

*maybe
summary*

ACTION
FYI

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

	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

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INFORMATION

October 9, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: HENRY OWEN *HO*

SUBJECT: Presidential Leadership in Foreign
Economic Policy

The other day, in a talk to U.S. businessmen, I cited four examples of recent Presidential leadership in foreign economic policy. John Moore's staff tells me that he will repeat these four examples when he soon meets with a New York group that John Connally will have addressed immediately before him. Here are the cases I cited; you may find them helpful in discussions with the media:

1. Tokyo Round. There would have been no trade agreement without your leadership at the London and Bonn Summits in fixing MTN goals and deadlines, and without your active intervention vis-a-vis other heads of government whenever the negotiations were in trouble. I remember your asking me: "Why should I always be the one who has to exert pressure; isn't a trade agreement also in the other governments' interest?" I remember also Schmidt's asking me at Guadeloupe if you had pressed Giscard on MTN; I asked if he had done so, and he made clear that this was a task for you. You accomplished that task.
2. Macro-Economic Policy. There would have been no German and Japanese commitments to expansionist economic policy at the Bonn Summit without your leadership in putting together a package of interlocking commitments, i.e., German and Japanese expansion, U.S. oil decontrol, and French and British MTN commitments. Germany's trading partners benefited from its punctilious fulfillment of its one percent expansion commitment; Japan didn't do as well, but it did more than it would have done without its commitment.

ID 794436

THE WHITE HOUSE

WASHINGTON

DATE: 10 OCT 79

FOR ACTION:

INFO ONLY: RICK HERTZBERG

SUBJECT: OWEN MEMO RE PRESIDENTIAL LEADERSHIP IN FOREIGN
ECONOMIC POLICY

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: +

+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:



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

OCT 10 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: John P. White 
Deputy Director

SUBJECT: Report of the Secretary of Defense
on violations of section 3679 of the
Revised Statutes, as amended

There is attached a memorandum dated August 7, 1979, from the Secretary of Defense reporting to you, as required by law, violations of subsection (h) of section 3679 of the Revised Statutes, as amended (31 U.S.C. 665), commonly known as the Antideficiency Act.

Three reports of violation are transmitted. None of the cases appears to have been caused by willful actions. Two violations were caused by failure to understand or to comply with regulations, and one violation was caused by failure to provide adequate leeway for losses due to unfavorable currency fluctuations. The reported violations are as follows.

<u>Appropriation Title and Fiscal Year</u>	<u>Fiscal Year Violation Occurred</u>	<u>Amount</u>	<u>Type of Violation</u>
Operation and maintenance, Army, 1978	1978	\$392,482.00	Obligations in excess of an allotment.
Family housing, Defense, 1976	1978	\$15,407.86	Obligation and expenditure in excess of a statutory limitation.
Family housing, Defense 1975	1975	\$7,460.95	Obligations in excess of an allotment.

The memorandum from the Secretary of Defense states that appropriate corrective and disciplinary action has been taken. Disciplinary action consisted of oral and written reprimands. In view of these actions taken within the Department, we do not recommend further action at this time.

Copies of the Defense reports have been sent to the President of the Senate and the Speaker of the House of Representatives.

Attachments

THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

AUG 7 1979

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Reports of Violations of the Anti-Deficiency Act

In compliance with the provisions of Section 3679(i)(2), Revised Statutes, there are submitted herewith three reports of violations of the Anti-Deficiency Act (Section 3679, Revised Statutes), and of Department of Defense Directive 7200.1, "Administrative Control of Appropriations." Two violations occurred in the Army and one in the Air Force.

No evidence has been found that the violations were willful. The two violations in the Army were caused by failure to understand or comply with existing regulations. The violation in the Air Force was caused by failure to provide adequate leeway for losses due to unfavorable currency fluctuations. Appropriate corrective action has been taken. Disciplinary action was taken where warranted.

To comply with the provisions of Section 3679(i)(2), Revised Statutes, copies of the reports are also being submitted to the President of the Senate and to the Speaker of the House of Representatives.

Harold Brown

Enclosures

REPORT OF VIOLATION OF RS 3679
DEPARTMENT OF THE ARMY

DATE: 11 MAY 1979

REPORT NO. 5-78

1. Funds Involved: Operations and Maintenance, Army 2182020; funds were apportioned.
2. Where Violation Occurred: Supply and Storage Division, Directorate of Facilities Engineering, US Army Engineer Center and Fort Belvoir, Fort Belvoir, Virginia.
3. Amount of Violation: \$392,482.00.
4. Date of Violation: 23 December 1977.
5. Type of Violation: Overobligation of quarterly allotment; the next higher subdivision (allocation) was not exceeded.
6. Name and Position of Responsible Individual: Mr. Thomas C. Purnell, GS-11, Chief, Supply and Storage Division, Directorate of Facilities Engineering, US Army Engineer Center and Fort Belvoir, Fort Belvoir, Virginia.
7. Cause and Circumstances Surrounding the Violation: Three delivery orders, each for a different grade of heating fuel, totaling \$562,703 were issued on 23 December 1977 causing the first quarter direct allotment to be exceeded by \$392,482. The delivery period for each order was 23 December 1977 through 22 January 1978. Prior to July 1977 heating fuel was purchased by the Stock Fund; obligation of consumer funds was based on the fuel being delivered from Stock Fund inventory. Beginning 1 July 1977, the responsibility for the purchase of heating fuel was transferred to the Directorate of Facilities Engineering and a procedure to purchase heating fuel directly from suppliers with consumer funds was implemented. The change in procedure requires the obligation of consumer funds when the delivery orders are issued rather than when the fuel is delivered. Procedures within the Directorate of Facilities Engineering were not changed to provide for timely obligation of consumer funds. Mr. Purnell assumed that funds would not be obligated until the fuel which he ordered was delivered. The violation was not willful, but was caused by misunderstanding the effect of the change in the ordering procedure on the timing of the incurrence of an obligation based on the type of funds cited.
8. Disciplinary Action: Mr. Purnell received a written admonishment. Under the circumstances, this action is considered adequate and proper.

REPORT NO. 5-78

9. Corrective Action Taken: During January 1978 procedures were established within the Directorate of Facilities Engineering to provide for the obligation of consumer funds when the delivery orders are issued. These orders are now processed through the Directorate of Facilities Engineering Budget Officer for fund control purposes prior to their release.

10. Systems Adequacy: The system of administrative controls prescribed by DOD and DA is considered adequate.

11. Signed Statement of Responsible Individual: Mr. Purnell's statement is attached as Inclosure 1.

1 Incl
as



Alan J. Gibbs
Assistant Secretary of the Army
(Installations, Logistics and
Financial Management)

STATEMENT

26 January 1978

On 29 August 1977, I assumed the position of Chief, Supply and Storage Division and Accountable Property Officer for this directorate with the attendant responsibility for stock fund control.

On 1 October 1977 my division assumed the total mission of procuring, accounting, storing and issuing heating fuels #2, #5 and #6 for the entire post.

I had appointed Mr. Philip Roberts and Mr. Hollis Rodgers as the Heating Fuel Responsible Officer and Heating Fuel Ordering Officer, and alternates for each, respectively, on or about 1 October 1977.

In order to provide a clean inventory picture, delivery orders had a cutoff date assigned each month which coincided with the Defense Energy Information System cutoff input date in order to provide the information to the Directorate of Industrial Operations, as required.

I was vaguely aware that an OMA "target" existed but did not know what it was and, in fact, assumed that if this "target" was exceeded, funds would automatically be pulled from the next quarter through the 3rd quarter of the fiscal year and a narrative statement as to why the "target" was exceeded was all that would be necessary.

At no time was I aware that exceeding a "target" was a possible 3679 violation.

The only OMA funding guidance that I received is attached as inclosure 1. I assumed that, due to the magnitude of the funds involved and the fact that no one knows in advance of the contractor's invoice what the price actually would be, no funding problems would arise.

Funds were certified and delivery orders placed in good faith by my personnel in December 1977, as had delivery orders been placed the prior two months, realizing that we had the awesome responsibility of insuring that Fort Belvoir had sufficient heating fuels.

My division has been severely short of personnel and has been overburdened with priority requirements. They were confident, as I was, that we were actually performing in an exemplary manner, not realizing that this situation was even remotely possible.

1 Incl



THOMAS C. FUNNELL
Ch, Supply & Stor Div
Directorate of Facilities Engineering

(Signature of Person Making Statement)

Subscribed and sworn to before me, a person authorized by law to administer oaths, this 14th day of March, 1978, at Fort Belvoir, Virginia

Franklin M. Lambert Col GS

(Signature of Person Administering Oath)

Incl 1

Report of Violation of Section 3679
Revised Statutes
RCS: DD-COMP(AR)170, Case No. 77-3

A. Appropriation Title, Symbol, and Apportionment Status:

- a. Family Housing, Management Account, Defense (Transfer to Air Force).
- b. 57-97X0700 Project 713, Post Acquisition Construction, \$11,994.49; 57-97 6 0700 Project 722, Maintenance, \$3,413.37.
- c. Apportioned Funds.

B. Location. Misawa Air Base, Japan.

C. Amount of Violation. \$15,407.86.

D. Date of Violation. July 26, 1977.

E. Type of Violation. Expenditures were incurred in violation of Public Law 93-166, Section 506(a) which prohibits the expenditure of any funds for improvement of a family housing unit when the costs of such improvements exceed \$15,000. This did not cause an overexpenditure of any other fund limitations.

F. Person Responsible. James Hubbard, Lieutenant Colonel, USAF, Base Civil Engineer, Misawa Air Base, Japan.

G. Causes and Circumstances.

1. The \$15,000 limitation established by P.L. 93-166 for improvement of a single family housing unit was exceeded in the improvement of Termination of War (TOW) Housing Unit 106, Misawa Air Base, Japan. This violation occurred because of the rapid and uncontrollable decline in the value of the U.S. dollar in ratio to the Japanese yen during the duration of the housing improvement project. The exchange rate declined from 300 yen per dollar to 264 yen per dollar between the time the project cost was estimated and the final payment was made to the Japanese contractor. This decline caused final audited costs for improving the unit to exceed the limitation by \$407.86.

2. Costs charged against the \$15,000 limitation included all contracted and in-house costs for: design, construction, supervision, inspection, overhead, and government furnished equipment. Unit 106 was

part of a larger project. Design costs were prorated based on design costs for 457 housing units. Supervision, inspection and overhead costs were prorated based on such costs for 151 units under improvement. Following are the costs estimated and those actually charged for Unit 106 based upon the exchange rate current at the respective time.

	<u>Pre-Award Estimate</u>	<u>Date Contract Awarded Sep 16, '76</u>	<u>Final Audited Actual Jul 26, '77</u>
Total Project Cost	\$14,305.16	\$14,715.47	\$15,407.86
Exchange Rate - Yen/\$	300/1	286.9/1	264.5/1

3. If the exchange rate had remained stable from the time of contract award, the project would have cost \$14,409.40 using final audited and refined cost data and recognizing reductions to the project effected during its performance. This fact demonstrates that the overexpenditure resulted directly from the decline in the value of the U.S. dollar.

4. Air Force Manual 170-27, assigns responsibility to the Base Civil Engineer for maintaining cost records for each housing project for application against statutory and administrative limitations. The Misawa Base Civil Engineer actively monitored the impact of the declining exchange rate on the cost of this project throughout its duration. He took the following specific actions to control costs within the \$15,000 limit, but the continued, rapid decline of the dollar repeatedly offset and defeated his efforts:

- a. Deleted "deductive alternate" items from the contract immediately before awarding the contract to allow a greater margin for currency fluctuations.
- b. Negotiated decreases to the contract twice during the performance.
- c. Removed certain government furnished equipment from the project at the final stage.

5. The investigation of this case revealed that, based upon the current working estimates available to the Base Civil Engineer at the time, the total project cost for Unit 106 was within the \$15,000 limitation when it was released to the contractor May 26, 1977 and when received back from the contractor on June 24, 1977. The cost rose to more than \$15,000 by the time the contractor's invoice was received and the final payment was disbursed on July 26, 1977. An additional net increase in project costs was recorded as the result of the audit and refinement of in-house costs including design, overhead, and government furnished materiel bringing the total expenditures to \$407.86 above the limit.

H. Administrative Discipline. Disciplinary action is deemed inappropriate in this case, because the cause of the overexpenditure was the decline in value of the U.S. dollar. The Base Civil Engineer was alert to the problem of controlling costs within the statutory limitation and took several proper actions to prevent an overexpenditure. Congress recognized in Title III of the DOD Appropriation Act, FY 1979, that field operating personnel cannot be expected to cope with the problems of abnormal foreign exchange rate fluctuations. That act increases statutory limitations to allow for foreign currency fluctuations. The Headquarters USAF Security Services Staff Judge Advocate reviewed this case and concurred that disciplinary action would not be appropriate.

I. Corrective Actions. Several corrective actions were taken to preclude another violation of this type including the deletion of twelve other housing units from the Misawa contract, elevation of the control of housing improvement projects to command level and establishment of critical exchange rate levels for each unit awarded for construction. However, basic remedial action was taken by Congress in Title III of DOD Appropriation Act, FY 1979 which increases statutory limitations by the amount of adverse foreign currency fluctuations.

J. System of Administrative Control. The system of administrative control of funds prescribed in Air Force Regulation 177-16 is considered adequate and unaffected by this violation. No related change in the regulation is needed.

K. Statement of Responsible Person. Lieutenant Colonel Hubbard has read the report of investigation upon which this report is based. His statement, copy attached, was considered in the preparation of this report. Any differences which may have existed between his statement and the report of investigation are of no contest with this report.

L. The disciplinary and corrective actions taken are considered adequate and are approved.


CONRAD R. PETERSON
Deputy Director of Acctg & Finance
Comptroller of the Air Force

1 Atch
LTC Hubbard's Statement

18 MAY 1979

DEPARTMENT OF THE AIR FORCE
HEADQUARTERS 6920TH AIR BASE GROUP (USAFSS)
APO SAN FRANCISCO 96519



REPLY TO
ATTN OF:

DE

24 May 1978

SUBJECT: Statement Pertaining to Alleged Report of Violation
of AFR 177-16

TO: Hq USAFSS/DE

1. While I do not feel that the investigating officer's report is entirely accurate, I will not use this statement to rebut his perceptions or estimates. Instead, I will center my comments around the management and control of the project. Moreover, I can not comment on Unit 106 without stating my concern for the other 150 MFH units involved in this contract. Especially since the contractor did not start work on Unit 106 until 26 May 1977. This was approximately seven months into the total construction period. At that time Unit 106 was still several months out of the project, and was on the periphery of our concern. It had been red tagged with a group of similar units as, possibly, giving us trouble if the dollar continued to fall against the yen. The notice to proceed was issued to the contractor in October 1976, however we began to plan our approach to the problems we foresaw in September 1976. Consequently, we issued contract change orders, almost from the notice to proceed in order to delete work. Additionally, we had frequent meetings with the procurement officer, comptroller, wing and base commanders, during which we discussed every conceivable option from terminating the contract to eliminating units. We also considered making advance payments and buying yen. We had no authority to exercise either option. Since we were in the initial stages of the contract, and the yen revaluation had not yet attracted international attention, I do not believe that anyone up thru the echelons truly appreciated our position until the same thing started to happen in Germany.

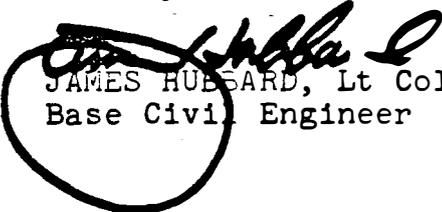
2. Nevertheless, we in Civil Engineering established a daily morning meeting to review the yen rate, the units to be released to the contractor and, if necessary, work to be deleted. In our effort to stay within the congressional limitation, we also issued stop work orders, which were especially distasteful because we had to establish a stopping point so that the contractor could leave a usable unit. Under the prevailing circumstances, this was sometimes difficult to do. Another factor was that the contractor then left the house and the U.S. Government, eventually, had to buy the materials which we could

not use either. MFH Number 106 was one such unit; although in this case, we had to remove completed work. On the date the unit was turned over to the contractor, the exchange rate was 277.75:1. The unit construction price for 106 was ¥3,748,720. This was reduced to ¥3,713,470 which equated to \$13,369.83. Therefore, since we had been limited to a \$13,600.00 per unit maximum construction cost, Unit 106 had not exceeded the statutory limitation prior to being given to the contractor as the report claims. Had the exchange rate remained stable at this point, there would not have been a problem. However, it continued to plunge downward and we were suddenly faced with approximately 12 units which needed immediate attention. By the time the stop work order was issued for 106, the only thing left to do was to remove GFM. Meanwhile the rate continued to fall.

3. Through the use of hindsight, it may appear rather simple to have removed Unit 106 from fiscal peril. However, the fact remains that we were dealing with an unknown variable in a foreign currency which was not thoroughly appreciated by anyone except those on the local scene who had to deal with the problem each day. Personally, I feel that everyone involved in this project did an extraordinary job. Under extremely adverse circumstances, we were able to get the maximum for our dollar; thereby justifying some of the inconvenience to our customers, and returning a fairly complete house to them.

4. If I were to do this project again, there are many things that I would do differently. But as I said earlier, this is with the aid of hindsight. No one at our level knew when the contract was let in 1976 that the exchange rate would drop from 290+ to 220+ (as of this date).

5. I would make the following recommendation for any future housing projects in Japan: Negotiate a lump sum contract as opposed to individual bids by housing unit and try to deal in dollars.


JAMES HUBBARD, Lt Col, USAF
Base Civil Engineer

REPORT OF VIOLATION OF RS 3679
DEPARTMENT OF THE ARMY

DATE 30 APR 1979

REPORT NO. 42-76

1. Funds Involved: Fiscal Year 1975 Family Housing Management Account (21-9750700); funds were apportioned.
2. Where Violation Occurred: Family Housing Office, US Army Tank-Automotive Materiel Readiness Command (TARCOM) - Selfridge Support Activity, Selfridge Air National Guard Base, Michigan.
3. Amount of Violation: \$7,460.95.
4. Date of Violation: 30 June 1975.
5. Type of Violation: Overobligation of an administrative subdivision of funds (allotment); the next higher subdivision (allocation) was not exceeded. Additionally, obligations were incurred by an individual not formally authorized to do so.
6. Names and Positions of Responsible Individuals: The following individuals are both of the Selfridge Support Activity, Selfridge Air National Guard Base, Michigan:
 - a. Mr. Harry S. Gordon, Senior Engineering Technician, Family Housing Division.
 - b. Mr. Mozelle Washington, Purchasing Agent, Facilities Engineering Division.
7. Cause and Circumstances Surrounding the Violation:
 - a. A Blanket Purchase Agreement was in effect with Walby Paint Center, Detroit, Michigan to procure window shades and Venetian blinds for Family Housing.
 - b. Mr. Harry S. Gordon, without proper authority, issued 21 orders for window shades during April 1975. There were two individuals authorized to place orders under the Blanket Purchase Agreement who were aware that Mr. Gordon was placing orders without proper authority, but they never questioned his authority. Mr. Gordon's failure to provide copies of the purchase orders for recording in the accounting records caused the over-obligation. When these transactions were subsequently discovered, funds were no longer available.

REPORT NO. 42-76

c. In addition to the orders placed by Mr. Gordon, Mr. Mozelle Washington also issued orders for window shades during May and June 1975. Although he was authorized to issue such orders, he failed to provide the documents for recording the obligations prior to the end of FY 75. The invoices were received subsequent to June 1975, and funds were not available to cover the obligations incurred.

8. Disciplinary Action: The Commander, US Army Tank-Automotive Materiel Readiness Command issued oral reprimands to Mr. Gordon and Mr. Washington.

9. Corrective Action Taken: Headquarters, US Army Tank-Materiel Readiness Command has revised the regulation on procurement instructions to provide specific guidance on blanket purchase agreement orders. Local regulations had not previously specifically addressed procurement actions under this type of agreement. However, the Defense Acquisition Regulations (formerly Armed Services Procurement Regulations) cover administration of these types of agreement in detail; this was brought to the attention of all concerned.

10. Systems Adequacy: The systems of administrative controls prescribed by OASD(C) and DA are considered adequate.

11. Signed Statements of the Responsible Individuals: Mr. Harry S. Gordon's statement is attached as Inclosure 1. Mr. Mozelle Washington declined to make a statement.

1 Incl
as



Alan J. Gibbs
Assistant Secretary of the Army
(Installations, Logistics and
Financial Management)



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

MEMORANDUM FOR: THE PRESIDENT

FROM: John P. White
Deputy Director

SUBJECT: Report of the Secretary of Defense
on violations of section 3679 of the
Revised Statutes, as amended

There is attached a memorandum dated August 7, 1979, from the Secretary of Defense reporting to you, as required by law, violations of subsection (h) of section 3679 of the Revised Statutes, as amended (31 U.S.C. 665), commonly known as the Antideficiency Act.

Three reports of violation are transmitted. None of the cases appear to have been caused by willful actions. Two violations were caused by failure to understand or to comply with regulations, and one violation was caused by failure to provide adequate leeway for losses due to unfavorable currency fluctuations. The reported violations are as follows.

<u>Appropriation Title and Fiscal Year</u>	<u>Fiscal Year Violation Occurred</u>	<u>Amount</u>	<u>Type of Violation</u>
Operation and maintenance, Army, 1978	1978	\$392,482.00	Obligations in excess of an allotment.
Family housing, Defense, 1976	1978	\$15,407.86	Obligation and expenditure in excess of a statutory limitation.
Family housing, Defense 1975	1975	\$7,460.95	Obligations in excess of an allotment.

The memorandum from the Secretary of Defense states that appropriate corrective and disciplinary action has been taken. Disciplinary action consisted of oral and written reprimands. In view of these actions taken within the Department, we do not recommend further action at this time.

Copies of the Defense reports have been sent to the President of the Senate and the Speaker of the House of Representatives.

Attachments



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

OCT 10 1979

MEMORANDUM FOR THE PRESIDENT

FROM: John P. White 

SUBJECT: Report of the Director of Peace Corps on a violation
of section 3679 of the Antideficiency Act

Attached is a letter dated September 19, 1979, from the Director of Peace Corps, reporting to you, as required by law, a violation of the Antideficiency Act. In view of actions already taken by the Director of Peace Corps and described in his letter, we recommend no further action on this violation.

The agency's regulations for the administrative control of funds have never been submitted for OMB approval. In view of this violation and another last year, we are pressing the agency to submit a regulation for OMB review and approval.

Attachment

Peace Corps

Washington, D.C. 20525

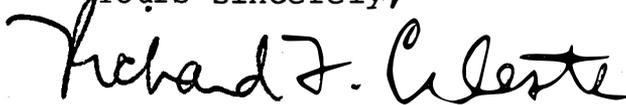
September 19, 1979

James T. McIntyre, Jr.
Director
Office of Management & Budget
252 Old Executive Office Bldg.
Washington, DC 20503

Dear Mr. McIntyre:

I am forwarding herewith a letter to the President reporting a technical violation of the Anti-Deficiency Act.

Yours sincerely,



RICHARD F. CELESTE
Director

Enclosure



Peace Corps

Washington, D.C. 20525

September 19, 1979

The President
The White House
Washington, DC 20500

Dear Mr. President:

I am reporting an incident that, while minor and having occurred overseas, does constitute a technical violation of Section 3679 of the Revised Statutes, as amended (31 U.S.C. 665). The violation concerned the use of Operating Expenses, Peace Corps, ACTION, FY 1979; Treasury Appropriation symbol 4490100.

The violation in question occurred in the Solomon Islands in July, 1978. It consisted of the execution of a 12 month lease for the use of storage space at the rate of approximately U.S. \$68/month which was to run from October 1, 1978 until September 1, 1979. Although it did not have a clause stating that the agreement was subject to appropriation of funds by the United States Congress, the lease was signed by the Peace Corps Country Director, Terry Marshall, before FY 1979 funds were appropriated, thus creating an obligation of funds in advance of the appropriation of such funds.

The Country Director entered into the lease in July, 1978 in order that the document could be forwarded to the Canberra, Australia Budget and Finance Office for processing in ample time for payment to be made to the lessor as soon as FY 1979 funds were appropriated. It appears that a two month lead time is required for such matters because of the remoteness of the Solomon Islands.

The Country Director failed to include the provision explicitly stating that payment under the lease was subject to appropriation of funds because he believed that such phraseology might have deterred the lessor from entering into the lease and because he understood that the Canberra Budget and Finance Office would not, in fact, provide money for making payment under the lease until FY 1979 funds had actually been appropriated.



The President

September 19, 1979

Page 2

The Country Director has discussed this matter with appropriate officials in the ACTION Office of Compliance, and now understands the seriousness of even technical violations of the Anti-Deficiency Act. In addition, I have officially reprimanded Mr. Marshall by letter.

Further, in the last weeks of FY 1978 (subsequent to the violation at issue here), each Peace Corps post was informed that contracts binding Peace Corps with regard to FY 1979 funds could not be signed until such funds were appropriated. No similar violations have come to light which occurred subsequent to this notification. I might add that Peace Corps plans to send out a similar notification prior to the end of each fiscal year.

I am informing the Speaker of the House of Representatives and the President Pro Tempore of the Senate of this matter in an identical letter.

With best personal regards,



RICHARD F. CELESTE
Director



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

OCT 5 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

Jim McIntyre

A handwritten signature in cursive script that reads "Jim".

SUBJECT:

Support for Trade Reorganization

I thought you would like to see a sampling of the broad support we have put together for your trade reorganization proposal. Business, labor, and agriculture are all on board.

Attachments

UNION CARBIDE CORPORATION

270 PARK AVENUE

NEW YORK, N. Y. 10017

Business Roundtable

WILLIAM S. SNEATH
CHAIRMAN OF THE BOARD

September 20, 1979

Honorable Abraham Ribicoff
United States Senate
Washington, D. C. 20510

Dear Senator Ribicoff:

At a recent meeting of the Business Roundtable's Policy Committee, the question of Executive Branch reorganization in the international trade area was discussed.

I thought you would be interested in knowing that the majority of the membership of the Business Roundtable and its leadership continue to support the proposal for international trade reorganization as put forth by the Administration.

We believe we have a reasonably good sense of what will formally be submitted to the Congress by the Administration in the very near future. It is this most current proposal that has the Business Roundtable's support.

Obviously, no reorganization plan is perfect nor will it be able to satisfy the wide range and variety of those with an interest in the trade area. For example, I am aware that some of my associates in the Business Roundtable do not support the Administration's proposal. However, as I indicated above, the majority of the Business Roundtable membership believes that this current Administration proposal represents a useful first step.

If you would like to pursue this further, I and my associates would be delighted to discuss this with you and/or your staff.

I enjoyed hearing your remarks at last week's Business Roundtable meeting in New York.

Sincerely,



/mk

Belfried

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

October 2, 1979

RICHARD L. LESHER
PRESIDENT

1615 H STREET, N.W.
WASHINGTON, D.C. 20062
202/659-6207

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

Dear Mr. President:

We have studied carefully the Administration's Reorganization Plan No. 3 of 1979 and your accompanying message of September 25 to the Congress.

I am pleased to express our general support for your reorganizational scheme. Our support is based on the belief that by strengthening and consolidating pertinent governmental functions, the Government will be better positioned to work with the business community in the process of strengthening our competitive stance in world markets.

We are certain that more effective institutional arrangements will enhance the prospects for developing and implementing the kinds of policies and programs that we need to pursue the national export priority goal that you set for the nation in your statement of September 1978.

Earlier this year, significant progress was made in creating greater foreign market access for U.S. goods with the successful completion of the Tokyo Round of Multilateral Trade Negotiations and the subsequent passage of the implementing legislation by the Congress. We trust that your reorganization proposal will find equivalent support in Congress and that it can be implemented promptly.

As refinements are made in the plan over the next 60 legislative days, we would call your attention to one aspect of the plan that we believe merits expansion. You are aware of the increasingly important role of service industries not only in our domestic economy but in our international trade as well. The policy requirements of service industries, therefore, should

be recognized by vesting the U.S. Trade Representative with the lead responsibility for setting policy on trade in services. This action would formally resolve problems deriving from the traditional neglect of services by our foreign economic policy mechanisms.

We in the U.S. Chamber have appreciated the opportunity to contribute our thoughts and views in the formulation of your plan. We congratulate the numerous people in your administration who played an active part in developing the plan, and we have been very pleased with the spirit of close cooperation that has prevailed between our and your representatives throughout this process. Now we will encourage the members of Congress to act favorably on your plan.

Sincerely,

Richard L. Lesher

cc: The Honorable Rubin Askew, Special Trade Representative
The Honorable James McIntyre, Director, Office of Management
and Budget
The Honorable Juanita M. Kreps, Secretary of Commerce
The Honorable Luther J. Hodges, Jr., Undersecretary of Commerce
√ Harrison Wellford, Executive Associate Director, Office of
Management and Budget
Thomas Belford, Associate Director for Reorganization,
Executive Office of the President

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WASHINGTON DC 20036

THIS MAILGRAM IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

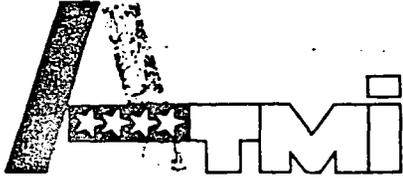
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PMS PRESIDENT JIMMY CARTER
WHITEHOUSE DC 20500

THE AMERICAN PAPER INSTITUTE, A NATIONAL TRADE ASSOCIATION
REPRESENTING PULP, PAPER AND PAPERBOARD MANUFACTURING INDUSTRY,
SUPPORTS THE INTENT OF THE ADMINISTRATION'S TRADE REORGANIZATION
PLAN. WE BELIEVE THAT THIS PLAN REPRESENTS THE QUICKEST METHOD TO
ACHIEVE TRADE REORGANIZATION AND TO ALLOW FOR THE PROMPT
IMPLEMENTATION OF THE TRADE AGREEMENTS ACT OF 1979.

IRENE W MEISTER VICE PRESIDENT, INTERNATIO
NAL, AMERICAN PAPER INSTITUTE, 260 MADISON AVE, NEW YORK NY 10016

14:36 EST

MGMCOMP MGM



AMERICAN TEXTILE MANUFACTURERS INSTITUTE, INC.
1101 CONNECTICUT AVENUE, N.W., SUITE 300, WASHINGTON, D.C. 20036

TWX: 710-822-9489

TEL: 202/862-0500

October 2, 1979

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

Dear Mr. President:

The textile and apparel organizations listed below want to take this opportunity to commend you and your Administration for the highly constructive trade reorganization plan submitted to Congress September 25, 1979, which we fully support.

We have been aware for some time of the organizational difficulties within the Executive Branch in developing and implementing an effective trade policy. We have been especially concerned with the problems surrounding the administration of our unfair trade statutes, which have affected some of our organizations adversely from time to time.

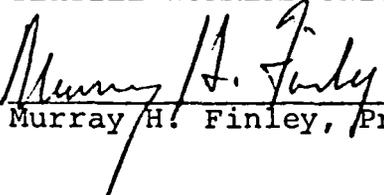
Trade Reorganization Plan No. 3 represent, in our collective judgement, a sincere and realistic effort to provide effective and positive responses to the international trade issues of today, both with regard to maximizing exports to which we are committed and effectively dealing with unfair import practices.

Our support for the Reorganization Plan of September 25 is consistent with the spirit and letter of your Administration's textile trade program, to which we share a mutual commitment.

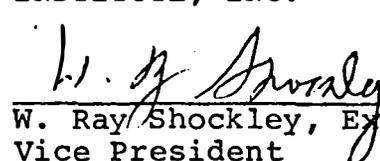
Please be assured that our views on this important subject will be communicated to Congress.

Sincerely,

AMALGAMATED CLOTHING AND
TEXTILE WORKERS UNION


Murray H. Finley, President

AMERICAN TEXTILE MANUFACTURERS
INSTITUTE, INC.


W. Ray Shockley, Executive
Vice President

AMERICAN YARN SPINNERS ASSOCIATION



Jim H. Conner, Executive Vice
President

AMERICAN APPAREL MANUFACTURERS
ASSOCIATION



Ellis E. Meredith, President
and Chief Operating Officer

MAN-MADE FIBER PRODUCERS ASSOCIATION



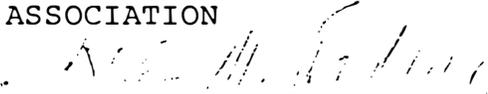
Charlie W. Jones, President

INTERNATIONAL LADIES' GARMENT
WORKERS UNION



Sol Chaikin, President

NATIONAL KNITTED OUTERWEAR
ASSOCIATION



Seth M. Bodner, Executive Director

NATIONAL COTTON COUNCIL OF
AMERICA



Earl W. Sears, Executive Vice
President

WORK GLOVE MANUFACTURERS ASSOCIATION



Paul G. Schulz, Executive Director

NATIONAL KNITWEAR MANUFACTURERS



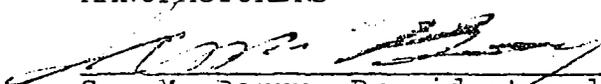
Robert E. Blanchard, President

TEXTILE DISTRIBUTORS ASSOCIATION



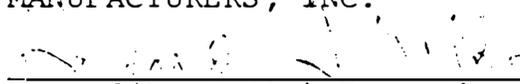
J. W. Kaine, Executive Director

NATIONAL ASSOCIATION OF HOSIERY
MANUFACTURERS



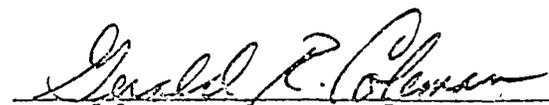
Sam M. Berry, President and Chief
Executive Officer

NATIONAL ASSOCIATION OF UNIFORM
MANUFACTURERS, INC.



Howard A. Wolfe, Executive Secretary

UNITED HATTERS UNION



Gerald R. Coleman, Secretary -
Treasurer

GENERAL  ELECTRIC

GENERAL ELECTRIC COMPANY

FAIRFIELD, CONNECTICUT 06431

REGINALD H. JONES
CHAIRMAN OF THE BOARD

July 23, 1979

The President
The White House
Washington, D. C.

Dear Mr. President:

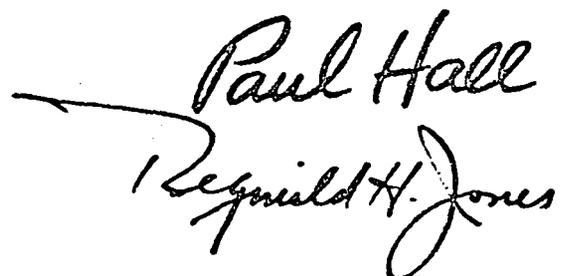
At its meeting on July 19, 1979, the Executive Committee of the President's Export Council unanimously agreed that I advise you on its behalf that the Committee approves and supports the reorganization proposal you announced July 19, 1979 to improve the Federal Government's international trade functions.

While the members of the Committee are not in total agreement with all of the decisions made on the various issues involved, the Committee welcomes the overall proposal as a desirable and constructive first step in consolidating and strengthening the Federal governmental machinery involved in formulating and carrying out U. S. international trade policies and programs and, in particular, monitoring and enforcing the new Tokyo-Round trade agreements.

The Committee noted with approval that the independence of the Export-Import Bank was preserved and that our well-functioning agricultural export programs will be maintained. The reorganization announcement ("Fact Sheet") was silent on the point but we assume that provision will be included for effective continuation of the private sector advisory system that worked so successfully during the Tokyo-Round negotiations. It is also assumed that possible overlaps in assigned responsibilities suggested by the public announcement of the reorganization proposal will be clarified.

We realize the questions presented to you in this area were difficult to resolve and we commend you for the positive approach you have taken.

Respectfully yours,


Paul Hall
Reginald H. Jones

Cham

AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

EXECUTIVE COUNCIL
GEORGE MEANY LANE KIRKLAND
PRESIDENT SECRETARY-TREASURER

PAUL HALL
MATTHEW GUINAN
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ENNET ANDREWS
W. W. WINDISCHER
JOHN J. O'DONNELL



815 SIXTEENTH STREET, N.W.
WASHINGTON, D.C. 20006

(202) 637-5000

see: Vanik

September 4, 1979

The Honorable Charles A. Vanik, Chairman
Committee on Ways and Means
Subcommittee on Trade
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Vanik:

The AFL-CIO believes the United States should have a strengthened and restructured trade organization to monitor and enforce U.S. laws and international agreements. Therefore, the AFL-CIO generally supports the Administration's proposal, announced on July 19, to reorganize the trade functions in the Executive Branch. We believe the Administration's proposal should be amended to provide more effective consideration of labor interests and the effect of trade on labor.

In our view, the reorganization of the Executive Branch agencies without expansion of the bureaucracy, can help assure the protection and enforcement of U.S. rights at home and abroad. Changing the structure alone will not solve anything. Much depends on effective analysis and policymaking.

As we understand it, the President's proposal centralizes some policy coordination and trade negotiation in the Office of the Special Representative for Trade Negotiations. It also shifts some key functions of other agencies to the Commerce Department -- including export promotion, antidumping and countervailing duty cases, as well as national security and embargo cases. The Trade Representative's office, with a name change, will be the lead policy agency and the Department of Trade and Commerce, another change in name, will be the lead operations and administrative agency for non-agricultural matters.

In supporting these changes, it should be clear that the AFL-CIO is not choosing favorites in the bureaucracy or its present office holders. There is no reason to applaud Commerce and STR, or to condemn other agencies. But it is our view that the restructuring with improved functions within each lead agency can give a better coordinated and more effective trade stance to the United States. The plan attempts to balance the concerns of traders with that of domestic interests in regard to policy and investment goals.

September 4, 1979

The AFL-CIO believes that centering separate analytical and enforcement aspects in the Commerce Department can assure that U.S. producer interests will get sufficient attention. Negotiators need to have analysis and administration separated from their onerous policy and negotiating roles.

Several aspects of the reorganization call for special comment:

The Department of Labor should be assured of an important role and membership on the trade coordinating and negotiating committees. The labor force of a nation is key to the strength of a nation. This is a fact of life that trade bureaucracies tend to ignore, and labor should have a seat on this important negotiating committee.

The trade aspects of commodity policy, East-West trade, international investment policy and energy policy should also be coordinated by a single agency. The agency should be not only an "honest broker" but an effective representative of U.S. domestic interests as well as foreign investors.

On East-West trade, the dissolution of the East-West Trade Board on the grounds that it has not performed its function does not, in our view, mean that non-market trade should be viewed like all other trade. There are special policy issues involved in East-West trade that should have special analysis and decision-making. The economic results of "buy back" arrangement in non-market trade will have an increasing impact on the domestic economy and the balance of trade.

We support the concept that policy coordination be centered in STR. But we urge increased and improved analysis under the enlarged Commerce Department responsibilities.

The AFL-CIO also agrees with the Administration's view that the restructuring of the Executive Branch trade operations can only partly address America's foreign trade problems. Much more needs to be done to understand and shape new policy proposals in terms of both the domestic and international aspects of international trade. But the reorganization proposal, which shifts some key enforcement and analytical responsibilities to an improved Commerce Department and key policy coordination to an improved Special Trade Representative's office, is fundamentally sound.

For these reasons, Mr. Chairman, the AFL-CIO generally supports the Administration's proposals and urges a more effective representation of labor's interests both in the overall reorganization and in trade matters generally.

Sincerely,



Rudy Oswald, Director
Department of Research

national grange



John W. Scott, Master

TELEGRAM
September 24, 1979

The President
The White House
Washington, D. C.

Mr. President:

The National Grange has been a strong supporter of the Office of Special Trade Representative. We therefore are encouraged by the trade reorganization plan you are sending to Congress today. We are in full agreement with your plan to place all trade policy responsibility in the Office of the U. S. Trade Representative. We believe it contains sufficient checks and balances between the Departments of Treasury, Commerce, State and U. S. D. A. to enable the United States to maximize exports and at the same time, permit the Departments to oversee their various foreign policy responsibilities. We encourage you to resist pressure from within your Administration to substantially change the reorganization plan you have successfully negotiated with Congressional and domestic trade interests.

John W. Scott, Master
The National Grange

cc: Secretary Bergland
Rubin Askew
Harrison Wellford ✓



National Council of Farmer Cooperatives

1800 MASSACHUSETTS AVENUE, N.W. • WASHINGTON, D.C. 20036 • TELEPHONE (202) 659-1525

8/20 - cc: Fontana
Higgins

16 August 1979

The Honorable Abraham A. Ribicoff
Chairman
Committee on Governmental Affairs
337 Russell Senate Office Building
United States Senate
Washington DC 20510

Dear Mr. Chairman:

We share the concern which you and other congressional leaders have recently expressed, that trade and other international economic policies and programs be coordinated and implemented in the most effective possible way. This need is vital to gain the maximum possible benefits which the recently completed Tokyo Round will permit, and to build further on the progress made during this historic round of world trade negotiations. U.S. agricultural interests are especially concerned with the potential opportunities for expanded exports which the new codes and other trade barrier reductions make possible. We need a strong, well-coordinated effort to expand our exports and achieve a better trade balance which is in the interest of world economic stability and U.S. economic health.

You have had many constructive suggestions for achieving this stronger and better coordinated U.S. trade program. We are pleased that all major proposals recognize the effectiveness of our agricultural export programs, and understand that the U.S. Department of Agriculture should retain its vital role in this process. We endorse the encouragement of more aggressive overall U.S. export programs, through this proven type of government-private cooperation.

U.S. agricultural interests have consistently sought to insure that our national trade policy and our overall international economic posture fully recognize the needs and the special problems which farmers face in international markets. The Office of the Special Trade Representative has traditionally been open and responsive to consideration of these needs, and we support the expansion of a U.S. Trade Representative's role in policy development and coordination. We also believe this role should include oversight authority for key elements of implementation/enforcement activities, including countervailing duty and other especially sensitive import relief measures.

We strongly support the Administration proposal that the Trade Representative's Office be given broad policy management related to monitoring and resolving international trade disputes. Operational functions such as day-to-day monitoring and analytical and staffing support can be left with the appropriate department. While we agree that an expanded export promotion effort for non-agricultural pro-

The Honorable A.A. Ribicoff

16 August 1979

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ducts would be an appropriate function for an expanded Department of Trade and Commerce, we believe that the U.S. Trade Representative in the Executive Office should clearly be designated as the national "trade advocate" and one who has the major responsibility for assuring the U.S. of a "consistent trade policy," as called for by Senator Russell Long on July 27.

We endorse, too, Administration proposals to strengthen the role of the Trade Representative in conducting all trade negotiations, including representation to the General Agreement on Tariffs and Trade; coordination of international investment policy, energy trade issues, East-West trade policy; and participation on the National Advisory Committee on International Monetary and Financial Policies.

While recognizing the commendable objectives of limited staffing of a White House Trade Office, we believe that a substantial increase in the budget and staff of the office would be essential to carry out its expanded functions. Although the details of many day-to-day administrative functions can be carried out within the involved cabinet departments, the additional vital policy and enforcement coordinating and oversight roles would require such an increase in order to be effective.

Finally, in dealing with the problems of effective coordination and implementation of existing agreements and laws, we should not lose sight of the urgent need for further negotiations which will continue to improve the framework for more open and expanding world trade and other international economic matters. The U.S. Trade Representative should be given a strong congressional mandate to work toward that goal, and the firm and consistent support of the President will also be vital to progress in that respect.

We are pleased that you and other trade leaders have recognized the urgency of this need for a stronger, better coordinated U.S. trade effort. On behalf of U.S. farmers, we want to assist in any possible manner in this effort.

Sincerely,



Robert N. Hampton
Vice President
Marketing and International Trade

RNH/res