

8/4/80

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THE PRESIDENT'S SCHEDULE

NOT ISSUED

Monday - August 4, 1980

8:00 Dr. Zbigniew Brzezinski - The Oval Office.

10:00 Mr. Jack Watson and Mr. Frank Moore - Oval Office.

✓ #11:45 Greet Carter/Mondale Fundraisers. (Ms. Sarah
(10 min.) Weddington) - The State Dining Room.

THE WHITE HOUSE
WASHINGTON

August 4, 1980

cc
Esther -
Thanks
J

**Electrostatic Copy Made
for Preservation Purposes**

Dear Mr. President:

Would you believe it -- Ralph
has said something positive!

We're receiving splendid responses.

Esther

I was very proud
of you last night -
E.

It's called 'People Power'

400 free pages of good stuff

Every once in a while, the federal government comes out with a publication that is so useful you wish people could obtain it free. Well, just off the presses from the White House Office of Consumer Affairs is a 400-page paperback, beautifully laid out in print and pictures, called "People Power." And it is free to any citizen who writes to Esther Peterson, at the White House for a copy.

The book is a mine of information about what local community groups are doing around the country to counter inflation, become more self-reliant and diminish costly waste. The focus is on food, housing, energy and health — those economic sectors which absorb about 70 percent of the average family budget.

Food buying clubs, for example, are described, and there are names of groups that can help you start one in your community. There is heavy attention devoted to food, health and other kinds of producer and consumer cooperatives, again with addresses to write for practical advice. New "co-operators" can apply for credit and technical know-how from the new National Consumer Cooperative Bank.

The book is not full of empty exhortation but describes operating models that are working around the nation and could work in your community. Community gardens, elderly action



**Ralph
Nader**
Syndicated
Columnist

projects, solar energy projects, greenhouses, low-income weatherization, teaching children about energy, auto repair co-ops, reforming electric utilities, alternative health care and transportation service, prescription drug surveys, training for consumer power — these are just some of the areas covered.

"People Power" opens with a chapter on basic citizen organizing tools. Helpful advice on how to identify and explore community problems, how to fund-raise, how to communicate through the media (with sample press releases) followed by a list of national and local citizen organizations who stand ready to assist further.

Leafing through this remarkable volume, one gets a sense of an America that rarely gets on national television or on page one in newspapers. But it is an America that gets things

done, an America that doesn't want its future directed by either giant corporations or an unresponsive, special-interest controlled government. Such good news needs to be spread and it is a tribute to a White House, which too often has heeded inappropriate business demands, that such a handbook was produced there. No outside consulting firm produced "People Power"; Esther Peterson's tiny consumer staff in the president's house did.

But "People Power" has to be studied and used by people. Ideally it should be on the kitchen shelf with at least as much prominence as the cookbooks and telephone directories. It also should be part of consumer training clinics and in school courses on consumer rights.

For this to occur, new habits need to be created. Just as people learn professions and trades, just as people put time in on the production side of the economy, so people need to spend a few hours a year developing consumer skills to preserve the dollar value and the quality of what they are buying with what they are earning.

This book amounts to a declaration of consumer independence to forge an economy which serves and preserves our country for present and future generations. It's well worth writing the White House for a copy:



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

AUG 1 1980

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for Preservation Purposes**

MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre, Jr. *J. McIntyre*

Subject: Higher Education Reauthorization Conference

At our Spring Budget Review session on Wednesday, July 30, you raised several questions about the status of the Higher Education Reauthorization conference. This memorandum responds to your questions by expanding on last week's legislative report.

The House and Senate conferenced July 22 to 25 on legislation to reauthorize the Higher Education Act. As you know, Stu Eizenstat, Secretary Hufstedler and I have repeatedly made known our objections on the many troublesome features of this legislation. The conferees resolved most items of difference between the two Houses without considering our objections. However, they neither resolved the major issues of interest rates, structure, control and costs for the student loan programs nor set any final authorization levels. The conferees are expected to reconvene after the Democratic Convention.

The most significant actions are described below:

1. Developing Institutions Program: agreed-upon provisions will mitigate the Administration's objections, especially by providing a minimum funding level for the traditionally Black colleges.
2. Student Aid Need Analysis Criteria: the conferees removed regulatory discretion from the Secretary, chose liberal criteria, expanded the existing one-House veto, and included a new item veto provision.
3. Sallie Mae: the conferees expanded the Association's authority and adopted a provision which removes any authority of either the Secretary of the Treasury or the Secretary of Education to limit, control, or constrain the Association.

The major issue not resolved by the conferees is the Senate's proposal to create an independent government corporation, the National Direct Student Loan Association (NDSL), to run the NDSL program. The NDSL would be parallel to Sallie Mae, which supports the Guaranteed Student Loan Program. The NDSL would be located outside the Department of Education

and beyond the control of the Secretary; she would be only an ex-officio member of the board of directors. The Senate also would place the Association's Federal Finance Bank borrowing 'off budget' to reduce apparent program costs. The difference between capitalizing NDSL program costs on and off budget is \$14 billion over five years. The House would continue the program within the Department as it currently exists, without any of our proposed amendments.

Since the conferees are well aware of our views on this issue, we do not believe it is necessary to involve you at this time. Should the situation change, however, we will let you know immediately, and assess any other steps that you might take.

WASHINGTON

DATE: 04 AUG 80.

FOR ACTION:

INFO ONLY: STU EIZENSTAT

FRANK MOORE

SUBJECT: MCINTYRE MEMO RE HIGHER EDUCATION REAUTHORIZATION
CONFERENCE

++++++
 + 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:

THE WHITE HOUSE

WASHINGTON

8/2/80

To Staff Secretary

From Susan Clough

note: Bill -- I have spoken by telephone with Landon Butler and conveyed message regarding his memo; he was going to go out of town and therefore timeliness was relevant.

Although Jack Watson is a guest at Camp David, I have not provided copy of memo to him, since the President is working on matters not relating to subject of memorandum.

THE WHITE HOUSE
WASHINGTON

FOR THE RECORD

JACK WATSON AND AL MCDONALD
RECEIVED A COPY OF THE
ATTACHED.

THE WHITE HOUSE
WASHINGTON

August 1, 1980

MEMORANDUM FOR THE PRESIDENT

FROM : JACK WATSON *Jack*
AL MCDONALD *Al*

SUBJECT : Timing of Economic Announcement

This is to recommend that we hold the economic announcement until the week following the Convention. Instead of announcing the basic elements in the Urban League speech on Wednesday, you would only cover during the economic portion of that address (a) your perspective of our economic situation, (b) your statement of economic principles and priorities, and (c) the complete incoherence of the Reagan/Kemp/Roth proposal or any similar "free lunch" idea for dealing realistically with the situation.

Endorsing this delay are also Secretary Miller, Pat Caddell, Jody Powell, Stu Eizenstat and Anne Wexler.

Here are our reasons:

1. The press conference on Billy will dominate the news of the week. Any economic announcement would probably not be treated seriously or thoroughly.
2. If the announcement is made before the Convention, the Kennedy and other dissident groups within the Party will have to criticize it even if they agree with 99 percent of it. If delayed until after the Convention, your economic program can be used as a unifying vehicle, bringing the Party together to put behind us the critical rhetoric of the nomination fight.
3. Jody is concerned that an economic announcement would appear to some as a diversionary political move designed to take attention away from the Billy story. Since one of the public misimpressions we must continually fight is a perception of inconsistency and political deviousness, the delay would avoid probable stories that this is some sort of last minute move to shore up your Convention support and nomination prospects.

*OK, but:
I disagree
strongly with
what all of you
have decided, but
I do not have time
now to fool with
it. I had assumed
that for the last few
days you were carrying
out the
decision
we made
earlier -*

We believe that your statement of economic principles and priorities, mixed with a strong sense of compassion and desire to build long term job prospects for useful careers, combined with an attack on any "free lunch" solutions is the right message.

We are particularly enthusiastic about using this economic announcement after the Convention as a vehicle to bring the Party back together. Through a strong consultative effort, we can unite an enthusiastic, supportive group of constituents and members of Congress to support you in this critical issue area.

THE WHITE HOUSE
WASHINGTON

August 1, 1980

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Note: The President approved
These recommendations,
w/ note in margin.
8/2/80 - com com
H

August 1, 1980

MEMORANDUM TO THE PRESIDENT

FROM: LONDON BUTLER LB

SUBJECT: MONDAY NIGHT CONVENTION PROGRAM

Hamilton asked me to provide you with a brief memorandum outlining the consensus we have reached on the Monday night convention program. The keynote speech is, of course, already set, and the introductory portion of the evening (which includes Mayor Koch, Governor Carey, Governor Byrne, Tip O'Neill, and John White) is also established. The segment of the evening program which remains to be decided is the platform segment, which will run from approximately 9:00 p.m. to 10:00 p.m.

For this segment, the consensus recommendation of Hamilton, Bob Strauss, Pat Caddell, and Jerry Rafshoon is the following:

- Mayor Coleman Young will make introductory remarks and introduce a brief film on the DNC platform process.
- Senator Moynihan will speak on foreign and defense policies. Strauss recently has held a political conversation with Moynihan; Bob feels that we can safely offer the Senator a prime-time speaking slot, but that we should not now stipulate Monday night.
- Mayor Dianne Feinstein will speak on domestic democratic issues, with emphasis on urban policy and women's issues. Mayor Fienstein is an excellent speaker; she has been a strong Carter supporter; and, as a Californian, she can attack Reagan with added credibility.
- Senator Joe Biden will discuss the difference between Democratic and Republican economics, with special emphasis on Kemp-Roth. Rafshoon and Caddell both strongly recommend Biden. They believe that it is particularly important to hammer home Democratic criticism of Reagan's economic policies, and that Biden is the best person to do it.

In general, all four of the above speakers will be asked to point out the dramatic differences between the Republican and Democratic platforms, and they will be asked to attack Ronald Reagan in no uncertain terms.

If you approve of the speakers for this segment, we will proceed immediately with invitations.

cc: Jack Watson

I have already asked Jim Wright to do one of these.



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

August 1, 1980

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✓

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MEMORANDUM FOR THE PRESIDENT

FROM: JIM McINTYRE *Jim*

SUBJECT: Results of Two-Week Selective Service
Registration

Tomorrow is the final day for young men born in 1960 and 1961 to register for Selective Service and, by all accounts, we can take pride in a smoothly-run operation. For your own information, it is worth noting that

- Procedural planning and implementation proved faultless; there have been virtually no reports from the 34,500 post offices of inadequate distribution of materials, disruption of regular operations, or confusion on duties and responsibilities.
- The contingency of a court injunction on the eve of the registration had been anticipated, and publicity on Justice Brennan's stay lent a strong boost to our public information efforts.
- Media cooperation in publicizing the registration has been excellent, and editorial comment has been heavily positive.
- Anti-registration demonstrations were nearly all peaceful and short-lived; on balance, they probably contributed to publicizing the registration requirement.
- As I mentioned to you last week, it will be some time before we can give an accurate tabulation of numbers or proportions of registrants.

- The Postal Service is continuing to take late registrations, as we have planned and always have done in the past.

Working with the Immigration and Naturalization Service, we are taking special care to notify eligible young men who re-enter the country from summer travel of their obligation to register within 30 days.

THE WHITE HOUSE
WASHINGTON

August 1, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: BILL CABLE *Bill*

SUBJECT: Charlie Rangel Meeting

As an immediate demonstration of your commitment to your supporters in the Black Caucus, Jody will announce today that four Members of Congress met with you to express their concerns about the economy and their recommendations for a program. This should enable the Members to share some of the credit whenever you make an announcement.

We still need to keep them informed of our actions on domestic and foreign affairs.

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THE WHITE HOUSE
WASHINGTON

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August 2, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: Voluntary Restraints by Japanese

I have now had the opportunity to further discuss the issue of voluntary Japanese auto imports with Al McDonald, Reubin Askew, John Shenefield and Bill Miller.

On the anti-trust issue, anti-trust liability would not occur if the restraint is truly unilateral on the part of the Japanese. If any negotiations occur (or anything which could be interpreted as negotiations) it must be enforced by Japanese governmental action, as opposed to informal administrative guidance, to receive protection under the anti-trust laws. U.S. government officials may be subject to anti-trust exposure if the implementation by the Japanese government of any type of negotiated agreement is faulty.

There is a consensus among the above people that we should not attempt to negotiate below the 700,000 limit suggested in the communications to us (even though this may not amount to much if any voluntary restraint, given the CEA-STR estimate that they would only export around 700,000-750,000 autos between August 1 and December 31, 1980) for a variety of reasons:

1. Negotiating a significant reduction in the 700,000 limit might imply some kind of quid pro quo. The memo I attached for your earlier reading from one of the Japanese in effect appears to ask for a commitment not to seek an OMA.
2. Any negotiated agreement might appear to undercut the ITC proceeding and would be a reversal of policy. Restraint action would have been undertaken before the ITC had an opportunity to make a finding of injury.
3. We do not want to let the Japanese think that anything you do with a Section 201 injury finding later this year violates an implied agreement not to act due to their voluntary restraint. That could lead to serious foreign policy consequences in our relationship with Japan.

4. The press and free trade supporters would say that you shifted your position and are now negotiating a restriction of Japanese imports even without an injury by the ITC.
5. The UAW would see a limit in the 600,000-650,000 range as a minor Japanese concession and would feel that the Administration had not done an adequate job of negotiating a significant restriction.
6. Of course, the lower the limit is set, the more potential inflation there would be.

I am now working on a statement which incorporates your handwritten note and would serve as our response to these unilateral overtures. I will have this cleared and ready for your approval Monday. It would be delivered via Dick Cooper to Ambassador Mansfield, for Mr. Suzuki.

THE WHITE HOUSE
WASHINGTON

04 Aug 80

STu Eizenstat

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

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

July 29, 1980

Stu
ok
J

MEMORANDUM FOR THE PRESIDENT

FROM:

STUART E. EIZENSTAT *Stu*

SUBJECT:

Senator Matsunaga and Regulation Q

As you requested, I have attached for your review a draft of my response to Senator Matsunaga regarding his concern that Regulation Q had been phased out.

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THE WHITE HOUSE
WASHINGTON

July 25, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: Phaseout of Regulation Q

*Stu - Draft a HR
from you. Do not
Condemn DIDC decision.
Dispute "90 day phase-
out" claim. Let me
see before mailing to
Sen M. J*

You asked about Senator Matsunaga's concern that the savings and loan industry is up in arms over the regulators' "ninety day phaseout" of Regulation Q.

The financial reform legislation you signed last March directs the Depository Institutions Deregulation Committee (DIDC), comprised of the four financial regulators and Bill Miller, to phase out Regulation Q deposit interest rate ceilings over six years. The legislation and legislative history provide no explicit guidance as to how deregulation is to be achieved.

Sixty days after you signed the bill (presumably the basis for the "ninety day" assertion), the DIDC announced a complex package which was beneficial to savings and loan institutions in some respects and harmful in others. The package preserved the thrifts' competitive advantage over commercial banks in attracting deposits in the 30-month certificate, which is the fastest growing deposit instrument offered by banks and thrifts. Two elements, however, caused an uproar among savings and loan institutions. First, the DIDC eliminated under most conditions the authority of thrifts to pay $\frac{1}{4}$ point more than banks on the \$10,000 six month money market certificate (MMC). Without the "thrift differential," a larger share of MMC deposits will flow to commercial banks, which offer more services than thrifts. Because MMC's constitute 40 percent of total savings and loan deposits, the thrift industry has reacted harshly to what it terms the "deregulation" of nearly one-half of its deposit base. Yet Regulation Q has not been phased out: thrifts retain the differential on all deposit categories except the MMC, and all deposits including the MMC are still subject to ceilings.

The other element of the package which antagonized thrifts was a provision whereby under certain conditions the ceilings on 30-month certificates and MMC's would be permitted to rise above the rates payable on Treasury debt instruments of comparable maturities. Previously the ceilings on both these accounts had been tied to Treasury rates at all times. The thrifts are concerned that these actions will increase their cost of funds.

I am sympathetic to the difficulties facing the DIDC in the politically thankless task of achieving an "appropriate" competitive balance between commercial banks and savings and loan institutions. On the merits, Jay Janis, who is extremely supportive of the savings and loan industry and who was the only DIDC member to oppose the package, shares the view of financial analysts, CEA and my staff that the package in its totality will not significantly reduce thrift earnings and will have no negative impact on the availability or cost of mortgage credit. Much of the thrift anger reflects an underlying problem we cannot avoid: thrifts must offer higher-rate deposit instruments to attract funds in today's financial environment, and many are either psychologically or financially unprepared to do so. A contraction in the number of thrift institutions and reduced profit margins are probably inevitable over time unless inflation significantly abates.

Those caveats notwithstanding, I believe that in substantive and particularly in political terms the actions of the DIDC were excessive. Thrift industry earnings will be in the red in 1980 for the first time ever, and it is fair to say that as a first step the DIDC package went far beyond what neutral observers expected. The DIDC has created a political problem of some magnitude for the Administration with the thrift industry. The industry has characterized the DIDC position as an attack on housing, it has argued publicly that the Administration is responsible for "our" regulators and it is mounting a multi-million dollar campaign to lobby the Presidential and Congressional candidates into a pro-thrift and pro-housing posture.

Before the May 28 DIDC actions, Charlie and I strongly argued to Bill that he should not take what would be perceived as an anti-thrift position within the DIDC. Specifically, we thought we had an understanding with Bill that the DIDC would not tamper with the differential on the MMC for at least six months. The package finally adopted by the DIDC was Bill's proposal. While Bill undoubtedly believes that he reached the best possible compromise under difficult conditions, my view is that the DIDC underestimated the virulence of the thrift industry response and that the package was inconsistent with at least the spirit of the agreement that Charlie and I thought we had reached with Bill.

We have taken two steps to attempt to rehabilitate our position with the industry:

- o In response to their correspondence to you, I have sent letters to the leaders of the various thrift trade associations. The letters indicate that the White House was not involved in the deliberations of the DIDC, and attempt to walk a fine line between expressing sympathy for the thrifts' problems and avoiding criticism of Bill and the DIDC. A representative copy of one of the letters is attached for your information.

- o Second, we revised the thrift industry task force report submitted to the Congress on June 30. Conclusions from the original Treasury draft had been leaked to the press and elicited negative industry reactions, but the final version has elicited positive comments.

The letter and Administration report cannot offset the damage that has been done. It is critically important that the DIDC avoid further controversy in the immediate months ahead. It makes no sense to be blindsided by actions of the DIDC which make our commitment to housing subject to criticism, fairly or otherwise. I am fully in agreement with the way in which Bill has handled DIDC issues in general. But I would like to be able to indicate to him that Charlie and I should have the opportunity to review and to analyze quietly Treasury's position on DIDC actions before they are taken.

If you think it is appropriate, I can write a letter to Senator Matsunaga setting forth the facts in this situation. As bad as it is, it is certainly not a ninety day phaseout of Regulation Q.

THE WHITE HOUSE
WASHINGTON
04 Aug 80

Jack Watson

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

Rick Hutcheson

THE WHITE HOUSE

WASHINGTON

August 1, 1980

*Jack -
another
week?
J*

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*

SUBJECT: Status on our Search for the Chairman of the
Synthetic Fuels Corporation

I want to update you on the progress we have made and the steps we have taken since our discussion on Wednesday morning to find a Chairman for the Synthetic Fuels Corporation.

I had hoped to be able to complete our search for a Chairman of the Synthetic Fuels Corporation by today, but one of our leading candidates, Charlie Zwick, Chairman and CEO of the Southeast Banking Corporation, is in Wyoming and unable to get here until next Tuesday. We are getting very fine reports from a number of people about Zwick. Neither Reg Jones nor Irv Shapiro know him personally but both said that he has a fine reputation. Shapiro felt that it would be a credit to the Administration if we brought in someone with Zwick's background. Reg Jones was in a meeting with Walter Wriston, Chairman and CEO of Citicorp when contacted. Wriston joined the conversation and strongly praised Zwick, saying he is brilliant, tough and very savvy politically. Harold Brown and Graham Claytor praise him for his work as Chairman of your Military Compensation Committee last year. Bill Miller is also very high on him. I have talked to Zwick about this assignment. He is giving it serious thought, wants to learn more about it and, as I mentioned, has agreed to come in on Tuesday.

We attempted to persuade Bernard O'Keefe, Chairman of EG&G, to accept this Chairmanship. Both the Speaker and the Vice President called him and urged him to consider it. O'Keefe, because of his wife's health problems, agonized but declined.

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Page 2

George Kozmetsky, Dean of the Texas Business School, and a former high level executive with Teledyne and Litton Industries, came to town yesterday and met with Secretary Miller, Secretary Duncan, Deputy Secretary Graham Claytor, myself and others. He is interested in this position. Kozmetsky is brilliant but questions have been raised about his line management ability. We are making further checks on him.

Richard DeLauer, Executive Vice President for Energy and Science at TRW, is also coming in on Tuesday to discuss this position with us. DeLauer is strong both managerially and technologically.

Fletcher Byrom, CEO, Koppers, remains a viable candidate. Of all the available candidates, on the merits, we believe that Byrom would be the best possible person to do this job. However, Bob Strauss, Hamilton and others feel strongly that his willingness to be listed as a Reagan business advisor poses a serious political problem. Irv Shapiro, Lloyd Cutler, Graham Claytor, Sol Linowitz and Bill Miller have urged that we consider Byrom despite the Reagan connection. Linowitz has suggested we could turn this into a plus by emphasizing both your determination to attract the very best man in America to do this job regardless of politics and Byrom's respect for and confidence in you, as expressed by his willingness to join your team.

John Sawhill is another candidate with some support. However, key people like Shapiro, Juanita Kreps, Hedley Donovan, Andrew Brimmer, Frank Moore, John DeButts, Anne Wexler, John Macy, Frank Press, and Jim McIntyre, feel that you would be best served by bringing in someone from the outside for this position.

During this process we have worked closely with Secretary Miller, Secretary Duncan and other high level people in the Administration. I plan to have a final recommendation to you on the matter by the latter part of next week. I regret not being able to close on the matter sooner, but Zwick's unavailability until Tuesday made it impossible to do so.

THE WHITE HOUSE
WASHINGTON

August 4, 1980

MR. PRESIDENT:

Madeline MacBean's
brother/family and her
uncle/family are in town
today. She would like to
get a quick photo by the
elevator as you go up
for the Carter/Mondale
reception at 11:45.

Approve Disapprove

BOB 

**Electrostatic Copy Made
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THE WHITE HOUSE

WASHINGTON

04 Aug 80

Frank Moore
Stu Eizenstat

The attached was returned in
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appropriate handling.

Rick Hutcheson

The Vice President
Jack Watson
Al McDonald
Gene Eidenberg

THE WHITE HOUSE
WASHINGTON

August 1, 1980

Discouraging
C
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ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

**Electrostatic Copy Made
for Preservation Purposes**

FROM: FRANK MOORE *F.M. Sh*
STU EIZENSTAT

SUBJECT: Weekly Legislative Report

- I. Economic and Budget Issues
- 1. Tax Cut -- Timing and Politics

Overall, we have achieved our objective of slowing down the political rush toward enactment of a tax cut. On the House side, we have been very successful in keeping the majority of Democrats on our side, and even those who differ with us are still accommodating. On the Senate side, we still have differences of opinion on the timing issue, but their attitudes are still in flux.

M A major concern that we see reflected, both from the Members during hearings and private conversations, is whether we will maintain our stance or will abandon our course of action. In fact, if there is any alteration in our position, we may have insured that we will receive severe criticism, since we have persuaded so many Democrats to hold firm with us.

Hearings continued this week in both the Senate and the House.

House

The Ways and Means Committee concluded hearings this week. Chairman Ullman wants to keep the tax cut momentum down and will do nothing to encourage the tax proponents. He is counting on lack of time between now and October 4 and Senator Long's September 13 primary-run-off to keep the Finance Committee from reporting out a bill any time soon.

Ullman does not want a lame duck tax bill because he fears it will become a Christmas tree for every special interest amendment imaginable. Politically, Ullman could get in a bind with his Members. While the Democrats will favor the wait-til-next year attitude of President Carter, they do not want to see House involvement in a tax bill limited to conference action. This is what they fear would happen if the Senate added the tax cut bill to a House-passed minor tax vehicle.

Senate

The Senate Finance Committee hearings will continue until the recess next Wednesday and mark-up is tentatively scheduled to begin the week of August 18. However, Senator Long has already indicated at a National Press Club luncheon that the September 3 date for a reported bill could slip by 10 days to 2 weeks if it takes that long to get a good bill. Long believes that there is a good possibility for a lame duck session. In his scenario the Senate could pass the bill before the October 4 adjournment date and come back for a post-election conference.

The Senate Democrats still appear to want a bill this year but are not overly enthusiastic and would like a face-saving way out. A general statement of tax cut principles with some specifics from the Administration is a possible solution.

2. Appropriations

Status of 1981 Bills

Passed House:

Energy and Water
 Military Construction
 Legislative
 State Justice
 Agriculture
 Interior
 Transportation
 HUD-Independent Agencies

Reported by House full committee:

Treasury-Postal
 Foreign Assistance

In subcommittee:

Defense
 Labor-HHS-Education (the closed mark-up has been completed)

No action yet:

D.C.

HUD-Independent Agencies

This bill passed the House last Monday by a vote of 313-67. It is under our budget request. A Miller 2% across-the-board cut amendment was adopted by a vote of 228-151.

Agriculture

This bill passed the House last Wednesday. It is over the budget, but not by a significant amount. A 2% across-the-board cut amendment was rejected by the House on this bill. Approved was an amendment prohibiting the use of funds to implement or enforce any regulation which has been disapproved by the Congress.

Transportation

This bill passed the House yesterday by vote of 306-88. It is under the budget and considered generally acceptable. The House adopted an amendment prohibiting the use of funds to implement or enforce any regulation requiring cars to be equipped with passive restraints. The House rejected an across-the-board cut amendment.

Interior

The House passed this bill on Wednesday by a vote of 334-61. The bill contains net policy increases of \$250 million over our request. The largest add-ons are \$148 million for the National Petroleum Reserve (Alaska) and \$161 million for the Land and Water Conservation Fund.

Defense

The House Appropriation Defense Subcommittee is completing its mark-up and has been relatively successful in holding program increases to within \$2.8 billion over our March request. This is \$800 million above the Chairman Addabbo's mark.

In the Senate Appropriations Committee, we will not find many allies in restraining defense spending. Of the 11 Democrats on the Defense Subcommittee, Stennis and Hollings are pro defense and 5 (Magnuson, Inouye, Eagleton, Leahy and Bumpers) are up for election and view a pro defense vote as good politics. This leaves Proxmire, Chiles, Johnston and Huddleston, and on any given issue we could lose one of these. On the Republican side, Young and Garn are pro defense. Of the balance, Schweiker and Bellmon are leaving and are not predictable. We might get one vote per issue out of Stevens, Weicker or McClure.

Based on the above, we can only count on 5 or 6 votes out of 18 in this subcommittee on most budgetary restraint issues. The picture does not improve much in full committee where Bayh, Mathias, and Durkin are up for re-election and DeConcini, Laxalt, and Schmitt are pro defense. Consequently, the House Appropriations Defense Subcommittee is our only hope of keeping defense spending to a reasonable level.

Allocation of First Resolution

As you know, Senators Magnuson and Hollings have been bickering over the amount allocated to the Defense Appropriations Subcommittee in the First Budget Resolution. We understand the logjam may be broken early next week in the direction of the Hollings position. After the allocation is approved, the Senate subcommittees will begin to mark-up the 1981 bills.

3. DOD Authorization

The Authorization Conference completed its deliberations today by recommending an authorization total of \$6.9 billion above our March request. It has resolved the bomber issue by adopting the broad Senate language that does not specify any particular aircraft and leaves the door open for an advanced technology bomber program.

The military pay raise is authorized at 11.7%. Although this is higher than the 9.1 percent anticipated in our Mid-Session Review, it is better than the 13.5% that has been endorsed by many Members. 11.7% is probably the best we can get.

For tactical aircraft, the conference has for the most part split the differences with the exception of the F-18 where they took the lower of the two amounts (60 vs. 72). The CX will be authorized at \$35 million rather than the \$81 million budgeted, but this should not adversely impact the program.

4. Reconciliation

The Reconciliation bill became bogged down in the House Rules Committee this week when the Committee voted 8-7 to allow a floor amendment to delete the COLA savings. All 5 Republicans voted in favor of this action.

Congressman Latta (who is on both the Rules and Budget Committees) agreed to change his vote if the Democrats would allow a floor amendment to strike the medicare/medicaid enhancements from the reconciliation bill. This deal has not yet been consummated in the Rules Committee and will be discussed again after the recess.

Some House staff believe the leadership is becoming less interested in reconciliation and that the future of the reconciliation bill is in some jeopardy. We may request Presidential involvement in expediting reconciliation after the recess.

II. DOMESTIC POLICY ISSUES

1. Gas Rationing Plan

The 30-day period for Congressional disapproval of the gas rationing plan expired on Wednesday. Presidential authority is now in effect.

A procedural vote on the House floor to move toward disapproval was defeated 205-209. In the Senate, disapproval was defeated by a two to one margin.

2. Alaska Lands

The Senate is scheduled to resume consideration of the Alaska Lands bill on Monday. Efforts to work out a compromise acceptable to House leaders and environmentalists are expected to continue over the weekend.

Secretary Andrus is scheduled to meet with environmental leaders on Monday morning in an effort to convince them to accept additional concessions that Senate Jackson is willing to make, and not to adopt a position of supporting no legislation at all.

3. DOE Authorization Civilian Programs

The Senate, by a vote of 66-23, passed the DOE authorization bill. House floor action has not been scheduled and remains uncertain.

The most significant amendment added in the Senate was by Senator Eagleton to reduce the number of employees involved in programs established under the Emergency Petroleum Allocation Act.

4. Railroad Deregulation

The railroad deregulation bill remains stalled in the House while efforts to reach a compromise that can reverse the Eckhardt Amendment and still pass the House continue.

5. Utility Oil Backout

Chairman Dingell delayed the markups that had been scheduled for this week to August 19. Dingell believes that he has exactly the 11 votes needed to move his bill out of Subcommittee, but we suspect that he may lose some of them. Both the utilities and the coal interests are strongly opposed to Dingell's bill because of its stringent environmental requirements. We have informed Dingell that the Administration will have to oppose the environmental requirements but that we appreciate his moving the bill.

6. School Prayer

A group of House members led by Phil Crane are making a major push this year for a floor vote on a bill which would bar the Supreme Court from reviewing state laws relating to voluntary prayers in public schools. Although the Senate passed the bill -- the so-called Helms Amendment -- last year, the House Judiciary Committee showed no interest in it until Congressman Kastenmeier scheduled hearings several weeks ago. Conservative church groups believe that Kastenmeier called the hearings to avoid a discharge petition and to kill the bill. At the July 29 hearing, the Justice Department strongly opposed the bill on constitutional grounds. It is unlikely that the Committee will report the bill this year or that its proponents will be able to have it discharged.

7. Mental Health Systems Act

This legislation passed the Senate July 24. House consideration has been delayed until after the Convention break; at which time we anticipate prompt and favorable action.

8. Youth Employment

Because Representative George Miller threatened dilatory tactics, the Youth Act again failed to reach the House floor for final action before the recess. Chairman Perkins and Congressman Wright discussed bringing the bill up shortly after Congress reconvenes, either the 18th or 19th of August. While continuing to press for a final House vote, we will also be working with the Senate Committee to get them to mark up a bill as soon as possible.

9. General Revenue Sharing

The House Government Operations Committee reported the General Revenue Sharing (GRS) bill this week. Before approving the bill, the Committee voted 20-15 to reverse their earlier position and to exclude the States from the program. We worked very closely with Congressmen Brooks, Fountain, and Horton to reverse this vote. The Committee also voted to increase funding for counter-cyclical aid in FY 1981 from \$500 million to \$1 billion. This move was supported by Brooks, Fountain, Horton and the Administration in order to obtain sufficient votes against the State share.

10. Fair Housing

On Wednesday of this week the Senate Judiciary Committee reported the Fair Housing bill by a 10-6 vote. The Committee reinstated an administrative procedure provision sought by the Administration. The Committee's agreement permitted Senators to poll out any other amendment by close of business on Friday. A few of those could be troublesome, but none are central to the strengthened enforcement provisions which we seek.

11. Maritime Legislation

Representative John Murphy's Omnibus Maritime bill will probably not be brought to the floor of the House for a vote during this session of Congress, but the issues the bill sought to address remain unresolved. The Administration has articulated a policy in support of the U.S. Merchant Marine, in spite of our opposition to this bill. The House Merchant Marine and Fisheries Committee, Maritime Labor, and others are now looking to see how the Administration's support will be manifested. We have agreed to meet with the Merchant Marine Committee staff to discuss issues facing the industry such as the application of the anti-trust laws, and appropriate ways to resolve them. This issue promises to be a continuing political problem since maritime labor has been very supportive of your candidacy.

12. Multi-Employer Pension Plan Bill

This highly complex legislation has been making its way through the Congress for two years and has had broad labor and business support. As you know, four extensions of the mandatory Pension Benefit Guaranty Corporation coverage of multi-employer plan liability have been passed by Congress at the eleventh hour. When the last one passed, it was believed that the Congress could complete work before the new extension expired on August 1. The picture is now very uncertain because the bill passed by the Senate this week included a number of troublesome non-germane amendments that the House -- and the Administration -- cannot accept. With the expiration of the August 1 deadline, it is also unclear what kind of liability and litigation may result for the PBGC.

13. VA Physicians Pay Bill

The House unanimously approved this bill on Thursday, and the Senate passed it on Friday, despite our efforts to postpone the vote. Attempts to compromise the most troublesome features of the bill with the House and Senate were unsuccessful. The bill authorizes unacceptably high bonus pay levels, together with troublesome changes in VA personnel practices. Congressional action this week was carefully designed to put you in the position of signing or vetoing the bill just prior to your possible appearance at the American Legion Convention.

III. FOREIGN AFFAIRS ISSUES

1. FY 81 Foreign Assistance Legislation

As Congress approaches its August recess, the outlook for enactment of the FY 81 foreign assistance legislation is becoming doubtful. If action is to be completed by October 4, the House must move the bill quickly upon its return.

On the authorization side, the Hughes/Ryan controversy is still holding up the House/Senate conference. (The Senate continues to object to the Zablocki amendment which modifies Hughes/Ryan and provides a statutory basis for denying certain sensitive intelligence information.) Once that issue is resolved, the Committee leadership is prepared to move ahead with conference and final passage. Clem Zablocki has indicated that he will drop his amendment on the aid bill if and when it is adopted on the Intelligence Oversight legislation in the House.

As for appropriations, Foreign Operations Subcommittee Chairman Clarence Long has prepared a detailed schedule for completion of the FY 81 bill before adjournment this fall. The schedule assumes that nearly every working day between the return of Congress on August 18 and the target adjournment date in early October would be occupied by action on the Appropriations Bill in one House or the other. While this may be theoretically possible, the past history of this bill's slow movement through the House even in non-election years leaves us pessimistic that the complex and emotional issues which foreign aid generates can be dealt with during the limited time remaining. Moreover, House Majority Leader Wright recently recommended to the President that no controversial foreign assistance legislation be taken up on the House floor before the November election. Senator Inouye, a key actor in the Senate, seemed to agree when he noted that his subcommittee normally does not receive this bill from the House until late in the year in any event. At this point, it appears likely that we will have to remain on a continuing resolution well into the first quarter of FY 81. This could well create serious problems.

2. Tarapur

Both the HFAC and the SFRC put off their scheduled mark-up sessions on resolutions to disapprove the export of nuclear fuel to India until after the Democratic Convention. There is talk in both Committees of a compromise that would permit both shipments to be approved while setting conditions on the actual export of the second shipment.

3. Background Hearing on Libya

The Senate Judiciary Committee has requested testimony Monday afternoon from Under Secretary Newsom on our relations with the Government of Libya. The purpose of the hearing is to provide the Committee with background on our economic and political relationship with Libya to provide a factual perspective for the investigation of Billy Carter and Libya.

4. Jordan Tanks

The House Foreign Affairs Committee held an open hearing on the proposed sale of 100 tanks to Jordan on Tuesday. Predictable concerns were expressed about the impact on Israel's security and about the political fallout of seeming to provide major security support for Jordan while it continues to stand aloof from and criticize the Camp David peace process.

There are now at least nine co-sponsors on a resolution of disapproval of this sale. Our judgment is, however, that this does not constitute an all-out attempt by the friends of Israel to prevent the sale of 100 tanks. We have informed the Committee that it is our intention to have the 30-day period under the notification procedure continue to run throughout the recess for the Democratic Convention, unless the Chairman requests additional time for a more thorough review of the purposes of the sale. As of late Thursday, no such request had been received despite Steve Solarz' efforts to stop the clock.

5. Cuban and Haitian Refugees

Our bill fixing the long-term status and benefits of Cubans and Haitians was formally transmitted to the Hill on July 31. It dealt only with Cubans and Haitians who arrived before June 20, 1980. Since that time, however, approximately 3,700 additional Cubans and Haitians have entered the United States, most of whom have also filed for asylum. This continuing influx -- although much diminished -- could present serious policy and political problems in the months ahead.

THE WHITE HOUSE

WASHINGTON

August 1, 1980

MEMORANDUM FOR SUSAN CLOUGH

FROM: JOE ONEK *Job*
SUBJECT: Telegram to Olympic Swimming Team

The Olympic Swimming Team is currently having their Olympic trials and national championships in Irvine, California. They are bettering most of the winning times of medal winners in Moscow. Their award ceremony will be held Saturday night at which time a telegram from the President could be read. The swimming officials feel that a telegram from the President would be well-received. I have attached a draft of a Presidential telegram.

Ronald Reagan will be in attendance at the swim meet, although not at the award ceremony. Dick Moe concurs that a telegram would be a good idea. You can discuss this with me or with Bob Berenson at the office tomorrow morning.

Speechwriters have approved the attached text.

SSC TR OK

OKKK

Simon

8/21/80

THE WHITE HOUSE

WASHINGTON

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TELEGRAM

To George Breen
Manager of the United States Olympic Swimming Team
Sheraton Newport
Newport Beach, California

Please extend my congratulations to the 1980 United States Olympic Swimming Team and to all of the other fine athletes who have just finished competing in the outdoor swimming championships and Olympic trials. The swimmers deserve special credit for breaking many American and world records and for bettering most of the winning times in Moscow.

This year's Olympic Swimming Team has successfully carried on the long tradition of American swimming excellence. I look forward to congratulating personally the members of the Olympic Swimming Team for their outstanding achievement Tuesday at the White House.

EXTEND PRESS CONFERENCE TIME. TO A FULL HOUR.
GIVE STATEMENT, ANSWER QUESTIONS

1. IN 1976, AS A CANDIDATE,
2. I MADE A ~~STATEMENT~~ COMMITMENT
3. THAT EXPLAINS WHY NOW, AS PRESIDENT,
4. I WANT TO MAKE AN IMPORTANT STATEMENT TO YOU. /
5. FOUR YEARS AGO
6. OUR COUNTRY WAS STILL DEEPLY SHAKEN
7. BY AN ADMINISTRATION
8. THAT HAD BETRAYED ITS HIGH TRUST
9. AND HAD TRIED TO HIDE THE TRUTH FROM PUBLIC JUDGMENT.
10. I WAS ASKED HOW AMERICANS' LIVES MIGHT CHANGE
IF THEY ELECTED ME.
11. I ANSWERED THAT I WOULD WORK
12. TO RESTORE THEIR CONFIDENCE
13. IN THE INTEGRITY OF GOVERNMENT. /

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1. INTEGRITY HAS BEEN
2. AND WILL CONTINUE TO BE
3. A CORNERSTONE OF THIS ADMINISTRATION.
4. WHEN QUESTIONS OF PROPRIETY ARE RAISED,
5. I WANT TO MAKE SURE THEY ARE ANSWERED.
6. WHEN THE QUESTIONS CONCERN ME,
7. I WANT TO ANSWER THEM MYSELF. //
8. QUESTIONS HAVE NOW BEEN RAISED
9. CONCERNING MY ACTIONS & THOSE OF MY ADMINISTRATION
10. REGARDING MY BROTHER BILLY CARTER
11. AND THE GOVERNMENT OF LIBYA.

1. WE HAVE MADE AS THOROUGH AN INVESTIGATION AS POSSIBLE,
2. AND THE FACTS ARE AVAILABLE
3. FOR THE COMMITTEES OF CONGRESS
4. AND THE PUBLIC TO EXAMINE.
5. THEY WILL SHOW
6. THAT NEITHER I
7. NOR ANY MEMBER OF MY ADMINISTRATION
8. HAS VIOLATED ANY LAW
9. OR COMMITTED ANY IMPROPRIETY. //
10. I HAVE TODAY
11. FILED A FULL REPORT TO THE ^{CONGRESS} ~~SENATE~~,
12. I CANNOT READ IT ALL TO YOU TONIGHT,
13. BUT HERE ARE THE MAIN POINTS. //

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1. LET ME FIRST SAY A WORD
2. ABOUT "U.S." POLICY TOWARD LIBYA.
3. THERE ARE FEW GOVERNMENTS IN THE WORLD
4. WITH WHICH WE HAVE MORE SHARP & FREQUENT POLICY DIFFERENCES.
5. LIBYA HAS STEADFASTLY OPPOSED
6. OUR EFFORTS TO REACH & CARRY OUT
7. THE CAMP DAVID ACCORDS, *TO BRING PEACE TO THE MIDDLE EAST.*
8. OUR TWO GOVERNMENTS ↗
9. HAVE STRONGLY DIFFERING ATTITUDES
10. TOWARD THE "PLO" & TERRORISM /
11. WITHIN "OPEC",
12. LIBYA HAS PROMOTED SHARPLY HIGHER PRICES
13. & THE INTERRUPTION OF OIL SHIPMENTS ↗
14. TO THE UNITED STATES & OTHER WESTERN NATIONS. //

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1. ON THE OTHER HAND,
2. WE HAVE SUBSTANTIAL TRADE WITH LIBYA.
3. LIBYA IS ONE OF OUR MAJOR OIL SUPPLIERS,
4. AND ITS HIGH QUALITY CRUDE OIL
5. IS IMPORTANT TO ~~THE MIX~~
OF OUR EAST COAST REFINERIES.
6. LIBYA HAS PUBLICLY & PRIVATELY
7. OPPOSED IRAN'S SEIZURE OF OUR HOSTAGES,
8. AND FOR A TIME JOINED OTHER MUSLIM STATES
9. IN OPPOSING THE SOVIET INVASION OF AFGHANISTAN.
10. FOR MANY YEARS,
11. OUR POLICIES & ACTIONS TOWARD LIBYA
12. HAVE THEREFORE MIXED
13. FIRMNESS WITH CAUTION. //

AND NOW,

1. MY BROTHER'S RELATIONS WITH LIBYA:
2. LIKE MEMBERS OF OTHER PRESIDENTS' FAMILIES,
3. ^{III} BILLY CARTER WAS THRUST INTO THE PUBLIC LIMELIGHT
WHEN I WAS ELECTED.
4. { AS ALL OF YOU KNOW BY NOW, BILLY
5. { HE IS A COLORFUL PERSONALITY.
6. MEDIA ATTENTION
7. MADE HIM AN INSTANT CELEBRITY.
8. HE WAS ASKED TO MAKE
9. A NUMBER OF TELEVISION & SPEAKING APPEARANCES,
10. AND HE PUT HIS NAME ON A NEW BRAND OF BEER. //

↑
EVEN

II

PERSONALLY CLOSE - LOVE - INDEPENDENT
 BILLY: I DON'T TELL JIMMY
 HOW TO RUN THE
 COUNTRY & HE DOESN'T
 TELL ME HOW TO
 RUN MY LIFE"

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1. IN THE SUMMER OF 1978
2. BILLY WAS INVITED TO VISIT LIBYA
3. WITH A GROUP OF BUSINESSMEN & STATE OFFICIALS FROM GEORGIA.
4. THIS HIGHLY PUBLICIZED TRIP
5. OCCURRED LATE IN SEPTEMBER 1978.
6. I WAS NOT AWARE THAT HE WAS PLANNING THE TRIP
7. UNTIL SHORTLY BEFORE HIS ARRIVAL IN LIBYA. /
8. WHEN I HEARD OF IT
9. I WAS DEEPLY CONCERNED
10. THAT THERE MIGHT BE SOME SERIOUS OR UNPLEASANT INCIDENT
WHILE HE WAS THERE. //

1. SHORTLY AFTER BILLY RETURNED FROM LIBYA IN OCTOBER 1978,
2. I SAW A MESSAGE FROM OUR CHARGE IN TRIPOLI
3. REPORTING ON THE POSITIVE NATURE OF THE VISIT. /
4. I WAS ^{GREATLY} RELIEVED TO ~~KNOW THIS~~ ✓
5. AND I SENT A COPY OF THE MESSAGE TO BILLY.
6. THIS MESSAGE CONTAINED NO SENSITIVE INFORMATION,
7. WAS ^{NEVER} NOT ENCODED, AND
8. IN FACT, MORE THAN A YEAR AGO
9. IT WAS MADE PUBLICLY AVAILABLE
10. BY THE STATE DEPARTMENT TO A NEWS COLUMNIST. //
11. EARLY IN 1979
12. A LIBYAN TRADE MISSION CAME TO THE UNITED STATES.
13. BILLY VISITED WITH THE LIBYANS
14. AND MADE A NUMBER OF CONTROVERSIAL STATEMENTS
15. WHICH WERE ROUNDLY CRITICIZED
16. BY THE AMERICAN PRESS & PUBLIC.
17. I PUBLICLY DEPLORED (IN A NEWS CONFERENCE)
18. SOME OF THESE COMMENTS MYSELF.

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1. AS A RESULT OF BILLY'S REMARKS
2. AND ^{HIS} NEW ASSOCIATION WITH THE LIBYANS,
3. ALMOST ALL OF HIS SCHEDULED TELEVISION & OTHER APPEARANCES
WERE CANCELLED.
4. HIS INCOME FROM THESE PUBLIC APPEARANCES ^{ALMOST} DISAPPEARED,
5. WHILE HIS FINANCIAL OBLIGATIONS CONTINUED TO MOUNT.
6. I SHARED THE GENERAL CONCERN
7. ABOUT BILLY'S RELATIONSHIP WITH LIBYA.
8. THE MEMBERS OF OUR FAMILY
9. WERE ALSO CONCERNED
10. ABOUT SOME OF HIS PERSONAL PROBLEMS. /

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1. DURING THIS PERIOD
2. BILLY ENTERED THE HOSPITAL
3. FOR MEDICAL TREATMENT. = *ON ONE OCCASION*
4. WHILE HE WAS HOSPITALIZED,
5. HE DISCUSSED WITH ME
6. ANOTHER POSSIBLE TRIP TO LIBYA,
7. AND I URGED HIM NOT TO GO --
8. PARTLY BECAUSE OF HIS HEALTH
9. AND BECAUSE OF THE ADVERSE EFFECT IT COULD HAVE
10. ON OUR MIDDLE EAST PEACE NEGOTIATIONS. /
11. BY THE LATE SUMMER OF 1979
12. BILLY HAD SUCCESSFULLY COMPLETED HIS MEDICAL TREATMENT
13. AND DESPITE MY URGING *ADVICE*
14. HE MADE HIS SECOND TRIP TO LIBYA.
15. THERE WAS RELATIVELY LITTLE PUBLICITY ABOUT IT. //

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1. I AM NOT AWARE OF ANY EFFORT BY BILLY
2. TO AFFECT THIS GOVERNMENT'S
3. ~~SPECIFIC~~ POLICIES OR ACTIONS CONCERNING LIBYA.
4. I AM CERTAIN
5. THAT HE MADE NO SUCH EFFORT WITH ME.
6. THE ONLY OCCASION
7. ON WHICH BILLY WAS INVOLVED TO MY KNOWLEDGE
8. IN ANY MATTER BETWEEN LIBYA & THE UNITED STATES
9. WAS HIS PARTICIPATION, WITH MY APPROVAL,
10. IN OUR EFFORTS TO SEEK LIBYAN HELP
11. FOR THE RETURN OF OUR HOSTAGES FROM IRAN.

1. ~~THE REQUEST FOR LIBYAN HELP TO RETURN THE HOSTAGES.~~
LET ME DISCUSS THIS ~~BRIEFLY~~ INCIDENT:
2. ON NOVEMBER 4, 1979,
3. OUR HOSTAGES WERE SEIZED IN TEHERAN.
4. IN THE WEEKS THAT FOLLOWED
5. WE EXPLORED, ^{*EVERY POSSIBLE*} ~~MANY~~ AVENUES TO BRING ABOUT THEIR RELEASE.
6. WE INCREASED OUR MILITARY PRESENCE IN THE PERSIAN GULF.
7. WE STOPPED ALL OIL IMPORTS FROM IRAN
8. AND WE IMPOSED A FREEZE ON IRANIAN ASSETS.
9. WE APPEALED TO THE UNITED NATIONS SECURITY COUNCIL.
10. WE ASKED OTHER GOVERNMENTS,
11. ESPECIALLY MUSLIM GOVERNMENTS INCLUDING LIBYA,
12. TO SUPPORT OUR POSITION. *AS IS STILL THE CASE,*
13. WE EXPLORED EVERY OFFICIAL & UNOFFICIAL AVENUE OF CONTACT WE COULD FIND
14. TO ENCOURAGE THE IRANIANS TO RELEASE THE AMERICAN HOSTAGES.
~~THAT EFFORT IS STILL CONTINUING~~

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1. PUBLIC STATEMENTS COMING OUT OF LIBYA *AT THAT TIME*
2. WERE NOT SUPPORTIVE
3. AND INDICATED THAT OUR DIPLOMATIC EFFORTS TO SECURE THEIR ASSISTANCE
HAD NOT ~~YET~~ BEEN SUCCESSFUL. /
4. DURING THE THIRD WEEK IN NOVEMBER
5. IT OCCURRED TO US
6. THAT BILLY MIGHT BE ABLE TO GET LIBYAN HELP
7. TO INDUCE THE IRANIANS TO RELEASE THE AMERICAN HOSTAGES.
8. AS REQUESTED,
9. HE TALKED TO THE LIBYANS, *ABOUT OUR HOSTAGES*
10. AND ARRANGED A MEETING
11. WITH A LIBYAN DIPLOMAT AT THE WHITE HOUSE.

12. I DID NOT ATTEND THE MEETING.
13. SO FAR AS I AM AWARE,
14. BILLY PLAYED NO FURTHER ROLE
15. IN THESE DISCUSSIONS WITH THE LIBYANS.

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1. AS MATTERS TURNED OUT
2. THE LIBYAN FOREIGN OFFICE
3. ANNOUNCED THAT THE HOSTAGES SHOULD BE RELEASED,
4. AND THE LEADER OF LIBYA
5. ALSO MADE THE DIRECT PRIVATE APPEAL TO AYATOLLAH KHOMEINI
THAT WE REQUESTED. /
6. AT LEAST IN THIS RESPECT
7. THE APPROACH TO THE LIBYANS WAS SUCCESSFUL.
8. WHETHER IT WOULD HAVE BEEN SUCCESSFUL
9. IF BILLY HAD NOT PARTICIPATED
10. IS A QUESTION NO ONE CAN ANSWER WITH CERTAINTY. /
11. I MADE THIS DECISION IN GOOD FAITH,
12. WITH THE BEST INTEREST
OF THE HOSTAGES & THIS NATION IN MIND.
13. BILLY MERELY RESPONDED TO OUR REQUEST FOR ASSISTANCE
14. AND I BELIEVE HIS ONLY MOTIVE IN THIS EFFORT
15. WAS TO SEEK RELEASE OF THE HOSTAGES. //

AND NOW, CONCERNING

1. BILLY'S ALLEGED GOVERNMENT CONTACTS ON BEHALF OF LIBYA:
2. THERE HAVE BEEN ^{MANY} PRESS REPORTS
3. THAT BILLY MAY HAVE TRIED TO AFFECT "U.S." POLICY
4. ON LICENSING AIRCRAFT TO LIBYA
5. OR ON OTHER MATTERS.
6. I CAN STATE CATEGORICALLY
7. THAT MY BROTHER BILLY
8. HAS HAD NO INFLUENCE OR EFFECT
9. ON MY DECISIONS
10. OR ON ANY "U.S." GOVERNMENT POLICY OR ACTION
CONCERNING LIBYA. /
11. BILLY HAS NEVER ASKED ME
12. TO TAKE ANY STEP THAT WOULD AFFECT
13. ANY OF THESE ACTIONS OR POLICIES.
14. SO FAR AS WE HAVE BEEN ABLE TO DETERMINE,
15. BILLY HAS NOT MADE ANY SUCH EFFORT
16. WITH ANYBODY IN MY ADMINISTRATION. //

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CONCERNING

1. THE DEPARTMENT OF JUSTICE INVESTIGATION; LET ME SAY THIS:
2. UNDER THE PRESIDENT'S SUPERVISION,
3. LAW ENFORCEMENT RESPONSIBILITY
4. IS DELEGATED TO THE ATTORNEY GENERAL.
5. THE PRESIDENT'S POWER OF SUPERVISION
6. WAS ABUSED IN THE WATERGATE SCANDAL --
7. AS NONE OF US CAN EVER FORGET. /
8. WHEN I TOOK OFFICE ↗
9. I INSTRUCTED THE ATTORNEY GENERAL
10. THAT NEITHER I NOR ANY WHITE HOUSE OFFICIAL
11. WOULD ATTEMPT TO INFLUENCE
12. DEPARTMENT OF JUSTICE INVESTIGATIONS
13. CONCERNING ^{ANY} CHARGES OF LAW VIOLATION. /
14. WHEN POSSIBLE CONFLICT OF INTEREST ISSUES ARISE --
15. AS IN THE CASE
16. OF A MEMBER OF THE PRESIDENT'S OFFICIAL OR PERSONAL FAMILY --
17. WE TAKE EXTRA PRECAUTIONS
18. TO PREVENT IMPROPER INTERFERENCE. //

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1. THIS POLICY WAS FOLLOWED STRICTLY IN THE PRESENT CASE.
2. FROM THE TIME THE INVESTIGATION BEGAN
3. UNTIL THE FINAL PAPERS WERE FILED ON JULY 14
4. THERE WAS NO CONTACT IN EITHER DIRECTION
5. BETWEEN THE DEPARTMENT OF JUSTICE & THE WHITE HOUSE
6. CONCERNING THE CONDUCT OF THE INVESTIGATION.

7. ON JULY 22
8. THE WHITE HOUSE ISSUED A PUBLIC STATEMENT
TO THIS EFFECT. /

9. TWO DAYS LATER
10. I FOUND A REFERENCE IN MY NOTES
11. TO BRIEF COMMENTS
12. WHICH I HAD EXCHANGED WITH ATTORNEY GENERAL CIVILETTI
13. ABOUT SIX WEEKS EARLIER
14. AT THE CONCLUSION OF A LONG MEETING
15. CONCERNING JUDICIAL APPOINTMENTS & OTHER MATTERS.
16. I HAD NOT REMEMBERED THESE COMMENTS,
17. AND I DECIDED THAT THEY SHOULD BE MADE PUBLIC • -- WHILE
18. AS AN AMPLIFICATION OF THE JULY 22ND STATEMENT.

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*WAS TECHNICALLY CORRECT, IT CLEARLY
REQUIRED AMPLIFICATION TO DISCLOSE
THESE ^{BRIEF} COMMENTS.*

INTEGRITY - NO MISTAKES

CORRECT THEM

1. IN THIS BRIEF EXCHANGE
2. THE ATTORNEY GENERAL DID NOT INFORM ME OF ANY DETAIL
3. AS TO THE CONDUCT OF THE INVESTIGATION.
4. HE TOLD ME ONLY
5. ABOUT THE DEPARTMENT'S INSISTENCE
6. THAT BILLY FILE A REGISTRATION STATEMENT
7. AND ABOUT THE DEPARTMENT'S STANDARD ENFORCEMENT POLICY. //

AFTER I RETURNED FROM THE VENICE SUMMIT CONFERENCE

8. ON JUNE 26, MY COUNSEL NOTIFIED ME
9. THAT BILLY'S LAWYERS HOPED TO RESOLVE THE MATTER
10. BY HIS FILING A REGISTRATION STATEMENT,
11. AND I CALLED BILLY
12. TO ENCOURAGE HIM
13. TO WORK HARMONIOUSLY WITH HIS LAWYERS.
14. HE SAID THAT HIS LAWYERS
15. WERE IN NEGOTIATIONS WITH THE JUSTICE DEPARTMENT
16. BUT THAT HE PERSONALLY
17. DID NOT THINK THAT HE NEEDED TO FILE
A REGISTRATION STATEMENT.

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1. ON JULY 1, I CALLED BILLY
2. TO URGE HIM TO ACCEDE TO THE DEPARTMENT'S REQUEST
& HIS LAWYER'S ADVICE,
3. AND MAKE A FULL DISCLOSURE. --
4. HE DID SO ON JULY 14TH. //
5. IT WAS NOT UNTIL JULY 15TH
6. THAT I KNEW OF THE TWO LARGE PAYMENTS
OR LOANS OF MONEY
FROM LIBYA TO MY BROTHER. //
7. AS FAR AS WE HAVE BEEN ABLE TO DETERMINE,
8. NO ONE IN THE WHITE HOUSE
9. HAD ANY INFORMATION ABOUT THE PAYMENTS
10. OR ABOUT ANY EVIDENCE RELATING TO SUCH PAYMENTS
11. UNTIL BILLY CARTER'S LAWYERS
12. INFORMED MY COUNSEL ABOUT THEM ON JULY 11TH,
13. WHEN THE COURT PAPERS WERE ABOUT TO BE FILED. /
14. NO ONE IN THE WHITE HOUSE
15. FURNISHED INFORMATION ABOUT THE INVESTIGATION
16. TO BILLY OR ANYONE ASSOCIATED WITH HIM
AT ANY TIME. //

1. FINALLY,
2. THERE IS ONE OTHER RUMOR
3. I WANT TO LAY TO REST.
4. NO PAYMENTS
5. OR TRANSFERS OF THIS MONEY
6. HAVE BEEN MADE TO ME,
7. AND NO SUCH PAYMENTS OR TRANSFERS
8. HAVE BEEN MADE TO CARTER'S WAREHOUSE.
9. I WILL ALSO SEE TO IT
10. THAT NO DIRECT OR INDIRECT BENEFIT
11. WILL ^{EVER} FLOW TO ME IN THE FUTURE. //

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for Preservation Purposes**

1. TO SUMMARIZE:
2. -- BILLY HAS HAD NO INFLUENCE OR EFFECT
3. ON MY DECISIONS,
- ON ANY "U.S." GOVERNMENT POLICY,
- OR ON ANY ACTIONS CONCERNING LIBYA.
4. -- NEITHER I NOR ANYONE IN THE WHITE HOUSE
5. EVER TRIED TO INFLUENCE OR AFFECT
6. THE JUSTICE DEPARTMENT'S ACTIONS OR DECISIONS.
7. -- NEITHER I NOR ANYONE IN THE WHITE HOUSE
8. INFORMED BILLY OF ANY LEADS OR EVIDENCE
OBTAINED BY THE DEPARTMENT.
9. -- EVERYTHING THAT I & THE WHITE HOUSE STAFF DID
10. WITH RESPECT TO THIS CASE
11. WAS DESIGNED TO SERVE
12. THE INTERESTS OF LAW ENFORCEMENT & JUSTICE.

1. ~~THE FUTURE.~~
2. I AM DEEPLY CONCERNED
3. THAT BILLY HAS RECEIVED FUNDS FROM LIBYA
4. AND THAT HE MAY BE UNDER OBLIGATION TO LIBYA.
5. THESE FACTS WILL GOVERN
6. MY OWN RELATIONSHIPS WITH BILLY.
7. BILLY HAS HAD NO INFLUENCE
8. ON "U.S." POLICIES OR ACTIONS CONCERNING LIBYA
IN THE PAST,
9. AND HE WILL HAVE NO INFLUENCE IN THE FUTURE.

1. OUR POLITICAL HISTORY
2. IS FULL OF STORIES ABOUT PRESIDENTIAL RELATIVES
3. WHOM OTHER PEOPLE TRIED TO USE
4. IN ORDER TO GAIN FAVOR WITH INCUMBENT ADMINISTRATIONS.
5. IN MOST SUCH CASES,
6. THE APPEARANCE OF FAVORITISM
7. HAS BEEN MUCH WORSE THAN THE REALITY.
8. MY BROTHER BILLY'S CASE
9. IS ONE OF MANY SUCH EXAMPLES.
10. TO KEEP THIS PROBLEM FROM RECURRING,
11. I HAVE ASKED MY COUNSEL TO DRAFT A RULE
12. THAT WILL BAR ANY EMPLOYEE OF THE EXECUTIVE BRANCH
13. FROM DEALING WITH ANY MEMBER OF THE PRESIDENT'S FAMILY
14. UNDER ANY CIRCUMSTANCES THAT CREATE
15. EITHER THE REALITY OR THE APPEARANCE
OF IMPROPER FAVOR OR INFLUENCE.

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CHRONOLOGY OF EVENTS

September 27, 1978 Billy Carter makes first trip to Libya.

January 7, 1979 Libyan delegation arrives in Georgia for a five-week tour of U.S. with Billy Carter as escort.

January 11, 1979 President deplores certain of Billy's actions with respect to Libyans.

March 6-April 26, 1979 Billy Carter receives treatment in Naval Hospital.

August 31, 1979 Billy Carter makes second trip to Libya.

November 4, 1979 Hostages seized.

November 20, 1979 Brzezinski asks Billy Carter to arrange a meeting with Houderi.

November 22, 1979 Libya issues public statement opposing seizure of hostages.

November 27, 1979 Houderi, Brzezinski and Billy Carter meet.

December 2, 1979 Burning of American Embassy in Tripoli.

December 6, 1979 President meets with Houderi.

December 12, 1979 Houderi meets again with Brzezinski.

March 1980 Brzezinski calls Billy Carter re intelligence report; Brzezinski informs President the next day.

June 11, 1980 Billy Carter talks with Justice Department and meets with Brzezinski. Brzezinski calls in Cutler, who recommends lawyer for Billy Carter.

June 17, 1980 Civiletti mentions Billy Carter case to President.

June 28, 1980 President speaks to Billy Carter briefly.

July 1, 1980 President calls Billy Carter and urges him to make a full disclosure and to file a registration statement.

July 11, 1980 Billy's lawyers inform Cutler about Justice Department Complaint and negotiations. Cutler informs President.

July 14, 1980 Billy's lawyers advise Cutler that Complaint, Registration Statement and Consent Decree have been filed. Cutler informs Susan Clough.

July 15, 1980 President sees court papers and learns of payments.

July 22, 1980 White House issues white paper.

July 24, 1980 President reviews notes, finds reference to June 17 conversation with Attorney General; informs Cutler, who informs Attorney General.

July 25, 1980 Attorney General issues press release describing June 17 conversation.