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September 1, 1980

TO: JODY POWELL
FROM: Alfred Friendly, Jr. *F*
SUBJECT: Qs & As for Missouri Town Meeting

I attach a batch of foreign policy/national security Qs and As for the President's use before tomorrow's town hall meeting in Independence, Missouri.

Basically, I consider only the Qs and As on Poland, Iran and the Middle East likely to be asked, but I have included related material on oil vulnerability and defense strength, as well as on China, Afghanistan and the grain embargo, protectively.

The final question, on Soviet autos, is included because Senator Eagleton is a co-sponsor with Senator Bayh of a measure the Senate may consider that seems more geared to Senatorial re-election campaigns than to real foreign policy problems.

Mr. President,

The one question with no suggested answers is "inflation." I have an idea or two. I want to run them by Bob Maddox first. I'll give them to you on the plane tomorrow morning.

Jody

September 1, 1980

POLAND

Q. Why hasn't the U.S. Government been more open in expressing support for the Polish strikers? Why haven't you warned the Soviets to stay out? What will you do to help Poland through its economic problems and what will you do if the Soviets do invade?

A. The most important and most hopeful aspect of the developments in Poland in recent weeks is that they show how a society strengthens itself by dealing openly with its problems by itself, without anybody from outside interfering in the process. All Americans have been filled with admiration for the peaceful determination of the working men and women of Poland to win a real place for themselves in deciding their own fate and future. We have expressed that feeling strongly but in a way that shows that we recognize that the decisions being made in Poland are ones for the Poles themselves -- and only for them -- to make.

The United States has a real interest in the well-being of the people of Poland and in the stability of their economic development. We have been able to help, especially with agricultural credits, in past years, and we have encouraged others to help. We will continue that policy.

We would be very disturbed by any effort by anyone outside Poland to interfere by force or in any other fashion in Poland's domestic affairs. When the Soviet Union invaded Afghanistan, it earned the condemnation of the whole world. I am sure it has not forgotten what it learned so recently.

A President must weigh his words carefully. Sometimes a President cannot always rush out and make a statement just because it would be personally satisfying or politically popular. A considered judgment must over

be made on whether a particular statement would help or hurt the interests of this nation and the values we cherish.

September 1, 1980

POLAND

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SOVIET GRAIN SUSPENSION

Q. What evidence do we have that the Soviet grain suspension is working?

A. There is mounting evidence that the suspension is having precisely the effect we intended it to have. First, it is causing the Soviets to fall short of their import requirements for feedgrains...8 to 10 million tons short. This means that the Soviet Union was denied the equivalent of about 10 percent of its requirements of grain for feed over the first 6 months of 1980, prior to the time it could draw upon newly harvested supplies.

As a result, the Soviet Union has had to take a number of actions they badly wanted to avoid. They were forced to draw down stocks to rock bottom levels, increasing even further their vulnerability to a poor crop this year or next. Due to reduced feed rations, milk output declined (down 4 percent January-June), cattle and hogs have been slaughtered earlier and therefore at lighter weights, and poultry production has been emphasized at the expense of more highly valued beef and pork since the latter requires more feed per pound of gain. Although the suspension is not the only cause (much of it is due to the very poor 1979 harvest), overall meat production on Soviet collective and state farms in June was down 11 percent and July down 15% from year earlier levels.

The success of the policy is further reflected in numerous reports of shortages of meat and dairy products in retail outlets. There are reports from emigres of three-hour lines and local rationing systems wherever meat is available. There are also reports of widespread and virtually unprecedented protests sparked by workers' resentment over critically short supplies of food. Strikes in May at the Togliatti and Gorkiy auto and truck plants were attributed to food shortages.

Beyond these effects, the suspension has caused extreme disruption in the Soviet transportation and marketing system. This is especially evident at the major Soviet ports where the necessity of shipping on much smaller vessels has resulted in serious congestion and delay.

In summary, the suspension is working and it is working very well.

SOVIET GRAIN SUSPENSION

Q. When will you end the grain embargo to the Soviet Union?

A. I foresee only two circumstances that would justify ending the suspension. And neither appears likely to occur soon. One would be when the purpose of the suspension was accomplished. The clearest, most direct indication of this would be the withdrawal of Soviet troops from Afghanistan. This would also be the most welcome outcome, I might add.

The other possible reason would be evidence that the policy had lost its effectiveness, for example, due to a super-abundant Soviet harvest that would eliminate the need for grain imports. However, let me quickly add that this is highly unlikely. Although the 1980 Soviet crop appears to be somewhat larger than last year's (210 million tons forecast for 1980 versus 179 million tons in 1979), it is still below trend. As a result, they will remain critically dependent on imported feedgrains.

SOVIET GRAIN SUSPENSION

Q. Isn't it true that the Soviet grain suspension is hurting the American farmer worse than it is hurting the Soviet Union?

A. No, it most definitely is not true. When President Carter suspended the shipment of grain to the Soviet Union, he made a commitment to America's farmers to do everything within his power to minimize the adverse consequences of this action. The President honored that commitment and he has gone to extraordinary lengths to do so.

- o The export contracts for the unshipped grain were assumed by the Commodity Credit Corporation (CCC) and gradually rescheduled to alternative foreign destinations. This massive and unprecedented merchandising operation was undertaken to protect the market from a sharp and sustained drop in market prices...and that is exactly what it did.
- o Second, through a combination of CCC purchases and the attraction of grain into the farmer-owned reserve, slightly more than 17 million tons of grain (equivalent to that suspended from shipment to the USSR) was isolated from the market. While the recent rise in grain prices was triggered by the drought, it is sometimes overlooked that this was made possible by the effect these grain-isolating actions had in significantly reducing the level of free stocks.
- o Finally, we intensified our promotion of agricultural exports with remarkable effect. U.S. farm exports this year will be a record high \$40 billion. In fact, farm exports will increase by a larger amount (\$8 billion) this year than in any single year in our Nation's history.

Thus, while the suspension required a measure of sacrifice, I believe that our efforts to ease that burden and share it among all our citizens has been enormously effective.

Incidentally, our record stands in stark contrast to the actions of the last Republican Administration, an Administration that embargoed grain shipments to a friendly nation for the express purpose of driving down U.S. farm prices.]

SOVIET GRAIN SUSPENSION

- Q. It would appear that the other major grain exporting nations are taking advantage of the suspension to capture the Soviet market. Thus, the entire burden is falling on the U.S. Is that fair to American farmers?
- A. We have enjoyed a high degree of cooperation and support from nearly all the other grain exporting nations. Canada, Australia, and the European Community have been particularly supportive. These nations have lived up to their commitments to not replace the grain we suspended from shipment. President Carter has personally consulted with the heads of state of these nations on several occasions in the past and will continue to do so in the future. The leaders of these nations view this action as one that carries with it joint responsibility as well as mutual benefits.

I might add, to the extent there has been "leakage" in the suspension--and we knew from the outset that there would be some--it has not resulted in lost sales of U.S. grain. To the contrary, in those relatively few cases where noncooperating exporters have diverted grain from other markets to the Soviet Union, U.S. grain has taken over those markets. Furthermore, many of these markets are reliable, long-term growth markets, markets that we will do well to have in our column in future years.

SOVIET GRAIN SUSPENSION

- Q. In mid-June, the Administration notified the large grain companies that it was okay to sell grain from other exporting nations to the Soviet Union. How do you justify our permitting these companies to sell non-U.S. grain to the Soviets while preventing the sale of U.S. grains?
- A. Shortly after we suspended grain sales to the Soviet Union, we discovered that there was a significant quantity of grain that had been approved for shipment from other exporting nations for which the destination was "uncommitted". The only way to prevent this from going to the Soviet Union was to ask the major U.S. grain trading firms to voluntarily refrain from shipping grain from other nations to the USSR until this grain found other destinations. By mid-June, this grain had been sold to other buyers and no longer posed a threat to the success of the suspension.

At that point, the Department of Agriculture thanked the grain trading firms for complying with their request and notified them that they could resume normal trade activities to the extent shipments to the Soviet Union were in compliance with our agreement with the other exporting nations that they would not replace the grain we had suspended. In other words, foreign grain is to be treated in exactly the same way as U.S. grain. Nothing more, nothing less.

September 1, 1980

IRAN -- THE HOSTAGES

Q. Have you given up on getting the hostages released by Iran? What are you doing about it, since you don't talk about them any more? What do you think of the idea of returning the Shah's assets, as the Iranian Parliament seems to be asking?

A. The restraint and patience which we have demonstrated over this unforgiveable treatment of our diplomats in Iran should never be mistaken for lack of concern. Their fate is constantly on my mind. No one in America has forgotten the hostages, and no one will.

We continue to work with all the resources at our command to secure the hostages' freedom. At times, our effort must take place out of the public eye. But there should be no mistake about my determination and concern for the hostages and their families. The hostages must be freed. They will be freed.

I have seen the reports of a possible letter from the Iranian Parliament asking for the return of the Shah's wealth and that of his family. Their belongings are theirs, not ours to dispose of. What we are waiting for and working for is a real sign from Iran that the people in authority there recognize the lawlessness of their continuing to hold the hostages, recognize that this violation of decency and of international law only hurts the real interests of Iran. Once the hostages are home safe and sound, we will be able to talk with Iran about many issues and talk constructively.

August 29, 1980

US AND SOVIET MILITARY THREAT TO IRAN

Q: Is it true, as reported, that you have ruled out future military action against Iran because you fear this would trigger a Soviet invasion? And how do you see the Soviet military threat to Iran now?

A: Such reports are based on myth. Allegations that the US intends to mount a military attack on Iran have been firmly denied by this government; they are false and highly irresponsible. These allegations, I must point out, have been repeated in the Soviet Union's press and in inflammatory radio broadcasts to Iran. This is dangerous and irresponsible behavior on the part of the Soviet Union; it casts suspicion on the intentions of the Soviet Union toward Iran.

Before and since the revolution in Iran we have watched Soviet military activities directed toward that country with great care. We have observed sustained Soviet efforts to improve their military capabilities for invading Iran, for example, through improvements in their equipment and training. Our intelligence continues to be very alert to this problem, and we remain very concerned about it.

As I said in my State of the Union message, because of its power, proximity, and objectives, especially in the light of the invasion of Afghanistan, the behavior of the Soviet Union constitutes the gravest threat to the security of the Persian Gulf and the states around it. Our policies aim to meet that threat by whatever means are required.

August 28, 1980

MILITARY READINESS TO IMPLEMENT THE CARTER DOCTRINE

Q: While you imply that we would defend Iran against a Soviet invasion, could we? What is the state of readiness of our RDJTF forces to fight a war in the Persian Gulf?

A: No one should doubt that, should external aggression occur, the United States could and would respond with significant forces.

Military readiness must be measured against specific military threats and war plans for meeting them. It would be unwise for me to discuss such plans in public.

I can tell you this: Today, we have combat-ready forces in the region of the Persian Gulf in the form of warships, carrier-based aircraft, and prepositioned ground force equipment. We also have marine and light infantry forces, along with additional air power, which could move into action in the Persian Gulf region in a matter of days.

Clearly, the larger the force we require, the longer it takes to get there, and the greater the drain on our other commitments. This holds true for potential adversaries as well.

You should also keep in mind that any adversary must take time to prepare a large military operation and we will remain alert so as to detect any such preparations.

Tactics and terrain

August 29, 1980

Oil Supply Vulnerability

Q: Why don't you do more to free us of the threat of oil blackmail by the Arabs or OPEC price-gougers?

A: My Administration has achieved more progress toward reduced vulnerability to oil blackmail than either earlier U.S. administrations or other industrial nations. Of our many actions, four are particularly important:

-- First, we have greatly reduced our imports of oil, thanks in large part to the good sense of our automobile drivers, housekeepers, and businessmen, but thanks also to the spur of my decision to proceed with oil price decontrol, which is gradually ending the insulation of U.S. oil users from world market realities. Largely because of our ill-conceived oil price control law, our oil consumption and imports rose in 1977 and 1978, and we became more dependent on OPEC. This year, our oil imports have dropped by 17 percent compared with the same period last year, and this summer our oil imports have declined by about 30 percent or 2 million barrels per day below last summer.

-- Second, I have given the highest priority to energy cooperation in our economic relations with the other industrial nations. Now, all of the industrial democracies are ready to adjust oil imports equitably so as to avoid a destructive scramble for oil if OPEC nations reduce their oil exports. (We have had such a sharing arrangement for major supply disruptions since 1974; now we have it for the more likely smaller or gradual supply squeezes.)

-- Third, my Administration has taken the lead both at home and globally to accelerate the development of synthetic substitutes for oil, to expand the safe use of coal, and to stimulate exploration for oil.

-- Finally, the danger of another Arab oil embargo, triggered as in 1973 by a war between Israel and its Arab neighbors, has been greatly reduced by the peace treaty between Israel and Egypt, which I helped to bring about. I am determined to continue the pursuit of peace in the Middle East. I believe all responsible Arab leaders know that cooperation on world energy problems as well as on Middle East political issues will be more fruitful than confrontation.

September 1, 1980

MIDDLE EAST PEACE

Q. Isn't the Middle East peace process completely stalled? Shouldn't you be trying something new? Shouldn't you put more pressure on the Egyptians and Israelis to do what's right?

A. It was just two years ago that President Sadat and Prime Minister Begin joined me at Camp David to begin a process which almost no one then believed could bring us closer to peace. It did. Israel and Egypt are at peace for the first time in their modern history.

We are still committed in the Middle East to making that peace spread, to making it secure, to making it last. And the problems along the way are ones we never thought would be easy to resolve. If they had been easy, they would have been dealt with long ago. If there were not deep fears and hostilities to be overcome, there would not be such a tragic history of war and suffering and suspicion to overcome now.

In fact, we have made progress since Camp David and the Israeli-Egyptian Peace Treaty in the talks on autonomy for the West Bank. We have made that progress by helping the parties to look the real, hard questions of peace square in the eye, not by twisting arms and exerting pressure. We don't feel that you can build trust by creating more resentments.

We have not made progress as fast or as far as we had hoped, but we know the road we are on is the right road to peace, and it is the road we intend to follow. There is no reason to give up or to despair. There is every reason to press on, and that is what I intend to keep on doing.

August 29, 1980

JERUSALEM

Q: There has been continuing concern about our policy towards Jerusalem, with charges that we have been backing off. What is our position? Does Israel at least have sovereignty over West Jerusalem?

A: Our policy, consistent under several Administrations, has not changed. We believe that Jerusalem should remain undivided, with free access to the holy places. The final status of Jerusalem should be decided in negotiations between the parties. That remains our position.

August 28, 1980

CUBAN REFUGEE PROBLEM

Q: Is the United States talking to the Cuban government about the orderly departure of those people who want to leave the Island?

A: We have made many efforts to discuss precisely this problem with the Cuban Government, but have not been successful in getting its cooperation. The Cubans have taken the position that they will only discuss orderly departure arrangements if we lift the embargo, leave Guantanamo and so forth. We do not believe that the plight of those Cubans attempting to leave their homeland should be held hostage to the resolution of such long-standing and difficult issues.

August 28, 1980

SOVIET PURSUIT OF STRATEGIC SUPERIORITY

Q: Does the Administration judge that the Soviets seek strategic superiority?

A: Our intelligence community judges and the Administration recognizes that the Soviets have vigorous strategic programs whose effect would be to put the USSR in the most advantageous military position if we don't counter balance these programs with force improvements of our own. Whatever their aims, our aim is to deny them strategic superiority, and to assure a stable strategic balance. Our strategic modernization programs are designed to do that under any conditions. We hope ratification of SALT II and future SALT agreements will enable us to assure a stable balance under conditions that are safer, more predictable, and cheaper than would otherwise be the case.

August 28, 1980

ACCURACY OF NUCLEAR TREATY FORECASTS

Q: Has the Administration been underestimating the Soviet strategic nuclear threat?

A: No. Our intelligence has been able to keep close track of Soviet strategic programs and to forecast trends in the Soviet buildup quite accurately. Our intelligence may misjudge the pace of particular Soviet programs; but overall their recent record is very good.

August 28, 1980

AFFECT OF OUR STRATEGIC PROGRAMS ON THE STABILITY OF THE STRATEGIC BALANCE

Q: Are your strategic nuclear programs enough to assure a stable balance in the 1980s.

A: -- Because we have diversified strategic forces -- the Triad -- we can afford to act deliberately in countering Soviet efforts to upset the strategic balance. Because our submarines and strategic bombers are survivable, the threat to Minuteman in the early 1980s will not overturn the balance.

-- We have major programs to modernize all three legs of the Triad simultaneously: ALCM for our aircraft, M-X for ICBM survivability on land, Trident submarines and SLBMs for deployment at sea. We and our allies are also modernizing theater nuclear forces. These programs will assure an acceptable strategic balance in the 1980s if Soviet programs are reasonably near our forecasts. If they do more, we can do more.

NUCLEAR STRATEGY

Q: What can you tell us about the new nuclear strategy recently referred to in the press?

A: The basic premise of our "countervailing strategy" is that the Soviet regime is best deterred when they know we have the forces, and flexible plans for their use, such that they cannot achieve any rational gain through nuclear warfare. It is not a dramatic break with our previous strategy. The Presidential Directive reported in the press is better viewed as formalizing and codifying the evolution of our strategic deterrent policy that has been occurring over the past several years. This evolution has been reported previously in speeches and testimony by senior officials. For example, Secretary of Defense Brown has discussed the rationale for, and the requirements of, our "countervailing strategy" in his recent unclassified annual reports to the Congress.

Q: Were our allies consulted about the new strategic nuclear policy as reported in the press?

A: We consult closely with our allies about strategic policy and doctrine as a matter of course. We have had a continuing dialogue with the allies over the years as our policy has evolved. Secretary Brown described the most recent evolutionary steps at the NATO Nuclear Planning Group meeting in June.

Q: What factors are driving this evolution of policy?

A: The foremost factor is the unrelenting growth of Soviet military power. To that, one must add our growing understanding of what our posture and doctrine must be in order to deter the Soviet regime. Put simply, they must be convinced that they cannot achieve any rational objectives by aggression.

August 28, 1980

M-X

Q: There have been a number of reports that the M-X is losing support as a result of its high cost, concerns about its impact upon the states in which it might be deployed, and its continued viability in the absence of SALT. In the face of these problems, do you think the M-X is still a viable program?

A: -- Yes. The M-X system is viable, and it is necessary for the security of our nation. Even in the absence of SALT, it is still our best choice. Our land-based Minuteman force is becoming vulnerable and we must act promptly to restore its invulnerability.

L B52
L Poseidon, Polaris
L Minuteman -- The Defense Department cost estimate of about \$33 billion in FY '80 dollars was worked out with care, and not artificially squeezed to make the M-X more saleable -- a tactic that has been used to sell military programs in the past.

-- I have met with the governors of Utah and Nevada to assure them deployment will respect all state water laws and that we will do all that is practical to deal with the other economic impacts on the states.

-- Finally, while I expect us to get back to SALT eventually, the viability of M-X does not require the constraints of SALT. In making the selection of a basing mode for the M-X missile, I required whatever mode we chose to put us in a good position to compete with the Soviets if for any reason -- including the breakdown of SALT, the Soviets would try to expand the threat to M-X. Our studies show that the Soviets should not find it any easier to expand the threat to M-X than we would to counter such efforts.

August 28, 1980

AFGHANISTAN

Q: What more are you going to do to get the Soviets out of Afghanistan?

A: -- The discussions at the Venice Summit reaffirmed the solidarity of the Alliance regarding the strategic challenge posed by the Soviet invasion of Afghanistan and the Alliance's determination to meet this challenge. As the communique issued at Venice emphasized, the Soviet military occupation of Afghanistan continues to be unacceptable, and the United States and its Allies are determined not to accept it in the future.

-- The U.S. and its Allies will remain firm in meeting the strategic challenge posed by the Soviet invasion; our commitment to meeting the challenge will be sustained and enduring. In particular the United States has

- . boycotted the Moscow Olympics
- . worked with the major grain-producing countries to coordinate a restriction of grain exports
- . urged our allies to limit trade credits and high technology transfer to the USSR
- . strengthened Western defenses and bolstered our position in Southwest Asia/Persian Gulf
- . mobilized international pressure for the withdrawal of Soviet troops among the countries of the Third World and supported initiatives by the Islamic Conference to achieve total withdrawal from Afghanistan.

-- The Soviet announcement that it intends to withdraw an unspecified number of troops can only have meaning if it is followed by a complete withdrawal of Soviet troops from Afghanistan. As I have noted before with the withdrawal of all Soviet forces from Afghanistan, we would be prepared to join in assurances and arrangements to establish a truly independent, non-aligned Afghanistan, with a government acceptable to the Afghan people.

August 27, 1980

Impact of the Grain Embargo on the Soviet Union

Q: What has been the impact of the grain embargo on the Soviet Union?

A: -- There is mounting evidence that the grain suspension is having a substantial, adverse impact on the Soviet economy, in particular, on the Soviet livestock industry.

-- By suspending grain sales above the 8 million metric tons (MMT) required by our bilateral agreement, we denied the Soviets 17 MMT. We estimate that the USSR will be able to make up only 8-9 MMT of the 17 MMT during the 1979/80 agreement year (October 1979-September 1980).

12 mos / 8-9 mt

-- The impact has been especially severe in the first half of 1980. The Soviets had hoped to import about 20.5 MMT between January and June. They obtained only 14.0 MMT. The resulting shortfall of 6.5 MMT is equal to 10% of Soviet total feedgrain requirements for that period.

6 mos / 6 1/2 MMT

-- Meat production has suffered. In the first seven months of 1980, total meat output was 5% below 1979 levels. And the trend is downward. Meat production dropped 6% in May, 11% in June, and >15% in July.

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-- The grain embargo has stymied Soviet plans to provide the Soviet consumer more meat and dairy products. Per capita meat consumption remains at the 1975 level, far short of the 1980 target. Meat consumption in the USSR lags behind all Eastern European countries.

-- There are numerous reports of shortages of meat and dairy products throughout the USSR. The press has attributed recent work stoppages at auto and truck plants to these shortages.

August 27, 1980

Continuation of the Embargo

Q: When do you plan to end the grain embargo?

A: I have no intention of lifting the partial embargo on grain sales to the USSR for the foreseeable future. We will honor the US-Soviet long term grain agreement which allows the USSR to buy up to 8 million metric tons of US grain annually. But we will not sell more than that amount unless the Soviets stop their aggression in Afghanistan.

August 22, 1980

CHINA POLICY, THE TAIWAN ISSUE, AND THE BUSH TRIP

Q. The charge has been made in the Republican platform and elsewhere that the Carter Administration has treated Taiwan shabbily and that we should undo this, and that it is this issue that Reagan is really addressing.

A. I think the record does not support this allegation. At the time of normalization, the President made clear that we would continue practical relations with the people on Taiwan, but without an official relationship, and that we would do nothing to jeopardize the well-being of the people on Taiwan. The clearest evidence that we have lived up to this pledge is that trade with Taiwan is at an all-time high and that tension in the Taiwan area is at an all-time low.

(On any question on China policy, we recommend you respond with a comprehensive statement drawing on the following:

We are building an enduring relationship with China of long-term, strategic importance to us. We are not forming a military alliance with China.

-- The cornerstones of our relationship with China are our mutual interest in a peaceful world of independent nations and in an expansion of our commercial, scientific, and cultural ties.

-- The rapid expansion of Sino-American ties during the past year has been a major foreign policy achievement. For the first time in this nation's history, we have good relations with both China and Japan, and that contributes to the peace and stability of Asia and the entire world.

-- Our relations with China are not directed against any third country, although the nature of our relations with China will inevitably be affected by what other countries do.

-- We want good relations with China and the Soviet Union, but we will not slow down progress in US-China relations just because Soviet behavior makes it impossible to move ahead with Moscow at this time.

-- It is in our interest that China's efforts to modernize its economy do not fail.

-- We have told the Chinese that with the concurrence of our Allies we would be prepared to sell certain carefully selected high technology equipment that we would not sell to the Soviet Union.

-- We are also prepared to sell China some items of non-lethal military equipment such as radar, trucks and communication equipment.

-- We do not sell arms to China, but we neither encourage nor discourage other countries who are prepared to sell China defensive arms.)

August 29, 1980

SOVIET AUTOS

Q: Senator Bayh has said that the Administration's position on the question of importing Soviet cars is "outrageous". He has argued that we should not allow any such imports. Do you have any comment?

A: -- I don't favor our importation of Soviet cars. Neither I nor any member of my Administration has said that we do.

-- We have opposed an amendment to the Environment Protection Agency's (EPA) appropriations bill, introduced by Senator Bayh and Eagleton, which would prevent EPA from using any funds to test Soviet-made products. EPA certification is necessary to permit the importation of foreign autos.

-- We opposed the amendment because it: (1) would have no impact on actual trade during the life of the appropriations bill; and (2) would hamper my ability to conduct a rational foreign policy.

-- First, the Soviets are not now exporting any cars to the US. It is highly unlikely that they could sell any here before the end of 1981 and possibly not for several years thereafter.

-- Second, we have already taken a number of steps to demonstrate our concern over the Soviet invasion of Afghanistan. These have included the partial grain embargo, the Olympic boycott, restrictions on high technology sales to the USSR, an embargo on phosphates, and restrictions on Soviet fishing in US waters. It is not our policy to cut off all trade with the USSR. We continue to import some Soviet metals and raw materials needed by US industry.

-- Third, and most importantly, it is essential that I have flexibility to respond to Soviet pressures and actions inimical to US interests. Mandatory legislation such as the Bayh/Eagleton amendment reduces that flexibility by taking away potential tools to influence Soviet behavior.

August 30, 1980

*Oil blackmail
Isolation of Israel
Grandchildren*

MEMORANDUM FOR THE PRESIDENT

From: Rick Hertzberg *Rick*
Subject: B'nai B'rith speech

*Rick - No good -
Rewrite - Sharpen -
Incl anti-boycott
legis. = increase in Soviet
emigration of Jews =
I don't have time
to do it -
J.C.*

Clearances

Pat Caddell
Jerry Rafshoon
Al Moses
Hal Saunders for State
Gary Sick for NSC staff

Zbig will look at the speech Tuesday, but he has been keeping track of it all along and anticipates no problems.

Jody may call you about one or two points, but he has signed off.

I'm sending this to Stu at Camp David at the same time as it goes to you.

Comment

Pat asked me to pass along this message. I'm quoting him accurately, I think, from our phone conversation:

"I'm happy with this speech. But my concern, which we've discussed, is that no matter how good a case we make intellectually, it may not work.

"The question -- and this is separate from this particular speech -- is whether we ought to raise the emotional ante of our Mideast defense, in these terms:

- doing what's right, not what's political;
- in terms of peace and life and death;
- in terms of our approach being the only way, despite the extravagant promises being offered by Reagan and Anderson.

"At some point we have to escalate the emotion in an impassioned way, depending on your commitment to your own character and integrity to carry it through. That's a political decision, and this speech may not be the place, but it may be the place to lay down a marker. If you think so, Jody and I could work on a page or two at the beginning of the week."

[Salutations will be updated
no later than 5 p.m. on
Thursday by Al Moses x2333.]

Hertzberg/Moses
A-1; 8/30/80
Scheduled Delivery:
Thur, Sept 4, 9 p.m.
Sheraton-Washington

B'nai B'rith

President Jack Spitzer, members and friends of B'nai
B'rith International, ladies and gentlemen --

I'm delighted to be with you tonight. I saw many of
you in New Orleans in 1976 at your Biennial Convention.
You wished me well then. I hope to merit those good wishes
again this year -- and I hope I will be around to return
them four years from now.

By the way, I'm told that Jack Spitzer was a shoo-in for
re-election as your President this year. I find that a good
omen. On the other hand, I'm also told that his re-election
was uncontested. I wish I could say the same for my own. [I
~~know I have a fight on my hands. But Fritz Mondale and I~~
~~are going to wage a strong campaign. We are going to talk~~
~~sense. We happen to have a lot of faith in the intelligence~~

~~and maturity of our fellow citizens -- and for that reason,
we are confident about the ultimate result of our efforts.]~~

The stakes in 1980 are unusually high. The choice is unusually clear. It is a choice between two men, two parties, and two very different philosophies of government. But the real issue transcends even these, important as they are. That issue is the future of this country that all of us love so deeply -- and the future of the world.

[In my acceptance speech to the Democratic Convention, I said I had learned that a President's true constituency is the future. Let me take a moment to elaborate on that point.

When I was running for this office in 1976, I used to say that the President must be the servant of all the people. And of course I still believe that. Any President must listen to the contending clamor of voices in our society -- the weak as well as the strong, the poor as well as the rich, the

- 3 -

timid as well as the articulate. Any President must weigh the conflicting claims that are made on the finite resources of our government and our society.

But ^{As} I see it, a President's duty goes beyond adjudicating among the competing interests of the moment. The President must consider the needs of our children -- and of their ^{grand} children -- ~~and of the children they will have in their turn,~~ who will live to see the dawn not of the 21st but of the 22nd century.

They have no vote -- but that only makes it all the more important for the President to protect their interests. When I appoint a judge who may serve for thirty years after I leave office, I think of my responsibility to these future generations. I think of them when I design an energy policy. I think of them when I seek peaceful solutions to conflicts.

~~There is another sense in which the President's constituency~~

is the future. Each President helps set the agenda for his successors. I came to this realization when I saw how much of my own agenda has been determined by the actions of my predecessors -- both their failures and their successes.

no!
For example, the inflation we have been struggling to overcome has its roots partially in decisions to finance the Vietnam War by budget deficits rather than taxes. By the same token, I have been able to build on past initiatives in China, Panama and the Middle East.

The American Presidency is the most powerful office in the democratic world. But that power rests on a continuity in which the decisions of one President compel an agenda of activity by the next. [That is why any President gets both credit and blame for things that are not entirely his own.]

~~My point is simply this:~~ In 1980, we will decide not only what the next four years will be like, but also what

agenda will bind Presidents for the rest of our century. It is a crucial choice. Its consequences may be difficult if not impossible to reverse.

The task of building the future is one that must be approached with the utmost care. I have always resisted labels, but by temperament and inclination I am a moderate.

Most Americans are not very ideological -- and I for one am glad of it. We want both progress and preservation.

Progress is the very essence of the American dream -- the belief that each generation, through hard work, can give a better life to its children. A proper function of government is to help make that dream come true. But we do not want reckless change. We value our political traditions and our cultural diversity. We want to preserve what is best in our past as guideposts to our future.

To walk the line between progress and preservation,

between too much change and too little, is no easy task. It cannot be achieved by those who scorn the past or those who fear the future.]

abbreviated
In building our future together, we cannot blindly resist the forces of change. Instead, we must harness those forces.

[For change is a threat to our nation only if we fail to meet the challenge it poses.] We cannot meet this challenge by looking nostalgically backward at a rosy past that never was. We must meet the challenge of the times by moving forward, not looking backward.

no
~~I am certain that what I have learned in my first term will make me a better President in my second. I am just as certain that after four years, we are on the right road both at home and abroad.~~

We are on the right road and we will continue on the right road in struggling to build a just society. B'nai B'rith

*Sharply
Point out
that Repul
Leaders are on
other side - ERA,
School
prayer -
Evolution
(humor)*

has always recognized the universality of that struggle. You

have always realized that the rights of all who dwell in our

nation are inseparable. That is why you seek passage of the

Equal Rights Amendment -- and so do I. You want opportunities

for all Americans, regardless of color or religion or national

origin -- and so do I. You want America to continue looking

forward, not backward -- and so do I.

*Need
Keep Pres.
Sec of Energy,
Sec of who
State who
will continue
policies -
Not give back
to big oil
Companies
⊗ P 8*

We are on the right road in moving from dependence on

foreign oil to energy security. And we will stay the course.

We fought for three years to enact a comprehensive energy

program. It is already showing clear benefits. We are now

importing 24 per cent less foreign oil than we were when I

became President.

There are those who say, "Do not worry about energy

conservation" -- "Do away with the 55-mile speed limit" --

"Do away with the synthetic fuels program." There are those

Sharper ↗

who say we should rescind the Windfall Profits Tax and turn all the money over to the oil producers instead.

Those who say these things have simply failed to recognize the costs of foreign oil dependence -- not just the financial costs, not just the costs in joblessness and inflation, but the foreign policy and national security costs as well.

To abandon conservation, to abandon our energy program would be to take the destiny of our nation out of our own hands and place it in the hands of OPEC. We must not permit that.

* → The choice for the future ^{indeed} can be crucial

We are on the right road in rebuilding our cities. A new spirit is emerging in our cities. Private industry is working together with every level of government -- municipal, state, and federal. You can feel it, you can see it -- a renewed sense of pride and achievement.

We are on the right road in renewing our Nation's economic strength. We have laid the foundation -- in energy policy and

idea
ok, but
rewrite

in deregulation of key industries. Now our country is ready to build on that foundation. The economic renewal plan I announced a week ago will help us do that. We will retool American industry and make it more competitive, more innovative and more productive. The result will be jobs and stable prices for the people of our country.

*Emphasize
determination
to
implement*

We are also on the right road in meeting challenges from abroad.

We have reversed a downturn of nearly a decade in military strength. And we have made the difficult decisions necessary to ensure that we will continue to have the modern strategic forces needed to deter war.

We are now moving decisively to increase our security -- and that of our friends -- in the critical area of the Indian Ocean and the Persian Gulf. The brutal Soviet invasion of Afghanistan underscores the importance of these efforts.

They are rooted in our respect for the integrity of the nations
in that area -- and they are a clear sign of our determination
to overcome threats to our vital interests.

*Ideas
ok -
I don't
like the
wording*

At the same time, we will stick to our basic commitment
to the control of nuclear arms. That commitment is part of
our national security -- the search for a safer, more secure
world. We are on the right road and we will not turn back.

We are on the right road in promoting human rights. We
stood firm for human rights at the Belgrade Review Conference
on European Security and Cooperation. We will stand firm
in Madrid this fall. We will press the Soviet Union to
increase the emigration of Soviet Jews wishing to leave.

*last year
50,000 -
last month
2500*

Until the invasion of Afghanistan, the rate of emigration was
at an all-time high. ~~The most recent figures are distressing.~~
Less than 1,000 ^{new} approvals were granted in August. This only
makes our cause more urgent, our resolve more certain.

We are on the right road in bringing peace to the Middle East -- and we will stay the course in our commitment to the security and well-being of Israel.

Ever since President Truman recognized Israel's independence on the very day it was proclaimed, our two nations have had a special relationship. That relationship comes out of a common heritage and a common commitment to ethical and democratic ideals -- and it is in the strategic, political, and moral interest of the United States.

The course we follow in the Middle East has brought the only peace that region has known in the 32 years of Israel's existence. There is no turning back. The wisdom and courage of Prime Minister Begin and President Sadat have been vindicated. The proof is in the exchange of ambassadors, in open borders, in commerce and airline flights between these two countries -- even in the fact that now you can buy the Jerusalem Post at newsstands in Cairo.

We are a full partner with Israel and Egypt in the task of extending that peace. Together we are committed to a genuine peace between Israel and all her neighbors, including the Palestinians. Together we are engaged in the only negotiation in 32 years that addresses both Israel's security and the political status of the West Bank and Gaza on the same agenda.

Prime Minister Begin has assured me he wants this with all his heart. The road will not be easy. We will not always agree with every position taken by the Government of Israel. But whatever differences arise, they will never affect our commitment to a secure Israel or the special relationship that exists between our nations.

Our commitments are firm.

We have never in this Administration threatened to slow down or cut off aid to Israel -- and we never will.

*Point out
previous
Repub
Admin
did so*

We are committed to U.N. Resolution 242 -- and we will oppose any attempt to change it. We are opposed to any effort in the United Nations to impose sanctions against Israel -- and we will veto any such resolution.

We oppose an independent Palestinian State -- and we will neither recognize nor negotiate with the Palestine Liberation Organization unless and until the PLO recognizes Israel's right to exist and accepts Resolution 242. It is long past time for an end to terrorism.

We believe that Jerusalem should become truly the city of peace. It should remain forever undivided, with free access to the holy places for people of all faiths.

In 32 years
To assure Israel's security and well-being, my Administration has provided almost half the aid ~~--- nearly \$11 billion ---~~

which Israel has ever received from our country. We aid

Israel in developing her own strength, as we are doing with

Not a handout or a benevolent act - but an independent in U.S. Security

co-production of the Merkava tank -- and as we will do with the GE-404 aircraft engine. Just two months ago we demonstrated our continued commitment to this program of assistance when we delivered to Israel, ahead of schedule, the first of the F-16 aircraft -- the most advanced plane in our own air force. These planes, which flew non-stop from the United States to Israel, were refueled three times in the air to demonstrate our ability to resupply Israel in time of need.

We were able to do this because we remain militarily strong. Our efforts to bolster our strategic position in Southwest Asia serve American interests, and they also serve the interests of our friends. Israel has an unmistakable interest in a strong U.S. position against the Soviet Union throughout this area.

I know that I could have pleased many of you by ordering an American veto last month of a UN Security Council resolution

*9 idea
ok
rewrite*

200

criticizing certain acts of Israel's government. I did not do so -- because in my judgment this would have been inconsistent with our larger objective of promoting peace through negotiation.

What I did was not politically expedient. I knew that at the time. But I believe what I did was right for our country and right for the cause of a secure and peaceful Israel.

to M.I. East peace

There is no other way, but negotiation. No one who cherishes the goal of peace can allow that course to founder.

This is the policy I shall continue to follow. There will not be one policy for an election year and another after the election. The same policy that led to Camp David and an uninterrupted supply of American economic and military aid to Israel will continue as long as I am President.

My personal involvement in the Camp David process also carried high political risks. There was no certainty of

success in the 13 days of difficult negotiations at Camp David. There was no certainty of success when I traveled to Jerusalem and Cairo in an effort to remove obstacles to a peace treaty. I consciously took these political risks in the interest of moving from war and stalemate to peace and progress.

Our efforts were successful in 1978 and 1979. If we stay the course, they will be successful in the future. This is a time not for despair but for renewed commitment.*

We are on the right road in working for peace and in helping to keep Israel secure. And we will stay on that road -- in close partnership with our Israeli friends -- as long as I am President.

One final word. You cherish the past and look to the future. So do I. In New York Harbor, the port of immigration,

* If there is a break in the Linowitz mission, some last-minute language would be added here.

where so many millions of future Americans entered this country, the Statue of Liberty stands, as she has stood for 94 years. Her words are those of Emma Lazarus: "Give me your tired, your poor, your huddled masses yearning to breathe free." Those who entered were often frightened or confused. But they were confident of their new country's future, and they toiled to create that future.

Their responsibility has now passed to us. In the last two decades of this century, do we move confidently into the 21st century, or do we look backward? Do we keep faith with those people of courage and vision who came before us? Will we move forward, confident that the sons and daughters of future generations will look back on us as people of vision and courage?

I have no doubt of the answer. We will travel the right road, and we will travel it together.

6573

September 2, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: Al McDonald
Rick Hertzberg
Achsah Nesmith

SUBJECT: Presidential Speech:
Zion Baptist Church

Scheduled Delivery:
Wed, Sept 3, 1:30 PM
Philadelphia, PA

Attached is a fresh copy (A-3) of your speech at the Zion Baptist Church. Two changes have been made:

¶ There is a new salutations paragraph.

¶ The name of the church was given incorrectly as Mt. Zion. The actual name is Zion Baptist Church. The correction has been made on page 1 and on page 5.

There are no other changes.

[Salutations will be updated
by Advance no later than
Tues afternoon.]

Achsah Nesmith
A-3; 9/2/80
Scheduled Delivery:
Wed, Sept 3, 1:30 PM
Philadelphia, PA

Zion Baptist Church

Thank you, (Congressman) Bill Gray. Mayor Bill Green,
State Auditor Al Benedict, Representative Leroy Irvis, Mrs.
Grace Sullivan, members and friends of Zion Baptist Church:

It is great to be back home in Philadelphia. Rosalynn and I lived here for a while in 1946 when we were first married, not long after I finished the Naval Academy. I was in the radar school at the Philadelphia Navy Yard. It was our first experience living in a big city, our first taste of independence far from home and our first taste of a lot of other important things, like scrapple and soft pretzels. Philadelphia was part of a very special time for us and will always be special to us.

It is good, too, to be at Zion Church. I first met the pastor of this great church when I was Governor of Georgia.

I hate to miss seeing Leon today, but I must confess that when I heard he was going to be away for a few days I jumped at the chance to have his pulpit to myself. I learned a long time ago to be very careful about sharing a pulpit with a Baptist preacher when he was feeling the spirit -- and Leon Sullivan always seems to feel the spirit.

So I told him, "You go on off about your business, just as long as you leave Grace here." I know Grace shares in all Leon's work, but she has her own work also, with the Mini-versity program, a program that is helping not only individuals, but this city. Grace and Mayor Bill Green worked out a Mini-versity course that brings together policemen and community leaders to prevent tensions. ~~Communication and understanding do not always come easily,~~ but your new mayor is reaching out to unite this great city, to make it live up to its heritage of brotherly love.

Bill Green and I are building the same strong partnership that I have forged with mayors in other cities around the country.

Already we have been able to restore Philadelphia's eligibility for housing and urban development grants. Already his leadership has brought new jobs and new hope to Philadelphia.

Reverend Sullivan once said it was nice to have a President who knew all the words to "Amazing Grace". I am not sure anybody knows the words to all the verses, but I know in the third verse we sing, "Through many dangers, toils and snares I have already come, 'tis grace has brought me safe thus far, and grace will lead me home."

This nation has not always lived up to the ideals set for it in this city more than 200 years ago. For generations, many people seemed to be blind to injustice, lack of freedom, denial of opportunity in our midst. As in the old hymn, we were blind but now we see. Having seen, we have begun to make progress, but we still have a long way to go before we are home.

Sometimes we get so weighted down with the burdens of our

journey that we cannot see past the immediate dangers, toils and snares. It is important to remember at such times just how far we have come, and to see that we are on the right road. It is important, because there are people out there who think we have come far enough, who want to turn back.

Dr. Martin Luther King, Jr. said that "every crisis has both its dangers and its opportunities," and "the ultimate measure of a man is not where he stands in moments of comfort and convenience, but where he stands at times of challenge and controversy."

This church has known its share of toil and trouble, just as it has known its share of success. When your old church building burned to the ground in 1970, I am told that Pastor Sullivan told this congregation that you would have a new church for a new day -- and now you do.

America must have a new economic base for a new day.

The Opportunities Industrialization Centers of America, which were founded by Reverend Sullivan, are working on the problem. We recently launched a common effort with the OIC nationally to place 100,000 young people in jobs around the country -- 10,000 in federal agencies and 90,000 in private industry and commerce.

Members of this church understand that we must all take up the battle wherever we are. The Zion Baptist Church has been doing that for many years now with the 1036 club enterprises.*

I know that for some of the congregation saving \$10 a month for 36 months meant real sacrifice, but you knew if your community was ever going to prosper, you had to get together to build an economic base. You pooled your resources and invested those resources in your community's future.

I think you understand why my economic program for the 1980s must encourage private investment in new plants and equipment so our workers can compete; why it must help distressed industries

* Through the community development project they have built a shopping center and the first black-owned aerospace company.

such as autos and steel; why it must help new companies to grow, targeting aid to areas with the greatest need -- and not fueling inflation which can quickly eat up our gains.

The program I outlined last week will create 1 million new jobs over a 2-year period, over and above those provided by normal recovery, or by our youth job programs or energy program.

We can put our people to work doing jobs that need to be done -- solving our energy problems, rebuilding our railroads and bridges, improving our mass transit systems and ports.

We cannot rely on the solutions of the past to solve today's new problems, but that does not mean we have to abandon vital programs that meet current needs. Millions of our people depend on Social Security benefits -- elderly and disabled people and families who have lost a breadwinner. Ronald Reagan has suggested participation in the Social Security system be voluntary. That would destroy the system. Millions of Americans who have worked

hard all their lives, who paid in their share for years, would be destitute. They have not volunteered for that kind of suffering, and we are not going to ask them to do it.

I wish I could stand here today and tell you that we had reached the promised land, that no child in America was coming out of school ill-prepared, that no young person would look for a job and find none, that no mothers or fathers would have to struggle to feed their families. You know I cannot tell you that. But I can tell you we are making progress.

Inflation has fallen sharply. The number of laid-off workers in the auto industry dropped slightly last week and General Motors announced that another 18,700 workers will go back to work this fall. If we can continue on the course we have set, the next decade can be a time of great achievement for all Americans. We face serious challenges at home and abroad, but we are on the right road, moving in the direction we set out in, and we are getting there.

To get there, we must invest in America's future: economic development funding is up 40 per cent, education 73 per cent, youth employment and training funds have tripled. We are putting more money in Equal Employment Opportunity enforcement, subsidized housing, child nutrition programs.

In addition, we have an urban policy that targets federal aid where it is most needed. Our policy goes even farther -- every federal decision must take into account the impact on hard-pressed communities. Let me give you a couple of examples of how it works: Bob Edgar and Bill Gray were able to announce last week that Philadelphia will not lose the Defense Contract Administration, but will gain jobs instead.

The USS Saratoga will come to the Philadelphia Naval Shipyard later this month for re-fitting. That will save 8,500-9,000 jobs and bring in an additional 2,600 jobs -- not hand-outs, not make-work jobs, but important jobs that will add an additional 15 years of service to the life of that ship, jobs that will

build a stronger and better future for our nation. The Forrestal will also be re-fitted here, and that will mean more jobs.

FDR said in 1944 that he would set the record straight whenever his opponent got it wrong. I also intend to set the record straight.

The record is that we have faced up to our energy problems, cut our oil imports by 24 per cent, and are embarking on the largest peacetime program in our history to end our dependence on foreign oil. The record is that more jobs have been created in the past three years than in any similar period in our history. There are 8 million more Americans working today than when I was elected. Nearly 1 million of them are black.

The record is that I have appointed more blacks and women and other minorities to positions of authority in our government than any President in history, that I have appointed more black judges than all of the Presidents before me combined. I am proud

to put men and women like Judge Jim Giles here in Philadelphia on the federal bench. They will be interpreting the laws that secure your rights and those of your children and grandchildren into the next century.

Up and down every federal agency and department I have appointed people who had long faced the dangers and toils of trying to solve the problems of inequality and injustice and lack of opportunity: people like Pat Harris and Andy Young, Eleanor Holmes Norton and Donald McHenry; people like Drew Days*, people like Sadie Alexander, who now heads my Commission on Aging** and Assistant Secretary of Education Thomas Minter***.

For too long we were blind to injustice, but now we see and I want to tell you here and now that I am disturbed when I see efforts in some places to resurrect the Ku Klux Klan. We know what that kind of hate and fear can do, and we are not going

* His uncle, State Sen. Freeman Hankers, belongs to this church.
** Her late husband was also a member of Zion Church.
*** Former Deputy School Superintendent in Philadelphia.

to let it grow like a cancer in our nation. That is one part of the dead past I intend to keep in its grave.

When I took office I was determined to enforce the civil rights laws. In one area -- housing -- we lacked adequate enforcement powers. We are still fighting for them, and if the Fair Housing amendments do not pass in this session, I promise you that we will continue to fight for them in my next term.

I will not stand here and tell you I have made no mistakes as President, or promise you that I will never make another one in the next four years. But I will promise you one thing -- that in all my actions as President I will be guided by certain abiding principles. I am committed to equal justice, freedom and opportunity for all Americans.

I have tried as President to restore America to its rightful role as champion of human dignity and freedom, the only sure foundation on which we can hope to build a peaceful world.

I agree with President Truman's statement, "The basic proposition of the worth and dignity of man is not a sentimental aspiration or a vain hope or a piece of rhetoric. It is the strongest, most creative force now present in the world."

Not everything that is right can be accomplished overnight. I had hoped for a peaceful settlement in Zimbabwe my first year in office, but I had to learn a little patience. Only the people of that long-troubled land could reach a just settlement, but we held out for what was right. Last week Prime Minister Mugabe, chosen in a free election by majority rule, visited me in the White House. His presence was testimony that America is most influential when she stands for her own highest principles.

Often our fondest dreams take longer than we imagined, but we have already come through too many dangers, toils and snares to lose our faith that right will ultimately prevail. We may not always agree on the best way to get there, but we must not forget that our goals are the same. We must not lose our vision

of what we want this nation and our world to be. We must not lose our trust in one another as we strive together to make that vision a reality.

The next four years can be a time of great progress, a time when we at last forget old prejudices as we put our people -- all of our people -- to work building a better America, economically strong, but strong also in our faith in each other, strong in our commitment to freedom, justice and opportunity.

I ask your help and your prayers that together we may yet make this nation the promised land for all our people.

###

THE WHITE HOUSE
WASHINGTON

8/31/80

Mr. President:

A copy of the attached speech
was dexed to you at Camp David
over this past weekend.

Rick/Bill

August 29, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: Al McDonald
Rick Hertzberg
Achsah Nesmith *del*

SUBJECT: Presidential Speech:
Mount Zion Church

Scheduled Delivery:
Wed, Sept 3, 1:30 PM
Philadelphia, PA

Your remarks for this event are
attached.

Clearances

Louis Martin
Jack Watson
Jerry Rafshoon
David Rubenstein
Ray Jenkins

[Salutations will be updated
by Advance no later than
Tues afternoon.]

Achsah Nesmith
A-1; 8/29/80
Scheduled Delivery:
Wed, Sept 3, 1:30 PM
Philadelphia, PA

Mt. Zion Baptist Church

*Achsah -
Too long - Omit
some of the parochial
part. Abbreviate overall
Leave economic/civil rights
points in*

Thank you, John White. Mayor Green, Congressman Gray, *where possible -*
Representative Irvis, Mrs. Sullivan, members and friends of *points in*
Mt. Zion Baptist Church:

*JC
ps I need A-2 toner
(9-1) J*

It is great to be back home in Philadelphia. Rosalynn
and I lived here for a while in 1946 when we were first married,
not long after I finished the Naval Academy. I was in the
radar school at the Philadelphia Navy Yard. It was our first
experience living in a big city, our first taste of independence
far from home and our first taste of a lot of other important
things, like scrapple and soft pretzels. ~~We were not here very~~
~~long, but~~ Philadelphia was part of a very special time for us
and will always be special to us.

It is good, too, to be at Mt. Zion Church. I first met the

**Electrostatic Copy Made
for Preservation Purposes**

pastor of this great church, the Reverend Leon Sullivan, when I was Governor of Georgia. Later, after I had finished my term as Governor, I spoke to a meeting of the Opportunities Industrialization Centers of America. I appreciated the opportunity because I did not have a job at the time. In the years since we first met, the OIC has established an effective network to prepare young people for the jobs that need to be done in our country.

OIC has been so successful that we recently agreed to launch a common effort with the OIC to place 100,000 young people in jobs -- 10,000 in federal agencies, and 90,000 in the private sector.

I hate to miss seeing Leon again, but I must confess that when I heard he was going to be away for a few days I jumped at the chance to have his pulpit to myself. Dr. Martin Luther King, Sr. taught me a long time ago to be very careful about sharing a

pulpit with a Baptist preacher when he was feeling the spirit

-- and Leon Sullivan always seems to feel the spirit.

So I told him, "You go on off about your business, just as long as you leave Grace here." I know Grace shares in all Leon's work but she has her own work also, with the Mini-Versity program*. I am told one of your members took a Mini-Versity course in political awareness and became so politically aware she went out and ran for office. Now she is State Assemblywoman Ruth Harper.

The Mini-Versity program is good not only for individuals but for the community. Grace and Mayor Bill Green worked out a community relations course that brings together policemen and community leaders ~~in a very positive effort~~ to prevent tensions and misunderstanding. Communication and understanding do not

* Instructors from neighboring colleges teach classes in churches to people who might never set foot on a college campus. This group has been down for a White House briefing and the Sullivans were at state dinners for Presidents Sadat and Lopez Portillo.

always come easily but you have a new mayor who is reaching out to unite this great city, to make it live up to its heritage of brotherly love.

Already we have been able to restore Philadelphia's eligibility for housing and urban development grants. Bill Green and I are building the same strong partnership that I have forged with mayors in other cities around the country, mayors like Dick Hatcher and Coleman Young, Dianne Feinstein and Maynard Jackson. Already his leadership has brought great numbers of new jobs to Philadelphia.

Reverend Sullivan once said it was nice to have a President who knew all the words to "Amazing Grace". I may miss a few words, but I know in the third verse we sing, "Through many dangers, toils and fears I have already come, 'tis grace has brought me safe thus far, and grace will lead me home."

This nation has not always lived up to the ideals on

which it was established in this city more than 200 years ago. For generations, many of our people seemed to be blind to the injustice, the lack of freedom, the denial of opportunity in our midst. As in the old hymn, we were blind but now we see, and having seen, we have begun to make progress. We still have a long way to go before we are home.

Sometimes we are so weighted down with the burdens of our journey that we cannot see past the immediate dangers and toils and fears. It is important to remember at such times just how far we have come, and to look about us and see that we are headed in the right direction, that we are on the right road. It is important, because there are people out there who think we have come far enough, who want to turn back.

Dr. Martin Luther King, Jr. said that "every crisis has both its dangers and its opportunities," and "the ultimate measure of a man is not where he stands in moments of comfort

and convenience, but where he stands at times of challenge and controversy."

This church has known its share of toil and trouble, just as it has known its share of success in the battle. When your old church building burned to the ground in 1970 I am told that Pastor Sullivan preached from Isaiah (43:2): "When thou walkest through the fire, thou shalt not be burned," and told you that this church would rise again like the Phoenix bird, that you would have a new church for a new day.

America must have a new economic base for a new day. It is a time of change and adjustment and great challenge. There is a lot of toil left for all of us if we are to make those opportunities real.

Members of this church understand that seeing the problem is not enough. Each of us must take up the battle wherever we are. The Mt. Zion Baptist Church has been doing that for many

years now with the 1036 club enterprises.* I know how hard it must have been for some of the congregation to save \$10 a month for 36 months. I know for some that not only meant doing without luxuries, but doing without some necessities. What you have accomplished was possible because you knew if your community was ever going to prosper you had to get together to build an economic base. You pooled your resources and invested those resources in your community's future.

Because of that experience, the people here this afternoon probably understand more than most the importance of building an economic base for this nation that will be a source of jobs and opportunity not just for today, but for the future.

I think you understand why the economic program I announced for the 1980s must encourage private investment in

* Each member saves \$10 a month for 36 months to buy one share in the community development project which has built the shopping center and the only black-owned aerospace company in the country.

new plants and equipment to give our workers the tools to compete -- why it must help distressed industries like autos and steel to modernize -- why it must help new companies to grow. You understand that we must target our aid where it is most needed, and not fuel inflation in the process of doing all of this.

You understand, too, that we can put our people to work doing jobs that need to be done -- solving our energy problems, rebuilding our railroads and bridges, improving our mass transit systems and ports.

Our program will create 1 million new jobs over a 2-year period, over and above those provided by normal recovery, and those provided by such energy initiatives as the \$1.2 million coal gasification grant that will help Philadelphia to be in the forefront of this new form of energy as it has been in energy innovations of the past.

We cannot rely on the solutions of the past to solve new problems, but that does not mean we have to abandon vital programs that meet current needs. Millions of our people depend on Social Security benefits -- elderly and disabled people and families who have lost a breadwinner. Ronald Reagan has suggested that participation in the Social Security system be voluntary. That would destroy the system. Millions of Americans who worked hard all their lives, who paid in their share for years, would be destitute.

I wish I could stand here today and tell you that we had reached the promised land, that no child in America was coming out of school ill-prepared, that no young person who wanted to work would look for a job and not find it, that no mother would have to struggle to feed her children, that no father would see his family's needs and wonder how he could meet them.

You know I cannot tell you that. You know that inflation hurts everybody, the poor most of all. Inflation has fallen

sharply but we are not home free. The number of laid-off workers in the auto industry dropped slightly last week and General Motors announced that another 18,700 workers in 6 plants who had been indefinitely laid off will go back to work this fall.

Times are not easy. We face serious challenges at home and abroad, but we are on the right road, moving in the direction we set out in, and we are getting there.

We have an urban policy that targets federal aid where it is most needed, but it goes even farther -- any federal decision must consider the impact on hard-pressed communities. Let me give you just a couple of examples. Because we have an urban policy that targets federal activities where unemployment is high, Bob Edgar and Bill Gray were able to announce last week that Philadelphia will not lose the Defense Contract Administration. Instead of losing 400 jobs to Atlanta, Philadelphia will gain jobs.

Later this month the USS Saratoga will come to the

Philadelphia Naval Shipyard for re-fitting. That will save 8,500-9,000 jobs and bring in an additional 2,600 jobs -- not hand-outs, not make-work jobs, but important jobs that will add an additional 15 years of service to the life of that ship, jobs that will build a stronger and better future for our nation. The Forrestal will also be re-fitted here, and that will mean more jobs.

I spent a lot of time on submarines, and on a submarine you learn to run a tight ship. Waste does not help anybody, least of all those who most need help. I also learned the difference between the elimination of waste and false economies. I am proud to say that we have increased federal spending in a number of areas that are important to our future. Economic development funding is up 40 per cent, education by 73 per cent, youth employment and training funds tripled. We are putting more money in Equal Employment Opportunity enforcement, in subsidized housing, in child nutrition programs, just as we are putting more money in

energy conservation and development. We are investing federal money in America's people, in America's future.

FDR said he would not campaign in 1944, but that he would set the record straight whenever his opponent got it wrong. I will not go so far as to say I will not campaign, but I intend to set the record straight, too.

The record is that we have faced up to our energy problems, cut our oil imports by 20 per cent, and are embarking on the largest peacetime program in our history to end our dangerous dependence on foreign oil.

The record is that more jobs have been created in the past three years than in any similar period in our history. Despite the recession there are 8 million more Americans working today than when I was elected. Nearly one million of them are black.

The record is that I have appointed more blacks and women and other minorities to positions of authority in our government

than any President in history, that I have appointed more black judges than all of the Presidents before me combined. I am proud to put men and women of the quality of Judge Jim Giles here in Philadelphia on the federal bench because I know how important judges are to our national commitment to justice. They will be interpreting the laws that guarantee your rights and those of your children and grandchildren into the next century.

Up and down every federal agency and department I have appointed people who had long faced the dangers and toils of trying to solve the problems of inequality and injustice and lack of opportunity: people like Pat Harris and Andy Young, Eleanor Holmes Norton and Donald McHenry; people like Drew Days, whose uncle, State Senator Freeman Hankers, is a member of this church; people like Sadie Alexander, who after a long and distinguished legal career here in Philadelphia now heads my Commission on Aging*; people like Assistant Secretary of

* Her late husband was also a member of Mt. Zion Church.

Education Thomas Minter*; people like Obra Kernodle, Regional Director of the Department of Energy in this key five-state area.

For too long we were blind to injustice, but now we see and I want to tell you here and now that I am disturbed when I see efforts in some places to resurrect the Ku Klux Klan. We know what that kind of hate and fear can do to our nation, and we are not going to let it grow like a cancer in our nation. That is one part of the dead past I intend to keep in its grave.

When I took office I was determined to enforce the civil rights laws that were on the books, and we are doing it. In one area -- housing -- we lacked adequate enforcement powers. We are still fighting for them, and if the Fair Housing amendments do not pass in this session, I promise you that we will continue to fight for them in my next term.

I will not stand here and tell you I have made no mistakes

* Former Deputy School Superintendent in Philadelphia.

as President, or promise you that I will never make another one in the next four years. But I will promise you one thing -- that in all my actions as President I will be guided by certain abiding principles expressed a few blocks from here long ago by the men who established this nation. I am committed to equal justice, freedom and opportunity for all Americans.

I have tried as President to restore America to its rightful role as champion of human dignity and freedom, the only sure foundation on which we can hope to build a peaceful world.

I agree with President Truman's statement that "the basic proposition of the worth and dignity of man is not a sentimental aspiration or a vain hope or a piece of rhetoric. It is the strongest, most creative force now present in the world."

Not everything that is right can be accomplished overnight. I had hoped for a peaceful settlement in Zimbabwe-Rhodesia my first year in office, but I had to learn a little patience.

Only the people of that long-troubled land could reach a just settlement, but because we held out for what was right, others had the courage and the patience to join us. Last week Prime Minister Mugabe, chosen in a free and democratic election by majority rule, visited me in the White House, his very presence vital testimony that America is most influential when she stands for her own highest principles.

Often our fondest dreams take longer than we imagined, but we have already come through too many dangers, toils and fears to lose our faith that right will ultimately prevail. We may not always agree on the best way to get there or on what is too fast or too slow, but we must not forget that our goals are the same. We must not lose our vision of what we want this nation and our world to be. We must not lose our trust in one another as we strive together to make that vision a reality.

I ask your help and your prayers that together we may yet make this nation the promised land for all our people.

###

THE WHITE HOUSE
WASHINGTON

8-31-80

To Bill Cable

Thank you. I
enjoyed the book,
& learned a lot
about Tip (& the
job you have).

Jimmy O.

**A BIOGRAPHY OF
THOMAS P O'NEILL
SPEAKER OF THE HOUSE**



Paul Clancy & Shirley Elder

THE WHITE HOUSE
WASHINGTON

No, he went out and bought it for you, when you asked him to go out and get a copy -- or so I understand.

Suggest a brief note to him thanking him for letting you read the book -- unless you want to reimburse him for it.

THE WHITE HOUSE
WASHINGTON

Bill Cable's,

I guess

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J

THE WHITE HOUSE

WASHINGTON

August 29, 1980

①

MEMORANDUM TO THE PRESIDENT

FROM:

JACK WATSON *Jack*

SUBJECT:

Question on the Deportation of Iranian
Students

The attached memorandum is in response to your question on whether the five Iranian students who were found to be "out of status" are going to be deported.

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Washington, D.C. 20530

*Jack
J*

MEMORANDUM FOR: Jack H. Watson, Jr.
Assistant to the President

FROM: John H. Shenefield *JHS*
Associate Attorney General

RE: Iranian Student Project at Federal
Correctional Institution, Otisville,
New York, and Metropolitan Correctional Center,
New York, New York, August 2-5, 1980

You asked for a report on the above project. Based upon my preliminary investigation, these are my tentative findings:

are they being deported?

1. Of the 192 Iranians involved, it now appears that only approximately five individuals are in any significant way "out of status" and may therefore be subject to deportation proceedings for violations of the immigration laws. This figure is derived from the initial investigations done on August 2-5 and from an independent re-check done over the last two weeks by INS personnel in Washington at the personal direction of the Acting Commissioner.

2. For reasons which are still unclear and which should be explained shortly when an INS Office of Professional Responsibility investigation is completed, some number, perhaps as many as 30-50, of the Iranian males may have been released without any investigative checks being done on the data provided by them to the INS investigators. The re-check mentioned above has already determined that only one of those released on this basis may be "out of status," so that no harm resulted from this error.

3. Notwithstanding press allegations which repeated charges made by certain INS officers, no orders of any kind were given by either INS or Justice Department officials in



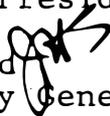
U.S. Department of Justice

Office of the Associate Attorney General

Washington, D.C. 20530

August 29, 1980

MEMORANDUM TO: Jack H. Watson, Jr.
Assistant to the President

FROM: John H. Shenefield 
Associate Attorney General

SUBJ: Iranian student demonstrators -- reverification
of status of 192 released on August 5, 1980

The reverification of status of the 192 Iranians released from federal prisons on August 5, 1980, is complete. Our recheck shows:

1. Nine of the 192 are out-of-status according to our records and subject to deportation proceedings. These nine include the two announced as out-of-status on August 5.
2. Of the two out-of-status cases identified during the August 4-5 period, one is scheduled for a hearing today. The second had already been ordered to depart pursuant to a hearing and, absent an appeal which has not been filed, will depart next week. He will be escorted to the airplane by an INS officer.
3. In the remaining seven cases, orders to show cause are being issued and a hearing before an immigration judge will be scheduled within two weeks (obligatory seven-day period after issuance of order). Those who cannot post bond will be held prior to the hearing.
4. After the hearing, Iranians found deportable must depart within two weeks and will be escorted to their departure points. Should an individual wish to appeal the hearing decision, cases can be appealed to the Board of Immigration Appeals and the federal courts. This process requires a minimum six months. Appeals of immigration judge decisions are not, however, routinely made.

The internal investigation to fix responsibility for the incomplete determinations of August 4-5 is not yet complete.

My orders to INS are to accelerate the process as much as possible, and to be as tough as legally permissible.

THE WHITE HOUSE
WASHINGTON

9/1/80

GENE EIDENBERG
ANNE WEXLER

The attached material was
returned from the President's
outbox today.

BILL SIMON

THE WHITE HOUSE

WASHINGTON

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for Preservation Purposes

August 30, 1980

*Anne, Gene.
Very good.
up with quick answers to
negative editorials,
etc. Follow
JC*

MEMORANDUM TO THE PRESIDENT

FROM: GENE EIDENBERG *Gene*
ANNE WEXLER *Anne*

SUBJECT: Intergovernmental Outreach for the Economic Renewal Program

Over the past two days, 22 top-level Administration officials visited 35 cities to explain in ~~the~~ detail your Economic Renewal Program. Planned in conjunction with Pat Bario, this effort was designed to enlist the support of local government, business, labor and news media leaders for the program. Each visit involved a press conference and most included interviews with newspaper editorial boards and briefings for local elected officials.

The outreach effort was a resounding success. In every case, our surrogates reported that local leaders were receptive to the program and generally supportive. While some skepticism about the election year timing was expressed, our surrogates encountered virtually no harsh or belligerent questioning or harangues.

The elements of the program which were most often praised were:

- o Its comprehensiveness, balance, and targeting to areas of need. It is interesting that the Southeast saw the program as targeted to new growth there, while the Northeast and Midwest viewed the program as fitting the needs of declining cities.
- o Business was most supportive of the changes in tax depreciation treatment and in the refundable tax credit.
- o Port cities, even Pittsburgh, were pleased about harbor revitalization.
- o Local government officials especially liked the increase in the countercyclical revenue sharing program.
- o Positive statements were also made about the social security tax credit and the marriage penalty offset.

Concerns were expressed over the following issues:

- o Is this program really more political than economic and what are its real chances of enactment by Congress?
- o Wouldn't an overall tax cut be easier and more effective?
- o Labor leaders especially asked, Why can't we create more jobs, more directly, and more immediately?
- o Business leaders wondered, Can the Administration go farther with the liberalization and simplification of the depreciation changes?

Much discussion focused on the comparison between your program and Reagan's proposals. Overall, more optimism was expressed about the wisdom of your plan over Reagan's.

These positive feelings were echoed by most state and local government officials visited:

- o Mayor Dick Fulton of Nashville not only endorsed your program, but also announced publicly in Nashville for the first time that he would "campaign actively" for you.
- o Governors Hunt and Riley publicly endorsed your program, as did Lt. Governor Tommy O'Neill and Mayors Blackwell (Cincinnati), DeGood (Toledo), Martinez (Tampa), Riley (Charleston, SC), Royer (Seattle), and City Council President Portman (Columbus). Dallas County Commission Roy Orr, who is also President of NACo, stated that the development of the program was an example of federal/local partnership.
- o All of the Governors, Mayors, and City Council Presidents visited were supportive of the program.

In conclusion, we believe that the outreach plan had a major positive effect on local constituencies across the country. Local leaders appreciated having a top rank federal official to discuss the program and to explain what it meant locally.

While people were generally positive about the program, it is clear that they are taking a "wait and see" attitude before becoming totally committed. For that reason, we are initiating a second phase of the outreach program to take advantage of already scheduled Administration travel. We will schedule additional briefings for Administration surrogates and request them to use all available forums and speaking engagements on the road to gain support for the program. We will keep you apprised of these outreach efforts and will work with Pat Barrio to clip the news stories and editorials generated locally.

SURROGATE TRAVEL FOR THE ECONOMIC RENEWAL PROGRAM
(August 28 - 30, 1980)

<u>Agency</u>	<u>Surrogate</u>	<u>City</u>	<u>Events</u>
WH	Landon Butler	Atlanta	o Meeting with Atlanta Constitution and telephone interview with Atlanta Journal editorial boards.
			o Three radio interviews, including a one hour morning drive time call-in show on WRNG-AM.
	Gene Eidenberg	Cleveland	o Meeting with 25-30 banking, industrial labor, civic leaders hosted by George Forbes, President of City Council.
			o News conference with Forbes.
			o Meetings with Cleveland Press and Plain Dealer editorial boards.
			o Hour-long interview on WERE-AM news radio.
Bruce Kirschenbaum	Cincinnati	o Large news conference hosted by Mayor Ven Blackwell.	
	Columbus	o Cincinnati Enquirer editorial board meeting.	
OMB	John White	San Francisco	o News conference hosted by City Council President Maury Portman.
			o Columbus Dispatch editorial board meeting.
			o Meeting with Mayor Dianne Feinstein and city officials.
			o News conference with Mayor.

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|----------|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Los Angeles | <ul style="list-style-type: none"> o Meeting with 40-50 business leaders and bankers hosted by Mayor Tom Bradley and Security Pacific Bank. o News conference with Mayor. o Los Angeles Times editorial board meeting with Mayor. |
| | Bo Cutler | <ul style="list-style-type: none"> o St. Petersburg Times editorial board meeting. |
| | Tampa | <ul style="list-style-type: none"> o Large news conference with Mayor Bob Martinez. |
| | Rodger Schlickeisen Jackson
(with Ernie Green) | <ul style="list-style-type: none"> o Meeting with Governor Bill Winter. o Meeting with 30-40 business, labor, and civic leaders hosted by governor and covered by news media. |
| Treasury | Bill Miller | <ul style="list-style-type: none"> o Meetings with New York Times, Daily News, and Post editorial boards. o Half-hour radio interview on WOR-AM. |
| | Peter Solomon | <ul style="list-style-type: none"> o Newark Star-Ledger editorial board meeting. |
| | Providence | <ul style="list-style-type: none"> o Large, hour-long press conference hosted by Governor Joe Garrahy's chief of economic development. |
| | Dick Syron
(Acting Assistant Secretary) | <ul style="list-style-type: none"> o Meetings with Boston Globe and Herald-American editorial boards. o Christian Science Monitor editorial board meeting scheduled for Sunday. (See also Jordon Baruch's activities in Boston). |

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|----------|---------------------------------------------|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Randy Kau
(Executive Director
of EPG) | Seattle | <ul style="list-style-type: none"> o Meeting with Mayor Charles Royer. o 45-minute news conference with Mayor. o Meetings with Seattle Times and Post-Intelligencer editorial boards. |
| | | Portland | <ul style="list-style-type: none"> o Reception with 25-30 business and civic leaders arranged by Congressman Les AuCoin. o News conference. o Meetings with Portland Oregonian and Oregon Journal editorial boards. |
| | | Honolulu | <ul style="list-style-type: none"> o Meetings with two newspaper editorial boards on Saturday. |
| Commerce | Phil Klutznick | Chicago | <ul style="list-style-type: none"> o Chicago Tribune editorial board meeting. o News conference. |
| | Luther Hodges | Charlotte | <ul style="list-style-type: none"> o Hour-long meeting with Charlotte Observer editorial board. |
| | | Raleigh | <ul style="list-style-type: none"> o Meeting with Governor Jim Hunt. o News conference with Governor. o Raleigh News and Observer editorial board meeting. |
| | | Columbia | <ul style="list-style-type: none"> o Meeting with Governor Dick Riley. o Large news conference with Governor. o Live interview with WIS radio. |

	Jerry Jasinowski	Philadelphia	<ul style="list-style-type: none"> o Meeting with 45-50 business and civic leaders arranged by Mayor Bill Green and covered by news media. o Philadelphia Inquirer editorial board meeting. o Half-hour radio interview to be broadcast Labor Day at 6:30 PM.
		Wilkes-Barre	<ul style="list-style-type: none"> o Lunch with Economic Council of Northeast Pennsylvania with extensive news media coverage.
	Jordan Baruch	Boston	<ul style="list-style-type: none"> o Private briefing for Governor Ed King. o T.V. interview. (See also Dick Syron's activities in Boston)
DOE	Charles Duncan	Dallas	<ul style="list-style-type: none"> o Breakfast with Dallas and Fort Worth editorial, political and financial writers. o Large news conference hosted by Dallas County Commissioner Roy Orr.
		Houston	<ul style="list-style-type: none"> o Large news conference co-hosted by Mayor pro-tem Johnny Glenn and the President of the local Chamber of Commerce.
HUD	Moon Landrieu	Minneapolis/ St. Paul	<ul style="list-style-type: none"> o Dinner with Mayors Don Fraser and George Latimer. o Hour-long news conference with Mayors.
		New Orleans	<ul style="list-style-type: none"> o News conference hosted by Mayor Dutch Morial.

Ernie Green
(with Rodger
Schlickeisen)

Jackson

o (See Schlickeisen's itinerary above).

DOT

Bill Beckham

Detroit

o Breakfast at the Detroit Press Club.

o Meetings with Detroit News and Free Press
editorial boards.

Toledo

o News conference hosted by Mayor Doug DeGood.

August 29, 1980

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MEMORANDUM FOR THE PRESIDENT

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for Preservation Purposes

FROM: AL MCDONALD *AM*

This is to suggest that you consider another option for your basic stump speech. The Matthews draft for Monday's Alabama fish fry strikes me as another tolerable but lackluster speech. It generates little emotional appeal except for the regional identification with the crowd which seems a bit overdrawn. There is little in it which is stirring or memorable. It misses the opportunity to strike those harmonious notes with the American people which will merit repeating in stump appearances throughout your campaign.

As I understand Pat's assessments and relate them to public perceptions, I think there are three basic messages needed in each successful stump appearance. These need to be repeated and repeated with intensity, to build understanding, conviction and emotion. Two of these messages give the American people positive reasons to identify personally with Jimmy Carter the man and to be proud of him as their President. The third dramatizes the critical nature of this election, the choice between two distinctly different futures.

Here are the themes I believe are most important for your re-election:

1. Your Solid Record

The issue of competence is a major perception problem that must be addressed if you are to build positive, enthusiastic support. Too many people think Jimmy Carter has done a marginal to poor job. They expect little from another four years and fear embarrassment by a lack of strong leadership as they perceive it in the White House. This problem cannot be handled with program descriptions or a list of facts. It can only be put to rest by emphasizing the positive conclusion with enough illustrations to gain credibility: The Jimmy Carter record is a proud one; you are proud of it (and they need to hear you say it directly to know that you really are); the American people can be proud of it, and you are confident that it will look even better with the passage of time. History will judge the Carter record favorably. Only two or three examples are needed each time you emphasize these conclusions. Those examples about which you and that

particular audience feel such deep emotion will naturally and automatically create a sense of drama by the way you talk about them. Don't let the press jibes distract you on this one; just pound away on it and a few of them may well get the message.

2. The People's President

You are following a common sense approach to Presidential decision-making; you identify and empathize with the people and their values; your decisions are the same ones for the national interest that most citizens would make if they had the same information and could see the issues from the Presidential vantage point. The problem here is that much of the public is confused. They don't know what you stand for, since you are clearly not an ideologue. They see you attacked from all sides with your every move, and they hear very little enthusiastic, ringing support. This leads many to conclude you are wrong again. Such is the lot of the true pragmatic centrist. Yours is the common sense route, and you must make a believable virtue out of it (as I firmly believe it is -- the best and only sensible approach for a President in these complex times). It is the extremists and the myopic advocates of narrow issues who lack an appreciation for the balance of interests who continuously criticize you. You are a bit wary -- as are the American people -- of the zealots on either extreme of the opinion spectrum. In sum, the aim with this second message is: Jimmy Carter thinks like we do; his value system is right because it is ours; we like how he operates and we understand it is not only his but our own way of thinking that is being so heavily criticized. We like him even better now that we know who his critics are and why they are berating him.

3. This Critical, Crossroads Decision

The choice is between two highly divergent paths, taking America toward two starkly contrasting futures, two distinctly different national destinies. This may be the most important Presidential election in a lifetime for today's voters. In this choice, we are betting it all: progress, prosperity, and peace.

Attached is a draft text for Monday's Alabama event which demonstrates this alternate approach.

I apologize for burdening you with a second text, but your campaign stump themes are so important you deserve some specific options to consider as you crystalize your own thinking.

Al McDonald
8/28/80
Scheduled Delivery:
Mon., 9/1/80

SPEECH FOR CAMPAIGN KICK-OFF

(Introduction)

My friends and fellow Americans, I am delighted to join you here today to celebrate one of our country's special holidays. It is a day for relaxation and fun and good food. It is a day to remember with thanks the dedicated labors of men and women who have built and who sustain this great Nation.

It is a good day to spend with friends and neighbors like you, to share the joys and strengths of a free people at liberty to follow their own consciences. It is on occasions like this that we long to be home, to absorb again the vitality of our roots, and to savor the familiar sights and sounds that have shaped our lives from the time of our earliest memories.

I am at home here. I have come home to the South today for a special reason. This is a fitting place for me, as the President of these United States, to launch my campaign for re-election to the highest and the most demanding office in this great land.

I ask for your support. I need your help. But most of all I want your understanding. I want you and all our fellow citizens to know what I stand for as your President....to know how I am trying to serve you, our Nation and the world. And

particularly I want you to understand that our country is at a critical crossroads of decision.

This Presidential election is no simple choice between two individuals, between two personalities, between two sets of personal characteristics. This Presidential election is no less than a choice between two vastly different national destinies. This election, as few elections have ever done, will shape the future of our society, our sense of values and social justice, our hopes and aspirations and our prospects for continued peace.

Since our citizens face such a crucial choice, now is the time for plain talk. The people want to hear the truth. They have no patience for fairy tales and promises of a never-never land that no President can ever deliver. They do not want to relive a nostalgic past whose attraction largely existed in novels and on the silver screen.

(President's Record)

I want to speak first about my performance as your President. I have given my total dedication to the task -- day and night. My motivation has been only to serve you to the full limit of my God-given strength and capability.

I know well, as only 38 other Americans in the history of our country have known, the full weight of responsibility borne by the occupant of the Oval Office. I have felt the conflicting pressures of individual causes. I have witnessed political intrigue and foolishness. I have felt often the stinging lash of tongues when I acted in the common good.

I have felt the remorse of my own mistakes which have been amply reported to you. I have also agonized with you over the mistakes of others on whom we all depended. But I can assure you that I have made no mistakes of the heart and none of the will.

I know the frustrations of human limits to control or at times even influence the course of human events. During times of calm and times of crisis, I have sensed the need to call on the Almighty, knowing better than most that there was no place else to turn on this earth.

I harbor no false illusions. I have seen even our great wealth and resources over-stretched. I have faced repeated threats to our security and well being. I have suffered with our people in the wake of natural disasters, and I have watched them recoil from the pettiness and violence of their fellow citizens.

As President I have also marveled at the solidity, the loyalty and the wisdom of our average citizens. I have sought them out in visits to their homes and churches, in town meetings, on vacation trips, as guests in the White House and everyday on the telephone. I have sought them out to draw on their basic strength. Like Jefferson, I have faith in our people and in the democratic process.

Heavy criticism has been my daily bread, but I have no complaints. That is the lot of any President doing his duty. Within our vast pluralistic society, no move by a President goes unnoticed or without criticism from someone. Just as with my predecessors, I have learned that the best Presidential decisions--those which most accurately reflect a careful and equitable balance of national interests--are viciously attacked by disappointed extremists and ideologues on both sides. And since conflict is more interesting and newsworthy than harmony, a President must accept without rancor that momentary popularity is not a worthy goal.

Our people know a President will be accused of political motivation in an election year by someone for everything he does -- good or bad. But no President seeking the political easy road in an election year calls for budget cuts, blocks immediate tax reductions, orders draft registration, pursues peaceful, negotiated solutions to international affronts, initiates a grain embargo, pushes for an Olympic boycott and presses through a tough energy program that forces conservation and changes our long-standing habits.

These are only a few of the tough decisions that I am proud to claim as part of my record as your President. Admittedly, some of them have cost me dearly in the polls, but that is a price I have willingly paid and will continue to pay as long as I occupy this high office whose duties I have solemnly sworn to uphold.

In spite of the shocks and misfortunes that have beset us, in spite of the short falls in results when measured against our high expectations, our country is stronger today, our life is better, our achievements in social justice are greater and our international relationships are much improved since the day I took office.

At home we have exercised the highest degree of budget restraint in the last two decades in our fight against inflation. Yet we have still expanded significantly our programs to help our disadvantaged, the weak, the elderly and our youth.

We have reversed the trend toward greater government regulation, unleashed competition, taken a mammoth step forward toward freer and fairer international trade, and tackled the multitude of accumulated problems of renewing our industrial base, our cities and our depressed areas.

In the process we created more than 8 million new jobs, the largest number ever added during a single Presidential term in our 204 year history. I am proud to hold the job creation record and in a second term I expect to beat it.

In foreign affairs, our progress has been solid. Our relationships today are better with some 85 per cent of the world's population than they were the day of my inauguration. This is not to minimize our critical current problems with the Soviets over their brutal invasion of Afghanistan nor with the Iranian terrorists who unconscionably hold our diplomats hostage as pawns in a domestic political anarchy. These troubles correctly merit our concentrated attention just as the few lost sheep preoccupied the shepherd in the Biblical story.

But let us not forget the other major areas of the world for they too are vitally important to us. Following the Panama Canal Treaties, we are moving into a new era of mutual respect and cooperation with our Latin American neighbors. In Asia, following our recognition and closer working ties with the People's Republic of China, we are at peace and on good terms for the first time in 30 years with both China and Japan.

In Africa we have reasserted a positive role by supporting actively the United Kingdom in forming an independent Zimbabwe. We are also establishing constructive relationships with other African countries as a part of our improved dialogue with the Third World and the persistent efforts to bridge our cultures by former UN Ambassador Andy Young.

In the Middle East we have the Camp David Accords that opened the door for direct negotiations. These led to a peace treaty between Israel and Egypt, their exchange of ambassadors, and a continuing search for peaceful solutions to end long standing animosities. These were only dreams that seemed beyond reach when I took office.

With our NATO allies in Europe we have taken the biggest step forward in more than a decade to assure our mutual defense. Our regular Summit conferences have also helped to smooth our search for greater understanding and cooperation through active consultations and joint undertakings.

Our bold stand on human rights has brought a new ray of hope to the oppressed everywhere. The United States, long the promised land of their dreams, is now their active champion. Our heartfelt concerns bear witness to our Nation's dedication to human rights, justice and equality for all.

We not only talk about peace. We demonstrate our commitment to peace with our actions. We have been blessed during my first term with the longest period in 50 years in which no American died in combat.

That is a solid record which I am pleased to bring to the American people. It is a record that I believe will be even more impressive as historians study it objectively in the years to come.

(How President Works)

Now let us look beyond the record. I want to share with you some personal thoughts on how I work and think as your President.

I am a pragmatist, not a ideologue. I operate within the realm of the doable, the practical, the feasible. I am not a romanticist who vainly expects to find gold at the end of the rainbow. I like each step taken, regardless of how momentous or how modest, to move us toward a better life that we can sustain.

My value systems you know. I believe in God. I believe in telling the truth. I am a man of the people and from the people. I am a farmer. I have earned my living with my hands and by the daily sweat of my brow. Like any man who has worked the soil or served as President, I have harvested better crops than my labors merited, and I have seen my best efforts produce little when circumstances worked against me.

While in the fields I learned to accept and work with the rhythms of nature and adapt my ways to events beyond my making. Those hard lessons have helped me as your President to keep to the course with confidence during these volatile times. They have comforted me as I have read of the jokes and abuses heaped on two other farmers who served as President, Thomas Jefferson and Harry Truman.

I am a moderate person who shies away from extremes and zealots. I believe firmly in many causes as you do. But like most Americans I am unwilling to sacrifice all else to accomplish a single, narrow goal. I always search for balance. My judgments tend to fall in the broad middle range of political opinion, leaving the extreme positions to others.

To me that is common sense. And it is common sense that the American people expect from a President. This decision pattern is less dramatic than pure ideological or arbitrary actions. It invites attacks from both ends of the opinion spectrum and rarely draws a ringing, emotional endorsement. Yet this pattern of common sense and moderation is what is right for our country, and it is where I firmly stand.

(Crossroads)

You know what I stand for and what I believe in. You know my commitment to a secure Nation, a just society, a peaceful world.

What about that other choice, the other road, the other direction, the other future? My opponent is a fine man who is attractive, likeable and obviously sincere in his beliefs and in his desire to serve. But I am concerned for my country by some of the extreme ideas I hear advocated by him and his advisors.

I do not want to see the clock turned back. I want to see fewer tensions--not more confrontations--at home and in our foreign affairs.

I know first-hand the awesome powers of the Presidency. I know they are more easily wielded for harm than for good. In minutes Presidential power can destroy a civilization or thrust us onto a path toward suffering and unnecessary sacrifice with no point of return. Yet with these same powers, facing today's problems and working within our democratic system, it may take years or even decades to attain our positive goals of a better life.

The downside risks are enormous. The upside gains are less sure.

I am concerned by the loose talk about the use of military power. One has no assurance that even a limited action can remain limited. We as a people have learned some hard lessons about escalation. We know that big moves can rapidly follow little ones, just as a struggling person can sink steadily into quicksand.

I am concerned that one would consider reversing our hard-won progress in the Far East and in Latin America. What

is to be gained by undermining the delicate balance we have achieved to build a solid and lasting relationship with the People's Republic of China, to continue our lasting friendship with the people of Taiwan, and to reduce the tensions of conflict and the threat of war that have plagued the Straits of Formosa for half a generation?

With the Soviet Union, can we as a people be considering seriously a return to a dangerous and costly arms race? How much more likely is that road to lead us toward Armageddon than the peaceful world I seek through mutual disarmament and balanced strength. Instead of sacrifices demanded of our people to chase the illusion of military superiority, we must use our scarce resources prudently to protect our better way of life for our children and also to offer new hope to our disadvantaged.

On the domestic scene the other road--the other choice--is also wrong for our country. It represents a break with the steady progress our people have made toward justice, equality and reasonable material comfort.

The Reagan-Kemp-Roth tax proposal could lead us to ruin. When combined with exorbitant increases in defense spending, that mammoth tax cut would end our struggle to control inflation, invite a wasteful spending spree to

bid up prices, and place in jeopardy the funds for every progressive government program introduced this century. This combination could destroy our money, our credit and our sense of values.

Our opponents also tip their hats to social justice and equality. But their true feelings cannot be hidden. Their actions are disturbing to every member of our society who still yearns for full equality, every minority group who fears the loss of equality, and every citizen committed to the principle of equality under the law. As every free person knows, when the right of equality for any human being is challenged, the right to equality of us all is threatened.

The differences between these divergent roads that America will follow are stark. The choice in this Presidential election is critical.

The kind of future we are preparing for ourselves and our offspring are the high stakes in this historic struggle. In this election we are betting it all.

The individual candidates are secondary. It doesn't matter whether you like or dislike my grin or his voice. The contrasting roads--the different futures envisioned--is the decisive issue in this crucial campaign.

As your President, I will do all in my power to communicate the importance of this choice and its consequences to the American people. If we can get the people's understanding -- as did Jefferson, Jackson, Lincoln, Wilson and Roosevelt -- then we can be confident in the result.

The American people will apply the test of common sense. The American people will choose the path toward a secure and peaceful future and a just society. That decision in this Presidential election will reaffirm for all the world to see those fundamental principles that are and will continue to be the hallmarks of our Nation's strength and greatness.

THE WHITE HOUSE
WASHINGTON

9/1/80

JACK WATSON
ARNIE MILLER

The attached was returned
from the President's out-
box today.

BILL SIMON

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

August 31, 1980

Jack
J

MEMORANDUM TO THE PRESIDENT

EYES ONLY

FROM: JACK WATSON *Jack*
ARNIE MILLER *Arnie*

SUBJECT: Chairmanship of the Synthetic
Fuels Corporation

In addition to Sawhill and Byrom, there are three other people who are interested in and could do the Synfuels job. They are:

Bill May - Retired Chairman/CEO, American Can

May is not as strong a person as some of the others we have looked at, however he could clearly do the job. While Irv Shapiro does not think he is right, Bill Miller, Charlie Zwick and others have a much different impression of him. They have told us that May is a good deal-maker and a good public person. He also has an industrial and chemical engineering background. He could assemble a solid team at the Corporation. On balance we think, and Bill Miller and Lloyd concur, that he would be an effective Chairman. If we wanted him, we would have to get him out of his commitment to become Dean of the NYU Business School. We think you should see him.

Comments we received about May are attached at Tab A.

Jack Fishwick - President, Norfolk and Western Railroad

Fishwick, 64, will retire from Norfolk and Western soon. He is a strong executive and headed your Virginia campaign Citizens Advisory Committee in 1976. He knows coal and has made Norfolk and Western a very profitable company. His appointment would be well received but generally acknowledged as somewhat below what we intended to achieve for this job. Because he is so heavily identified with coal, we might be accused of tilting towards coal and away from shale and other fuel sources. As you know, Graham Claytor is very high on Fishwick. Lloyd, who knows him well, thinks Fishwick would be a very able Chairman. Bill Miller and Anne Wexler expressed reservations about him, but neither wants to veto him from consideration. Fishwick and Bill served on the

Allied Chemical board together. In that setting, Bill told us that Fishwick wasn't tough enough. He won't fight for a cause. Bill wants this kept in confidence.

He has discussed the job with us, Lloyd, Frank Press and Charles Duncan. His biography and comments about him are attached at Tab B.

Bill Donaldson - Retired Dean, Yale School of Organization and Management

Donaldson, 49, is the youngest of the candidates we are considering. He just stepped down as Dean at Yale. Earlier he founded and developed DLJ, an extraordinarily successful Wall Street investment firm. Donaldson is creative, bright, and has an attractive personality and presence, and knows the investment world well. He is a good start-up man although not a strong manager. He has a track record at DLJ and Yale of being an effective institution builder. We think he could start up the Corporation effectively, though we would want a different person to operate it after a few years and would need to recruit a strong manager as the Corporation's President now.

He had a bad experience during the last Administration when he served as Under Secretary of State under Kissinger. He stayed only six months because of conflicts with Kissinger.

Bill Miller thinks he is a good outside man. He prefers Donaldson over Fishwick because of Donaldson's good national reputation and his reservations about Fishwick.

We have not talked with Donaldson, but he has told Lloyd he would like to be the Chairman. His biography and comments about him are attached at Tab C.

There are several other persons we considered earlier who declined to be considered, but would be first-rate. In each case, we would need you to help persuade them. Clearly this involves the risk that you would be turned down, but if you succeed, we would have scored a ten strike. Given the changed political environment and the nature of their earlier discussions with us, we think each of the following individuals might respond to a personal appeal from you and pressure from their peers.

Ben Heineman - President, Northwest Industries

Graham Claytor approached Heineman in July. After considering it overnight, he told Graham he was not available. In talking with Bo Cutter about other matters last week, Heineman asked about the Corporation and our progress. He indicated that a number of businessmen (and he almost included himself), would have taken the job, were it not for the political uncertainties. He expressed concern about long delays in confirmation. He said that even if he had indicated an interest, he could not, in fairness to his company, go through a protracted period of uncertainty about whether he would be confirmed.

Heineman has long been a favorite of ours for the Chairmanship. As Bill Miller has said, he is ideal for it. Heineman is a successful entrepreneur who has the combination of vision, superb management ability, strong political sophistication and diplomacy to get the Corporation started and moving. He is hard-driving and forceful and rated as one of the smartest businessmen in the country. According to Bo Cutter he believes that unlike the Secretary of Commerce post which we approached him about, this is a very significant job. He is genuinely interested in it.

Bo, who once worked for Heineman and remains close to him, does not know if Heineman would accept an offer. He thinks his question last week reflected more curiosity than interest. Heineman is public-spirited, however, and has headed Northwest since 1972. We think he is confirmable, and if that is his major concern, you could address that by bringing in Senators Byrd, Johnston and Jackson to discuss confirmation with him and you during your meeting. The Vice President and Clark Clifford could also be brought in to help with Heineman.

Peter McColough - Chairman/CEO, Xerox

McColough could clearly do this job very well. He has not been asked about it, largely because people keep saying he is not available and has declined other offers. In fact, McColough has been approached only twice -- once to chair the Pension Commission, which he accepted, and then about Secretary of Commerce.

The Synfuels Chairmanship would have much more appeal to him than Commerce. McColough, who is 58, has been head of Xerox since 1967. Strauss, who is close to him, thinks McColough won't accept any full-time job. However, the right offer just might interest him.

Frank Cary - Chairman, IBM

As you know, Cary was on our first list of four for the Chairmanship. He talked at length with Bill Miller about the position, then declined to be considered after thinking about it over a long weekend. We understand several factors influenced his decision: concern about disclosing his financial holdings, especially the stock options he received when he retired; his family's desire to stay in the New York area; and his lack of interest in becoming deeply involved in politics and government.

We have been advised that he would not have to completely disclose his finances. You personally might be able to convince him to overcome the other two obstacles. Since Cary's conversation with Bill, Cary has agreed to chair IBM's Executive Committee for a year. We don't think this would be a decisive impediment to his taking the Synfuels Chairmanship. Bill Miller and Lloyd think Cary is so good you should try to get him. We concur.

Thornton Bradshaw - President, Atlantic Richfield Company

Al McDonald talked to Bradshaw several weeks ago and said he wanted to recommend him to you. Bradshaw did not think you could afford to pick an oil man as Chairman, and was somewhat shocked that we would consider an oil man. When pressed by Al, Bradshaw indicated he would not necessarily accept the Chairmanship if it was offered, but he did not say no.

As we discussed with you in early August, Bradshaw would bring some clear strengths. He has a mastery of the energy industry, is highly respected in the business community, is widely known nationally and internationally, and is regarded as socially and environmentally responsible. Bradshaw, 63, is a hard driver, very smart, and would recruit an excellent team.

While Bradshaw is clearly unique among oil men, nominating anyone from the oil industry would obviously provoke controversy. Bill Miller thinks you would take some lumps. Franks's staff advised that Bradshaw's nomination could meet strong opposition from Senators like Metzenbaum and Durkin, and confirmation would be troublesome.

Tom Murphy - Chairman/CEO, General Motors

Murphy, 65, will retire from GM in December, and his succession has been settled. He is enormously respected within the business community. A recent Wall Street Journal poll of several hundred corporate leaders ranked him third behind only Reg Jones and Irv Shapiro. While the auto industry has not recently been at the forefront of technological change and innovation, GM has done better than its American rivals, and Murphy is accustomed to running a major operation. Environmentalists, auto safety critics, and other public interest groups would be likely to criticize his nomination because of GM's opposition to safety and environmental regulation.

The Vice President discussed the Chairmanship briefly with Murphy some time ago. While Murphy said that he of course would talk with you about it if you wanted to, you should be prepared for a no.

Lloyd, Bill Miller and other senior advisors concur that Murphy would be very good as the first Chairman, and that you should ask him.

Robert McNamara

We mentioned McNamara to you earlier. He would be a sparkling choice. While we understand the timing problems, he unlike others in his class, has said he would like to do the job.

Lloyd has suggested some ways we might be able to resolve the timing problems. We think we should explore these ideas directly with McNamara.

RECOMMENDATION:

I would not recommend Byrom based on our discussions with him last week.

I would rate the remaining available candidates as follows:

1. Bill May - he would require a strong operating officer, but I believe he would be comfortable with such an arrangement and I think he could also get the job done.
2. Jack Fishwick - I am somewhat concerned about him. A troubling pattern of stubbornness emerges from the comments of Anne Wexler, Tim Smith and Bill Miller. Bill's remarks especially concern me because he served with Fishwick on the Allied Chemical board. Jack would be a creditable but not a strong choice.
3. John Sawhill - I would rank John behind May and Fishwick.

Consider all 3

I would not consider Donaldson. His management experience is too thin and he is untested. He would be a wild card.

I agree

I think it would serve us well to talk with Irv Shapiro, Bill Miller and others about how we could successfully make another pass at Heineman, McColough, Cary or Murphy. In my opinion, each is head and shoulders above any of the candidates currently available.

ok

Although Bradshaw would be superb, I believe we would encounter too much trouble over his oil associations.

I agree

I fully understand your reluctance to try to persuade someone to accept a senior position. However, the Synfuels Chairmanship is so crucially important and the difficulties of getting the "right" Chair are so great your personal involvement in recruiting Heineman, McColough, Cary or Murphy is required. If you agree, we will work today with Irv and others to set up meetings with Heineman, McColough, Cary or Murphy.

_____ agree ✓ _____ disagree

*Fritz & Bill
Can do this.
I'm going to make
a decision this
week.*

I also recommend that Lloyd and I sit down with Bob McNamara and explore ways to resolve his timing problems. If we make progress, we will report it immediately to you.

✓ _____ agree _____ disagree

COMMENTS ON BILL MAY

William Moore, former Chief Executive Officer, Bankers' Trust

I think he has the technological and organization background to be CEO. He began as a chemist/researcher with DuPont, and then the American Can Company. I feel he could build a good organization. He would hire people to complement him. He was well-respected within the company. Presiding over one recent board meeting, he received a standing ovation. He is not a bull in a china shop regarding political acumen. I rank him in the 8's, 9's and 10's for all criteria, with political acumen being an 8 since I've never seen him working with government.

Mark Kaplan, Engelhardt Minerals

Excellent; first-rate; a marvelous guy. He has an appreciation of the political process and the respect of the American business community. I am on the National Policy Board, and I rely on May's input. I don't think he'd take it. He bought more than a dozen companies since he became president. He's a risk-taker. He got to be 65, decided to retire and let his successors take over.

George Monroe, Chief Executive Officer, Phelps Dodge

I would rate him a 9 on his technical background and on his experience in financial matters; it's been good. He is unusually sensitive to the political impact of business although he is personally apolitical. I would also give him ratings of 9's for institution building and his innovative mind. He had a pilot plant for turning solid waste into fuels. Bill May is better known than Fogarty. Bill has had more experience than Fogarty politically, and is more articulate.

Bill Coleman, former Secretary of Transportation

He began in the chemical engineering end, and then moved into management. He's a risk-taker via the nature of the large company and its records. He has good financial acumen, but don't know about his political acumen. He was a success at institution-building. He has a good, innovative mind. I don't know how strong he would be in the energy field, but I imagine he'd be good. He just accepted a job starting in November as the Dean of the NYU Business School. He resigned as CEO of the American Can Company three to four months ago. He is on the board of the New York Times. Bill has great access to the business and financial community. He is not arrogant. I don't think that he's that political.

Dave Scott, Chair, Allis Chalmers

I would rate him an 8 on risk-taking, a 7 financially, a 10 politically, a 5 on institution-building, and a 6 to a 7 on his innovative mind. His experience thus far is general. He hasn't been involved with energy. May would bring a broad managerial approach; Byrom would be technical. May doesn't know a lot about

COMMENTS ON BILL MAY (continued)

the specifics of energy. Bill is a skilled executive; he gets things done. He's pretty outspoken. He feels the present Administration is on the liberal side and throws money around. He would be outspoken regarding organization. He's a team player, but would throw flak if he thought policies were wrong. He is sharp intellectually. He is in good health. He has a tendency to be verbose, loquacious.

Richard Hough, Director, Long Lines Division, AT&T

I have been on the Board of the American Can Company for eighteen years. I know May well. He is a good risk-taker, but not reckless. He realizes that profits are related to the size of the risk. He has bought more than 12 companies since being president. He began in an area requiring a chemical background. He worked his way into management. He is an excellent man for the job. He has some depth of technical understanding; he is well-organized. He is able to deal well with persons on a scientific level; he sifts out the wheat from the chaff regarding innovative ideas and their practability. He is well-respected by his subordinates and peers. I have no reservations that he would be able to handle the job, but I don't think he'd take it. At 65, he is retiring and turning the company's operations over to people he's hired and trained. May is not only a good institution-builder but also has confidence in his abilities. He would have no problem bringing in experts in fields in which he is not an expert.

Reg Jones

Good, competent executive. Not as good as Smiley or Byrom.

Bill Miller

Very well qualified for the job. Probably quite adept politically. Should be given consideration. Is better than Smiley because of his industrial background.

COMMENTS ON WILLIAM MAY

John Schroeder, formerly Vice Chairman J. P. Morgan Corp.

May's a great American. He is very able, intellectually curious and has remained that way throughout the fifteen years that I've known him. He was criticized by some for diversifying too much and too quickly while with American Can but all in all he did a very good job. He's first-rate in every respect. He commands the complete (I know this may sound strange) respect and love of those that work around him. If he has a weakness it's that he works too hard -- he has the energy of a person fifteen years younger. I think he would be a better choice than Don Smiley.

John Love - Chairman and CEO of Ideal Basic Industries; former Governor of Colorado

May had a great record at American Can. In the brief time I've known him from our service on the board of Johns-Manville, it's easy to see why he's been so successful. He's got everything you need -- great administrative ability, a thoughtful and brilliant mind that's not the least bit hidebound, and a natural creative and innovative bent. You can't fool him, you wouldn't want to try. His appointment would be very well received in the big business community. No one occurs to me whom would be better than he would be.

COMMENTS ON BILL MAY

John DeButts, former CEO, AT&T

Not very active in the business community. Just accepted position with NYU, but might be tempted away. Others on your list are much stronger.

Tom Murphy, CEO, General Motors

He's a fine person, with good business instincts. A good man, quality person. Probably not the best person for this job, but he could do it.

Charles Zwick, President, Southeast Banking Corporation

Very capable manager. Well respected by members of the Business Roundtable. Could do the job very well.

TAB B

JOHN PALMER FISHWICK
Virginia

EXPERIENCE

1945 - Date Norfolk & Western Railway Company, Roanoke, Virginia

1970 - Date President, Chief Executive Officer
1963 - 1970 Senior Vice President
1959 - 1963 Vice President, Law
1958 - 1959 Vice President, General Counsel
1956 - 1958 General Counsel
1954 - 1956 General Solicitor
1951 - 1954 Assistant General Counsel
1947 - 1951 Assistant General Solicitor
1945 - 1957 Assistant to General Solicitor

1942 - 1945 Lieutenant Commander
United States Naval Reserve

1940 - 1942 Associate Attorney
Cravath, Swaine & Moore
New York City

OTHER ACTIVITIES

Director: Allied Chemical Corporation
Shenandoah Life Insurance Company
Pocahontas Land Corporation
Akron, Canton & Youngstown Railroad

Trustee: Roanoke College (1964 - 1972)
Virginia Theological Seminary
Virginia Museum of Fine Arts, Richmond

EDUCATION

1940 Harvard University, LL.B.
1937 Roanoke College, A.B.

PERSONAL

White Male
Age 63
Democrat

COMMENTS ABOUT JACK FISHWICK

Graham Claytor

Knows him well. Is going to retire soon. Interested in government. Very capable. Has been highly successful has run an excellent railroad. Recommend him highly. If the choice was between Fishwick and Sawhill, I would definitely choose Fishwick.

Charles Duncan

Very good. He is 64 which is a factor I worry about the energy level of some people at that age. Seems to be in good condition. Marvelous record he's run one of the three most successful railroads. Well thought of by his peers. He understands the importance of synfuels--is committed to the synfuels initiative. Seems to have good intellectual qualities. Rate him below Byrom, and above May and Smiley.

Ann Wexler

I have a general impression of him which is not well formed, but I don't think he'd be right. You'd never know what he would say. It would probably be hard for him to work well with the Congress. Sometimes stubborn, difficult personality. Unpredictable.

Lloyd Cutler

I have favored Byrom from the beginning. If he is not selected, I would pick Fishwick next. I prefer him over May because I know Fishwick better. Known him intimately for 40 years. Excellent manager and deal maker and has all the financial lawyer's skills. Good with people. Knows Congress, is a good Democrat. Understands the coal and transportation side of energy -- would pick up the rest quickly. Would select excellent people. He is very supportive of the synfuels initiative. Has a high energy and vitality level. Intends to leave the railroad in a year, but will stay active. My judgment is that we would have better than a 50-50 chance to get him if he was approached right -- it would take the President.

Neil Goldschmidt

Not impressed enough with him to be Chair. Runs a pretty good railroad, but doesn't stand out -- not of national stature. I would take him over Sawhill, though.

Richard R. Shinn, President and Chief Executive Officer,
Metropolitan Life Insurance Company

Fishwick is regarded as one of the best executives in the railroad business. He is a very independent thinker and highly regarded in the business community. N&W is often referred to as the best managed railroad company in the country. Jack is an outstanding business executive. He compares favorably with other names you've considered, but would be a better Director than Chairman. I have witnessed his participation on several boards, including the Allied Chemical Board. He is an active, perceptive member, and makes excellent contributions. I am sure that would hold true on this Board. My first choice for Chairman of SFC remains Fletcher Byrom, but Jack could do the job for you.

Edward L. Hennessey, Jr., Chief Executive Officer, Allied
Chemical Corporation

Jack is one of our most active, articulate Board members. Because of his legal background, he is very thorough in his deliberations. He is outspoken, extremely knowledgeable and a top-flight executive. Has entrepreneurial instincts - would be a hell of a Chairman. Is close to retirement, so wouldn't have any financial difficulties accepting the job. Has done well in his dealings with Congress (although you there in the White House might disagree), and has been very helpful to us in guiding us in our own contacts with them. He is very knowledgeable on coal matters, but is not narrow-minded -- would evaluate proposals on their merit. He is interested in government service, and I imagine would be very tempted by a job of this magnitude.

John T. Connor, Chairman, Schroeder's, Inc., formerly Chairman
and Chief Executive Officer, Allied Chemical Corporation
(and still a Director)

Jack is an excellent Director. I've known him since we were at the Cravath firm. He's bright, knowledgeable -- an active participant. He is regarded as a good manager. Definitely has good entrepreneurial instincts -- is "bottom line" conscious. I think he would be an excellent Chairman. He is comfortable in Washington, knows his way around already. He is a liberal minded businessman and has always been interested in government activities. Lloyd Cutler could help persuade him to take this, but I doubt he'd need persuading.

Frank Pizzitola, Lazard Freres, New York City, former Member
of Allied Chemical Board of Directors

Jack is a first class person and a first class businessman. He doesn't fall into the entrepreneurial category of your criteria, but I think he could do the job. He is an excellent manager and has a strong legal background which is necessary to run a railroad. He is accustomed to working with government regulations and officials. He would get along well with other Washington officials -- is a smooth operator. He is not afraid to attract good, strong people to work with him, and he uses people well. He is not in the same league with Charpie and Byrom, but he would get the Corporation off to a good start.

Katherine Graham, Publisher, Washington Post

A fine, able man. A very good member of the Board of Allied Chemical. I don't know him intimately. I thought you needed an engineer or someone with a more technical background.

Clark Clifford

Don't know him intimately. Have seen him 3 or 4 times. He's highly regarded in the railroad industry. Has done a very good job at Norfolk and Western.

Robert Claytor, Executive Vice President, Norfolk and Western
Railroad Company, Roanoke, Virginia

Mr. Fishwick will reach our mandatory retirement age in September 1981, but I think he would like to work another 20 years. He is very vigorous, a young 64. He has no particular plans that I know of for after his retirement. He might be interested in the Chairmanship. He is regarded as an innovative manager and has an enviable track record here at N&W. Has a wide background in transportation and coal (one of our subsidiaries owns a great deal of coal). Although he knows coal better than oil shale, tar sands, etc., he would have an open mind about the various processes to be employed. He is a bright, able executive and would be able to handle the complex duties of this position. He is good at dealing with people, gets along well with people on the Hill, and has good political instincts. Has been critical of the President on rail deregulation, but that situation seems to have taken care of itself.

Tim Smith, Carter/Mondale Presidential Committee

Nice guy, good solid guy. Would help us in Virginia. Was an early supporter in 1976 and a financial contributor. While I wouldn't think of him that way, at times he can be stubborn and headstrong. He served as the head of our Virginia Citizens Advisory Committee in 1976. Occasionally, he was unrealistic. For example, he wanted Henry Howell eliminated from the campaign rather than have his visibility reduced.

Fishwick is well thought of in his profession. He is a very impressive guy who would get along well here in Washington. He has been critical of the Administration on rail deregulation. His business depends heavily upon increased consumption of coal they transport coal from West Virginia, Kentucky, Southwest Virginia to Norfolk for shipping. The fact that N&W is making money is not because Fishwick is an innovative manager -- it is because shipping coal is a profitable business these days. I would be mildly surprised if he supports the synfuels program.

Tim Finchem, C/M

He's not out front for us this time, because of rail dereg. He's been upset with us over our rail dereg proposals. He's highly regarded in the industry as progressive, a good manager.

Mr. Lambeth (father of C/M District Chair), Bedford, Virginia

Jack Fishwick's credentials are excellent, but I'd really worry about whether or not he could support this program. He would have the special interests of the coal industry at heart. He would face a real conflict in trying to encourage use of alternative sources of energy. N&W has made a lot of money from coal. They also own a lot of coal -- they're mining it as well as transporting it. He's been so closely tied to N&W -- has spent his whole career there -- I'm not sure he could cut those ties emotionally.

Graham Claytor would be a good source, and Claytor's brother sits on the N&W Board.

Fishwick has come up through the ranks of N&W. He's regarded as a good manager, but I don't think he's particularly innovative. N&W is well-run; Jack is a good executive, a good organizer.

(from search for Commerce Secretary)

Frank Pace

Able. Not same level as others you are considering.

Reuben Askew

Good reputation.

Loyd Hackler

Good, smart, tough, and respected. His railroad had record profits in 1979.

TAB C

WILLIAM HENRY DONALDSON
New York

EXPERIENCE

1975 - Date * Dean,
Yale University,
Graduate School of Organization and Management

1975 - 1976 Counsel to the Vice President of the
United States

1973 - 1974 Under Secretary of State

1960 - 1973 Founder, Chairman of the Board and
Chief Executive Officer,
Donaldson, Lufkin & Jenrette, Inc.,
New York City

OTHER ACTIVITIES

Trustee: Ford Foundation
Bowery Savings Bank
Yale University
German Marshall Fund

Governor: New York Stock Exchange

EDUCATION

1958 Harvard University, M.B.A.
1953 Yale University, B.A.

PERSONAL

White Male
Age 49

*Note: Just retired as Dean this summer.

COMMENTS ABOUT BILL DONALDSON

Sol Linowitz

Not flashy. Short on direct business experience.

John Gutfreund - Managing Partner, Salomon Brothers

Not tough enough.

Clark Clifford

Would rank him 8 out of a possible 10.

Reg Jones

Highly talented, innovative financial man. DLJ has a very innovative firm, and Bill was always the prime man there.

Frank Pace

Good financial man. Good manager for an investment banker. Not CEO material, however.

Arjay Miller - Former Ford Motor President and Stanford Business School Dean

Well trained. Nice person. Give him a 3 out of 5.

Juanita Kreps

Very good. Highly respected.

Anne Wexler

Very smart. A moderate Republican.

Al McDonald

Not strong enough to be a CEO. Deeply Republican.

Bill Miller

I'd certainly reconsider him now. Good outside man. I'd be perfectly comfortable with him. Would prefer him to Fishwick.

Peter Solomon, Advisor to Secretary Bill Miller, Former Deputy Mayor of New York

He'd be fine. Although his former partner Dan Lufkind would be much better.

THE WHITE HOUSE
WASHINGTON

9/1/80

REX SCOUTEN

The attached was returned
from the President's out-
box today.

BILL SIMON

THE WHITE HOUSE
WASHINGTON

9-1-80

Re:

Have the grounds-keepers improve the walkway up to the pool. Erosion has undercut the stepping stones.

J.C.

Electrostatic Copy Made
for Preservation Purposes

September 1, 1980

Susan
TYPE FOR
SPEECH BOX
J

TO: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI
SUBJECT: LABOR DAY REMARKS ON POLAND

Following, for your use at the White House Labor Day picnic, are some suggested talking points on the events in Poland:

CELEBRATING OUR OWN LABOR HOLIDAY, AMERICANS LOOK WITH PLEASURE AND ADMIRATION TO THE WORKERS OF POLAND. ~~WE ARE ALL GRATIFIED BY THE CONSTRUCTIVE OUTCOME THEY HAVE BROUGHT ABOUT.~~ WE ARE ^{AND GRATIFIED} INSPIRED BY THE PEACEFUL DETERMINATION WITH WHICH THEY ACTED, BY THEIR DISCIPLINE, THEIR TENACITY AND THEIR COURAGE.

THE WORKING MEN AND WOMEN OF POLAND HAVE SET AN EXAMPLE FOR ALL WHO CHERISH FREEDOM AND HUMAN DIGNITY. THEY HAVE SHOWN THE WORLD NOT JUST HOW TO WIN A VICTORY FOR LABOR, BUT ~~ALSO THAT~~ ~~HOW ENDURING~~ THE HUNGER FOR LABOR'S RIGHTS IS EVERYWHERE.

THEY HAVE ACCOMPLISHED THIS BY THEMSELVES, WITHOUT INTERFERENCE FROM ANYWHERE, AND THEY AND THE GOVERNMENT OF POLAND HAVE SHOWN HOW A SOCIETY WHICH DEALS OPENLY WITH ITS PROBLEMS ^{CAN} STRENGTHENS ITSELF IN THE PROCESS. WE ARE PLEASED AT WHAT HAS HAPPENED FOR THE WELL-BEING OF THE PEOPLE OF POLAND. WE ARE HOPEFUL FOR THEIR FUTURE PROSPERITY.