

10/13/80 [1]

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/att	<p>From Brzezinski to The President (5 pp.) re: U.S.-China Relations/enclosed in Hutcheson to Brzezinski 10/13/80</p> <p>4pp GOENED 8/12/93</p>	10/10/80	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres. Handwriting File 10/13/80 [1] BOX 209

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THE WHITE HOUSE
WASHINGTON

13 Oct 80

Zbig Brzezinski

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

Rick Hutcheson

cc: Phil Wise

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	FOR INFORMATION
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	GOLDSCHMIDT
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	KAHN
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	MILLER
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/	WISE

CONFIDENTIAL



Department of State

INCOMING TELEGRAM

~~CONFIDENTIAL~~

PAGE 02

6FIJIN 10000 100942Z

AGREEMENT ON PRIVILEGES AND IMMUNITIES.

3. DENG SAID THAT HE COULD NOT UNDERSTAND THE TIMING OF THESE DECISIONS AND PREDICTED THEY WOULD ONLY BENEFIT GOVERNOR REAGAN, PRESUMABLY BY INTRODUCING A DISCORDANT NOTE IN SINO-AMERICAN RELATIONS AT A TIME WHEN THIS COULD BE EXPLOITED AGAINST THE ADMINISTRATION. HE WONDERED WHY THEY COULD NOT AT LEAST HAVE BEEN POSTPONED.

4. I EMPHASIZED IN RESPONSE THAT THESE ACTIONS IN NO WAY ALTERED THE UNOFFICIAL AND NON-GOVERNMENTAL NATURE OF OUR RELATIONS WITH TAIWAN. I ALSO STRESSED OUR CONTINUED ADHERENCE TO THE NORMALIZATION COMMUNIQUE. AS FAR AS TIMING WAS CONCERNED, I SUGGESTED IT MIGHT BE A CASE OF A FAILURE OF COORDINATION.

5. MANY CHINESE OFFICIALS AND OTHERS SUSPECT THAT THE RECENT ACTIONS WERE A DELIBERATE MOVE TO ENHANCE THE STATUS OF OUR RELATIONS WITH TAIWAN FOR DOMESTIC POLITICAL PURPOSES. DENG DID NOT SUGGEST THIS, BUT INSTEAD MADE CLEAR THAT HE FEARS THE MOVES WILL UNDERMINE, IN BOTH CHINA AND THE U.S., THE IMAGE OF A SMOOTHLY DEVELOPING SINO-US RELATIONSHIP, WITH NEGATIVE IMPLICATIONS FOR THE LEADERSHIP IN BOTH COUNTRIES.

6. I BELIEVE WE NEED A HIGH LEVEL REAFFIRMATION OF OUR COMMITMENT TO THE NORMALIZATION COMMUNIQUE. THE CHINESE SEEM TO BE LOOKING FOR SOME GESTURE WHICH WILL ALLOW THEM TO SHELF THE RECENT CONTROVERSY WITH MINIMUM DAMAGE TO OUR RELATIONS. I SUGGEST THE SECRETARY CONSIDER CALLING IN THE CHINESE AMBASSADOR TO STRESS OUR ADHERENCE TO THE PRINCIPLES OF NORMALIZATION. THE SECRETARY SHOULD NOT TRY TO EXPLAIN OR DEFEND THE RECENT

~~CONFIDENTIAL~~



Department of State

INCOMING
TELEGRAM

~~CONFIDENTIAL~~

PAGE 03

BEIJIN 10000 180942Z

ACTIONS, BUT SIMPLY EMPHASIZE THAT THEY WERE NOT INTENDED TO, NOR DO THEY ALTER, THE UNOFFICIAL AND NON-GOVERNMENTAL NATURE OF OUR RELATIONS WITH TAIWAN. THE DEPARTMENT COULD THEN RELEASE A SUITABLE PRESS STATEMENT ABOUT THE MEETING.

7. IN THE MEANTIME, I HOPE THE ADMINISTRATION WILL TAKE SPECIAL PRECAUTIONS TO AVOID ANY NEW SURPRISES ON TAIWAN OVER THE NEXT FEW WEEKS. SPECIFICALLY, I REQUEST THAT THE DEPARTMENT INFORM ME BEFORE HAND OF ANY PENDING DECISIONS OR ACTIONS REGARDING TAIWAN THAT MIGHT HAVE ANY POLITICAL IMPACT, SO THAT WE MIGHT COMMENT ON THE LIKELY IMPACT HERE.
WOODCOCK

~~CONFIDENTIAL~~

NON-CONFIDENTIAL

~~CONFIDENTIAL~~

MEMORANDUM

ATTACHMENT

THE WHITE HOUSE
WASHINGTON

October 10, 1980

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI
SUBJECT: U.S.-China Relations

*2019 -
Incorporate
(briefly) in
announcement
J*

25,

The public has not been told enough about your major accomplishment in transforming the character of the U.S.-Chinese relationship. That transformation is a genuinely historical accomplishment, and Reagan's comments suggest that his victory could place this relationship in some jeopardy. As you make the announcement of the U.S.-China Grain Agreement, you may want, therefore, to put that agreement in the context of the transformation of our relationship in all fields over the last two years with the largest country in the world.

Within a month of the establishment of diplomatic relations in January 1979, you met with Vice Premier Deng Ziaoping in Washington to begin the process of building a long-term structure for the U.S.-China relationship. As a result of the initiatives begun at that time and the more than 25 agreements which have been signed since, there has been a phenomenal growth in the whole range of official and private contacts.

-- Trade more than doubled from \$1.1 billion in 1978 to \$2.3 billion in 1979. This year we estimate it will almost double again to \$4 billion.

-- In 1978 we had no exchange of students. Now there are about 4,000 Chinese studying in the United States and 100 Americans studying or teaching in China.

-- About 100 Chinese delegations per month visit the United States.

-- We expect upwards of 70,000 Americans to visit China in 1980.

-- About 25 cultural and sports delegations from China have visited our country in the last six months, and we are reciprocating with visits both by orchestras and other cultural groups as well as our Olympic athletes.

DECLASSIFIED

E.O. 12356, Sec. 3.4

PER *3/1/93 NSCH* RE *MR-44-92-198*
BY *J* NARS, DATE *2/24/93*

-- We have 13 separate working agreements in science and technology which not only give us current and political commercial benefit but make it possible for our scientists and technicians to share in China's research in medicine, earthquake prediction, and agriculture.

The establishment of diplomatic relations with China made it possible for us to move ahead to build this new relationship into one which truly enriches us in knowledge, trade and culture. Parallel with these efforts to expand our commercial and cultural relations, we have begun carefully and deliberately to build a consultative relationship which will enable us to work together to identify and cooperate on issues of common interest. We now have regular consultations both to discuss issues of mutual concern such as the Soviet invasion of Afghanistan and to explore new areas of possible cooperation. This long-term strategic relationship, replacing 30 years of isolation and mutual hostility, is already contributing significantly to the preservation of peace and stability in East Asia and will increasingly contribute to the preservation of world peace.

THE WHITE HOUSE

WASHINGTON

10/04/80

PHIL WISE

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

Rick Hutcheson

CC: FRANK MOORE
ANNE WEXLER
FRAN VOORDE

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Veterans
Administration

OCTOBER 2 - 1980

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TO : The President
THRU : Rick Hutcheson, Staff Secretary
FROM : Administrator of Veterans Affairs

VA Presidential Update

Let's "Max"-imize - Two pieces of legislation are enroute to your desk for consideration. Since both measures support your recommendations to Congress, I respectfully suggest we do all possible to maximize these accomplishments as an antidote to what has been perceived by some veteran organizations as an "anti-veteran" Administration. Central to this effort would be official "signing" ceremonies plus maximum publicity from the White House.

You are the only elected President who, in each year of your Administration, has requested increases in compensation payments for service-disabled veterans. You have until October 7 to act on H.R. 7511, the "Veterans' Disability Compensation and Housing Benefits Amendments of 1980." You asked Congress for a 14.3% increase in disability compensation this year. H.R. 7511 provides just such an increase for veterans disabled 50% or more, and grants a 13.0% increase to veterans rated less than 50%. The increases will benefit nearly 2.3 million disabled veterans and the 14.3% increase also goes to 377,000 survivors of veterans disabled in service. Including this legislation, the increases you have sought for service-disabled veterans total close to 40% since 1977.

This bill also includes other major impact benefits. For example, it ups the maximum VA guaranty for G.I. home loans by \$2,500, and this will benefit millions of veterans in the years to come.

Arriving for your consideration just a few days later will be H.R. 5288, the "Veterans' Rehabilitation and Education Amendments of 1980." You asked Congress for a 10% increase in GI Bill education allowances - the first such increase since 11/23/77 when you approved a 6.6% boost. H.R. 5288 provides the 10% increase in 5% increments on 10/1/80 and 1/1/81. This will benefit about 600,000 veterans expected to be in training this fall as well as many thousands of veterans who will train in the future.

H.R. 5288 also grants a 17% increase for service-disabled veterans taking VA Vocational Rehabilitation training. Only about 10,000 veterans are now enrolled in this program, but H.R. 5288 also revamps, modernizes and makes more attractive the Voc Rehab program - the first complete overhaul since WW II. This updating has a high Administration priority and has been ardently supported by all the veteran organizations.

THE WHITE HOUSE
WASHINGTON

13 oct 80

The Vice President	Jack Watson
Lloyd Cutler	Al McDonald
Anne Wexler	Jody Powell
Stu Eizenstat	Fred Kahn
Gene Eidenberg	Jim McIntyre
Sarah Weddington	
Frank Moore	

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

Rick Hutcheson

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THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

October 10, 1980

C

MEMORANDUM FOR THE PRESIDENT

**Electrostatic Copy Made
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SUBJECT: Weekly Report of HHS Activities

Schedule for Relocating Cuban Mental Cases to St. Elizabeths Hospital. The Department and Immigration and Naturalization Service (INS) have entered into an interagency agreement establishing a processing center at St. Elizabeths Hospital for mentally ill Cubans who remain in INS custody. Under this agreement, HHS will continue to diagnose and treat approximately 100 individuals determined to be mentally ill. Cubans from Fort McCoy will be relocated to the facility on October 14 and from Fort Indiantown Gap on October 15.

Applications from State Medicaid Agencies for Financially Troubled Hospitals Demonstration Projects. On September 1, the Department solicited applications from state medicaid agencies for demonstration projects to improve the efficiency of services and management of financially-troubled hospitals in medically underserved rural and inner city areas. We have received 59 applications from 18 states involving 160 hospitals. Applications are currently under review, and an announcement of initial awards is expected by the end of the month.

Day Care Regulations Take Effect Without Funding. Day Care Regulations went into effect October 1. The continuing resolution contains a prohibition on Federal funds being utilized to implement the regulations. The Department is analyzing this prohibition to determine its impact on the operation of the day care program.

Patricia Roberts Harris

Patricia Roberts Harris



THE SECRETARY
WASHINGTON, D.C. 20202

OCT 10 1980

C

MEMORANDUM TO THE PRESIDENT

SUBJECT: Weekly Report of ED Major Activities

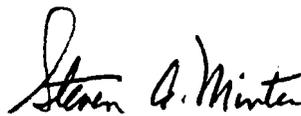
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YOUTH ACT

The Senate may consider S. 2385 (Pell), the Youth Act of 1980, when it returns in November. An amendment to establish a lower minimum wage for youth is expected. The Senate Labor and Human Resources Committee (Williams) reported the bill on September 23; the House passed its version, on August 26.

SPEECHES AND MEETINGS

The Secretary spoke at the installation of Donna Shalala as President of Hunter College in New York City on October 8. She also spoke in San Francisco to the American Council on Education on October 9. She will speak at the dedication ceremony for the North Carolina School of Science on October 11, and she will be making a series of campaign related appearances in Washington, Oregon and California next week.


Steven A. Minter
Acting Secretary

THE SECRETARY OF COMMERCE

WASHINGTON, D.C. 20230

October 10, 1980

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REPORT TO THE PRESIDENT

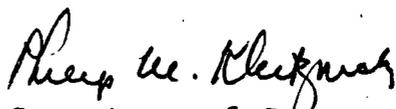
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Technology Innovation Act: I recommend that your signing of this bill be marked by a ceremony. The act incorporates key elements of your innovation program; establishes a clear federal mandate to promote industrial competitiveness through the advancement of industrial technology; and is the only piece of legislation passed this session which deals directly with government-industry cooperation for the reindustrialization of America. An emphasis upon technological advancement has been a key element of your industrial innovation, impacted industry, steel, automobile, textile, and shoe programs; of your program to develop alternative energy sources; of your industrial revitalization program; and of your continued emphasis upon increased support for basic research. A signing ceremony would provide an opportunity to reiterate your long-standing concern and to recount actions and accomplishments throughout the Administration. Any of several proposed scenarios could also provide a visual statement translating seemingly abstract economic programs into the reality of production technology and productivity growth. I note also that the bill was strongly supported by Senator Stevenson (Ill.), and by Congressmen Wydler (Long Island), Fuqua (Fla.) and Brown (Cal.). We are discussing this proposal with your staff.

Fisheries Industry: As part of our industry out-reach program, we had a good discussion with representatives of all sectors of the fishing industry adversely affected by the general economic conditions of the country, and the high cost of fuel. While the industry is pleased with the dialogue that has been initiated, they have expectations that the government will provide real, near-term assistance. We anticipate announcing within the month a program for the shrimp industry, and believe this will reinforce the developing confidence of the industry in the government's commitment to address their problems.

Phosphate Embargo: We have received a petition for hardship relief from the phosphate embargo; and, a subsequent request that we expedite our review of this export control. This review is now scheduled to be completed in December as a part of the statutory requirement that all foreign policy export controls be reviewed annually. Both matters have been referred for assessment to the NSC. A determination as to the appropriate response before October 15 may be important.

Japan: Mr. Fumihiko Togo, former Ambassador to the United States and currently a representative of Nippon Steel, indicated that a continuation of European technology transactions with the USSR could undermine Japanese government and business support for the embargo. With regard to steel, he expressed concern about the impact of the steel program upon the Japanese and sought assurances that Japan not be viewed as a cause of the problems facing the U.S. steel industry.


Secretary of Commerce



Office of the Attorney General

Washington, D. C. 20530

October 10, 1980

Principal Activities of the Department of Justice for the Week October 5 through October 10, 1980

1. Cuban Refugees

On October 10, the Department is planning to return to U.S. District Court for the District of Puerto Rico to seek the lifting of the injunction imposed on Wednesday by Judge Torruella enjoining any transfer of refugees to Puerto Rico, based on his interpretation of the Disaster Assistance Relief Act. The Motion for Reconsideration is based on the recently-passed Refugee Education Assistance Act of 1980 to be signed by the President the same day, and a related Executive Order. If our motion is unsuccessful, we will appeal to the First Circuit in Boston on Tuesday.

2. Prosecutions of Public Officials

Representative John Jenrette was convicted this week in Washington, D. C., of bribery and conspiracy charges arising from the "ABSCAM" investigation. In Seattle, Washington, the State House Speaker and Senate Majority Leader, as well as a lobbyist, were found guilty on numerous counts of conspiracy, racketeering, extortion, mail fraud and interstate travel violations. The defendants had been charged, as a result of another undercover operation, with promising that they would help legalize slot machines and blackjack in exchange for six percent each of the expected profits from them.

3. Environmental Initiatives

The Land and Natural Resources Division has established a new Environmental Enforcement Section to aggressively enforce federal statutes and regulations against air, water and noise pollution. The sixteen attorneys and support personnel involved will leave defensive work in suits challenging environmental regulations and standards to the existing Pollution Control Section.

4. Drug Seizures

The Drug Enforcement Administration reports that forfeitures of money, goods and property used in connection with the drug trade for fiscal year 1980 surpassed \$65 million, compared to \$13 million in fiscal year 1979.



THE SECRETARY OF ENERGY

WASHINGTON, D.C. 20585

October 10, 1980

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C/

MEMORANDUM FOR: THE PRESIDENT

FROM: CHARLES W. DUNCAN, JR.
LYNN R. COLEMAN

SUBJECT: Weekly Activity Report
Week of October 4 - 10, 1980

1. Appointments: John Sawhill held the first meeting of the Board of Directors of the Synthetic Fuels Corporation on Wednesday night. Lynn R. Coleman, General Counsel, is now Acting Deputy Secretary and his deputy, Eric Fygi, is Acting General Counsel.
2. American Natural Resources Coal Gasification Plant: The project sponsors have agreed to buy about one half of their requirements for coal gasifiers from Chicago Bridge & Iron. In August, the project sponsors signed a letter of intent to purchase all 14 gasifiers from Japan, a move that created substantial controversy. The new agreement, to be announced next week, will make Chicago Bridge & Iron the first American company to construct Lurgi gasifiers, a type of equipment that will be used in several other synthetic fuels facilities around the country.
3. United States-Israel Memorandum of Agreement: We have nearly reached agreement with Israeli Energy Minister Modai on the conditions Israel must meet before the Memorandum could be activated. These conditions relate to the price Israel should pay and the volumes it must purchase on the spot market as well as the status of its main sources of supplies.
4. Somalia: We have interceded with oil companies to locate sources of petroleum products for Somalia. Somalia reported critical shortages of diesel fuel as a result of the Iran-Iraq conflict. In response to our inquiries, CALTEX has located an additional one month supply of fuel that it is willing to sell Somalia. It is possible that Exxon may also supply fuel.
5. Schools and Hospitals Grants Program: The latest cycle of our grant program for energy conservation in schools and hospitals has closed. We will make 3,865 grants for a total of over \$109 million. White House and Congressional notifications will be made next week.
6. Synthetic Fuels Solicitation: We released two solicitations, using \$5 billion in appropriated funds, for loan guarantees, purchase commitments, and price supports for synthetic fuels projects.
7. Trips: I will be in Houston and in California next Monday and Tuesday for Carter-Mondale Committee events. On Thursday, I will speak to a group of 700 to 1000 midwesterners involved in the coal industry in Owensboro, Kentucky.

THE WHITE HOUSE

WASHINGTON

October 10, 1980

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MEMORANDUM FOR THE PRESIDENT

FROM: ALFRED E. KAHN

Fred

**Electrostatic Copy Made
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SUBJECT: Weekly Activities Report

This report covers our activities for the past three weeks.

Appearances: Over the past three weeks I have spoken in Massachusetts, California, North Carolina, and Virginia about regulatory reform and on behalf of your campaign. This coming week I will appear with Bill Buckley on Firing Line and campaign in New York state.

Wage/Price Program: We announced on Monday that we are, as recommended by our Pay Advisory Committee, slightly relaxing the degree to which we charge increases in pension costs against our pay standards.

At the request of five Senators, we are, with the help of the industry association and the Department of Agriculture, reexamining our treatment of the chicken broiler industry. And, at the request of sixteen members of the House, we are looking into the behavior of prescription drug prices.

Reaction in the national press to the W. R. Grace synfuels waiver, though not favorable for this program, was generally muted. We recently announced that two other companies are out of compliance with our price standards -- American Petrofina, a Dallas-based supplier of energy products, petrochemicals, and plastics, and Glen-Gery Corporation, a Reading, Pennsylvania, manufacturer of building brick and concrete.

CWPS Authority and Budget: Both the House and Senate have passed bills reauthorizing CWPS for another year, but each contains a provision requiring us to relax our price standard substantially, and the Senate bill removes your power to impose credit controls. The bills will go to conference after the election, at which point we hope to have the offending provisions removed.

Our appropriations bills have not passed in either the Senate or House. We are currently operating comfortably under the continuing resolution, but face a major struggle when Congress reconvenes.

I can not overemphasize the importance of giving intensive thought, at the earliest time after the election, to the future of the pay and price standards. The evidence of every passing day underscores the necessity for a more effective incomes policy, if we are ever to have a strongly recovering economy while bringing down the present, unacceptably high rate of inflation.

Small Hydro: Yesterday's small hydro event at the White House was very successful, prompting favorable stories in the New York Times and in local papers around the country. Secretaries Bergland, Andrus and Duncan and Charlie Curtis all participated most helpfully.

Health care policy: I gave a major paper on health care policy to a group of leading professional economists working in the area. I attach a copy, in the hope it may be useful when your Administration gets around to planning its future approach to structural reform and cost containment.

Attachment



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

October 10, 1980

①
/

MEMORANDUM FOR: The President
Attention: Rick Hutcheson, Staff Secretary

**Electrostatic Copy Made
for Preservation Purposes**

Subject: Weekly Report of Major Departmental Activities

\$177,190,591 Allocated in Action Grant Projects. A total of \$177,190,591 has been allocated for 78 Action Grant Projects in 60 cities. These projects create 20,689 new permanent jobs, save 9,571 existing jobs and result in 18,629 construction jobs. In addition, they will ultimately result in an annual savings of 650,000 barrels of oil. The 78 grants were chosen from a total of 250 applications requesting \$920 million.

Consolidated National Housing Act Submitted to the Congress. On September 26, the Secretary forwarded the proposed Consolidated National Housing Act to the Speaker of the House of Representatives and the President of the Senate, requesting the bill's introduction. Although too little time remains in the 96th Congress for serious consideration of the proposal, we requested its introduction as a means of assuring the widest possible public distribution of the bill's content during the Congressional recess.

Ten Projects Deemed Eligible for Federal Funding. Ten projects in seven states have been deemed eligible for Federal funding to assist minority developers. Contract authority in the amount of \$2,866,211 has been set aside from the Secretary's Discretionary Fund for 524 units of new construction and substantially rehabilitated units, with 132 of these going for larger families. Another 500 units will be announced at a later date.

Detroit Project Gets Environmental Green Light. The Council on Environmental Quality has permitted the City of Detroit to use a Section 108 loan guarantee to begin to acquire, relocate, demolish and clear the site of the General Motors assembly plant project prior to completing a draft Environmental Impact Statement. This is the first use of the Council's powers under Section 1506.11 of its regulations of compliance with NEPA. The precedent setting action was taken because of the city's financial condition and the economic state of emergency that has been declared by the Governor of Michigan.

National Hispanic Field Service Program Underway. The University of Colorado at Denver will lead a nation-wide program to attract more Hispanics to the public service by providing professional training and assistance in job placement. HUD is the lead agency in this Federal effort, with funding provided by HUD, Agriculture, Commerce, Education, Energy, Transportation and the Environmental Protection Agency. The program will be conducted by a consortium of universities under the direction of Hispanic administrators.

Jane M. [Signature]
for Moon Landrieu

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

①

October 10, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: Gus Speth
Jane Yarn
Bob Harris

Handwritten initials: J. Speth

**Electrostatic Copy Made
for Preservation Purposes**

SUBJECT: Weekly Report

National Environmental Public Opinion Survey. Yesterday the Council released its report: "Public Opinion on Environmental Issues: Results of a National Public Opinion Survey" (copy attached). The survey was conducted by Resources for the Future with the assistance of the Roper Organization and Cantril Research, Inc. This is the most comprehensive and searching environmental public opinion survey of more than a decade of public opinion polls on environmental issues ever conducted. The poll reaffirms and underscores the broad public commitment to improving the environment that has existed for at least the last decade: 62 percent said their views are in sympathy with the environmental movement while only 4 percent consider themselves unsympathetic; 73 percent said the term "environmentalist" applies to them "definitely" or "somewhat". Despite our energy and inflation problems, the survey indicates that Americans seem willing to pay the price for environmental quality. Only one in five respondents chose the statement, "we must relax environmental standards in order to achieve economic growth".

Reagan's Anti-Environmental Statements. Last Tuesday while campaigning in Ohio steel producing and coal mining areas, Gov. Reagan made several remarks which criticized EPA, claimed that "air pollution has been substantially controlled", complained of "overregulation", asserted again the preposterous notion that trees are responsible for most of the nitrogen oxide in the atmosphere, and contended that the Mt. St. Helens eruption put more sulfur dioxide in the air than "all automobiles and things of that nature over the past ten years". At CEQ's press conference where the environmental survey report was released, reporters asked about Gov. Reagan's remarks. I indicated how strange and bewildering the remarks were and provided specific rebuttals for most of the assertions. For example, I noted that the rate of manmade emissions of sulfur dioxide is more than 40 times the rate of emissions from Mt. St. Helens. In fact, Mt. St. Helens emits SO₂ at a rate equivalent to two moderate sized coal-fired power plants burning Ohio high sulfur coal. Similarly, I noted that trees do not emit nitrogen oxide pollutants. Attached is more detailed response to each of the major points raised by Gov. Reagan; I have been providing this information to a number of important editorial writers, columnists, and members of the press.

Trips. Last weekend, Bob traveled to West Virginia and spoke to the Clarksburg Chamber of Commerce about your energy/environmental policies and was well received. He will be speaking to various environmental and academic groups in Florida, Oregon, California, and New Jersey next week.



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

C

October 10, 1980

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson
Staff Secretary

**Electrostatic Copy Made
for Preservation Purposes**

SUBJECT: Weekly Report

USSR. The Soviets purchased 25,000 tons of corn for delivery in 1980/81, bringing total sales under the fifth year to 2.88 million tons of wheat and 4.847 million tons of corn.

U.S. export sources and Gulf-coast port officials said the International Longshoremen's Association (ILA) has loaded wheat cargoes for shipment to the Soviet Union at ports in Texas and Mississippi, despite statements earlier this year that it would boycott all USSR-bound shipments.

Good

INDIA. The Press Trust of India reported that the State Minister for Agriculture said that India may enter into a barter deal with some Gulf countries by exchanging grain for oil. The official said there was demand for about 200,000 tons of grain from the Gulf countries this year, but only about 100,000 tons are being immediately exported. The government already has decided to permit export of 1 million tons of rice this year.

COTTON DUST. The Supreme Court agreed on October 6 to hear a challenge by the nation's cotton manufacturers that Federal standards for controlling cotton dust are too stringent. The challenge brought by the American Textile Manufacturers and the nation's leading cotton mills is based on a contention that it would cost \$2.7 billion for the mills to comply with the standards required by the Occupational Safety and Health Administration. The industry says it can provide similar health benefits for as little as \$250 million, but OSHA insists on more onerous methods.

Dale Hathaway

DALE E. HATHAWAY
Acting Secretary

THE WHITE HOUSE
WASHINGTON

13 oct 80

Secretary Miller

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

Rick Hutcheson

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	WEDDINGTON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE
	ANDRUS
	ASKEW
	BERGLAND
	BROWN
	CIVILETTI
	DUNCAN
	GOLDSCHMIDT
	HARRIS
	HUFSTEDLER
	LANDRIEU
	MARSHALL

	MILLER
	MUSKIE
	AIELLO
	BUTLER
	CAMPBELL
	H. CARTER
	CLOUGH
	FIRST LADY
	HARDEN
	HERTZBERG
	HUTCHESON
	KAHN
	MARTIN
	MILLER
	MOE
	MOSES
	PETERSON
	PRESS
	RECORDS
	SANDERS
	SHEPPARD
	SPETH
	STRAUSS
	TORRES
	VOORDE
	WISE



THE SECRETARY OF THE TREASURY
WASHINGTON
October 10, 1980

ce Bill
C

MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

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1. <u>THE MARKETS AND THE DOLLAR</u>	<u>Today's Close</u>	<u>Change Since 10/3</u>
Dow Jones Industrial Average	950.68	Unchanged
NYSE Composite Index	75.34	+ .59
Prime Rate	13-1/2% to 14%	Unchanged
Gold (London)	\$684.25	+\$22.25
Silver (COMEX)	\$ 21.60	+\$ 1.40

Can't we get Citibank down?

Financial markets reacted nervously to a stronger than expected increase in retail sales in September (1.6%) and to a large increase in weekly bank loan demand reported today (up \$2.9 billion). In addition, new offerings of both Treasury and corporate securities drew poor investor response during the week increasing pressure on money and capital market rates. On balance, interest rates rose slightly in short maturities and fell slightly in long maturities.

- In the currency markets for the week, trading was orderly. The dollar fell slightly against the German mark and Swiss franc and rose slightly against the Japanese yen.

2. CHRYSLER

Public announce ment?

Chrysler has notified us that it does not expect to need any additional Government financing before the end of the year. The situation seems to have stabilized through December and perhaps beyond, depending upon the success of the car and truck sales campaigns.

3. SECRETARY MILLER'S SPEAKING ENGAGEMENTS

- Secretary Miller has been speaking to a number of large groups about the Administration's Economic Revitalization Program and progress in deregulating the economy. This week, he addressed the National Association of Bank Women in Washington and the Business Council in Hot Springs, Virginia. He will also address the Reserve City Bankers on Sunday and the American Bankers Association on Monday, both in Chicago.

4. SECRET SERVICE

- . As you requested, Secret Service protection for Senator Kennedy commenced on October 7.

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

Robert Carswell
Acting Secretary

THE WHITE HOUSE
WASHINGTON

13 oct 80

Phil Wise

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

Rick Hutcheson

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	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE
	ANDRUS
	ASKEW
	BERGLAND
	BROWN
	CIVILETTI
	DUNCAN
	GOLDSCHMIDT
	HARRIS
	HUFSTEDLER
	LANDRIEU
	MARSHALL

	MILLER
	MUSKIE
	AIELLO
	BUTLER
	CAMPBELL
	H. CARTER
	CLOUGH
	FIRST LADY
	HARDEN
	HERTZBERG
	HUTCHESON
	KAHN
	MARTIN
	MILLER
	MOE
	MOSES
	PETERSON
	PRESS
	RECORDS
	SANDERS
	SHEPPARD
	SPETH
	STRAUSS
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/	WISE



THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

October 10, 1980

cc Stu
Phil

C

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MEMORANDUM FOR THE PRESIDENT

THROUGH: Rick Hutcheson, Staff Secretary

FROM : Neil Goldschmidt *Neil Goldschmidt*

SUBJECT: Significant Issues for the Week of October 6

→ Auto Industry--I believe it important for you to schedule a signing ceremony with the auto industry to formalize the Cooperative Automotive Research Program. Ideally, this should take place in about two weeks. There are two reasons such a ceremony is important. First, General Motors has been reluctant to sign before the election and probably will continue its reluctance until it knows that a Presidential signing ceremony has been scheduled. Secondly, while the Congress gave us an appropriation to start the program, we have yet to get an authorization. A signing ceremony would signify the importance of the program to the industry and to you. We are very hopeful that the program will be a model for bringing together industry and government to do basic research, a vital part of long-range-economic renewal.

I also recommend a bill signing ceremony for the Fuel Economy amendments approved by Congress September 30. The legislation accommodates concerns of several automobile companies, giving them flexibility to carry "credits" for exceeding mileage standards forward or backward for three years. Existing law limited this credit arrangement to one year. In addition, the legislation permits automobile manufacturers to combine mileages for their foreign and domestic fleets. This is important to inducing Volkswagen to build its second U.S. plant in Michigan since the company makes high-mileage Rabbits in the States and imports lower mileage cars for sale here. The bill also allows manufacturers assembling imported cars in this country to average up to 150,000 of these cars with their domestic fleet to meet mileage standards, significant to American Motors which plans to produce cars here in partnership with Renault of France.

Highway Legislation--Following a series of meetings around the country with interested groups and state and local governments, we have drafted a major bill to reorient our highway program away from construction of new highways and toward preservation of the vast investment we already have in place. Without this shift in policy, the country will be guilty of wasting away one of its most valuable public assets. We simply are not putting enough money into caring for the existing system, and it is deteriorating. The policy we are proposing will require an increase in the gas tax, but we believe there is a strong case to be made for the policy and the increased funds. We have submitted the legislation to OMB as significant proposal for your consideration early in your second term.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

October 10, 1980

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for Preservation Purposes**

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *C.S.*

Subject: Retail Sales in September (released at 3:30 p.m., Friday)

Retail sales in September rose by 1.6 percent over August. But the earlier estimate of August sales was reversed downward by 1 percent. Over the two month period, July to September, sales climbed by a healthy 2.3 percent, a good gain.

The September sales data suggest an economy which continues to recover from the recession, at a healthy but not rapid pace. The recession was -- all things considered -- mild. It looks like the recovery will also be gradual.

Weekly Initial Claims
for Unemployment Insurance

The weekly data on initial unemployment claims (after a one week dramatic increase and subsequent decline in the middle of September) have continued to fall slowly.

THE WHITE HOUSE
WASHINGTON

10-10-80

Kathy would like to know when the McLinton letter has been signed. They would like to handle the delivering, as well.

Sharon

THE WHITE HOUSE
WASHINGTON

October 9, 1980

Susan

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
KITTY HIGGINS
SUBJECT: Letter to Harold McLinton

I suggest sending the attached note to Harold McLinton, the former Washington Redskin seriously hurt in a hit and run accident last week.

He has worked closely with the Vice President's Task Force on Youth Employment and with area youngsters in various community betterment campaigns.



THE WHITE HOUSE

WASHINGTON

October 10, 1980

To Harold McLinton

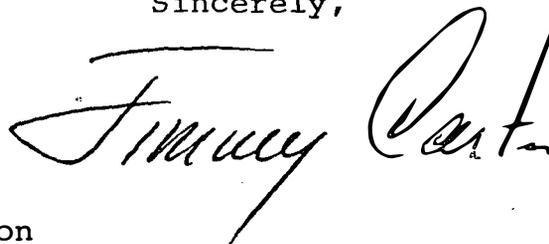
As one of your many fans I wanted you to know that we're all pulling for your full and speedy recovery.

Your leadership and dedication both on and off the playing field have been an inspiration to thousands. Your work with Washington young people deserves special praise.

I also know of the time you gave to the Vice President's Task Force on Youth Employment and your work with "Operation Outreach." You and the other players offered us new insights to the problems of unemployed teenagers and helped shape the Youth Act of 1980.

I look forward to having you at the White House to help celebrate the signing of the Youth Act. Get well soon.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the typed name "Jimmy Carter".

Mr. Harold McLinton
c/o Washington Hospital
Center
110 Irving Street, NW
Washington, DC 20010



THE WHITE HOUSE
WASHINGTON

13 oct 80

Jody Powell

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

Rick Hutcheson

IMPROVING
Partly cloudy today and to-
night. Windy, warmer and
chance of showers Wednesday.
(COMPLETE REPORT ON PAGE 4)

Jody

BUFFALO EVE

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5 SECTIONS 8 PAGE TABLOID

Vol. CC—No. 180

TUESDAY, OCTOBER 1, 1980 by Buffalo Evening News

36.2 President
24.8 Reagan
14.4 Anderson

Iran, Iraq Girding

24.6 Undecided

Area Voters Favor Carter by 11.4 Percent; Holtzman Also Leads

By LEE COPPOLA

Voters in Erie and Niagara counties gave President Carter an 11.4 percentage point lead over the closest challenger, Ronald Reagan, with John Anderson running a distant third, in a poll commissioned by The Buffalo Evening News and WIVB-TV.

The News-Channel 4 poll also showed voters in the two-county area favoring Rep. Elizabeth

Campaign accusations intensify as candidates hit the road.

PAGE 9

Anderson won't pull out of race, Lucey says.

PAGE 19

Holtzman for the U.S. Senate seat currently held by Sen. Jacob Javits.

In the presidential race, 36.2 percent of the 500 voters contacted favored President Carter, compared with 24.8 percent who chose Gov. Reagan and 14.4 percent who opted for Mr. Anderson, with 24.6 percent undecided.

Rep. Holtzman, the Democratic candidate to replace incumbent Sen. Javits in the U.S. Senate, was the favorite of 32 percent of the voters, with

THE BUFFALO NEWS

4

NEWS WIVB

POLL

Republican-Conservative Alphonse D'Amato second with 27.8 percent, Mr. Javits third with 23 percent and 17.2 percent undecided.

The poll was conducted during the last week of September by Frank and Jeanette Levin's Buffalo Survey & Research Inc. A total of 2,315 persons were contacted to reach the representative sample of 500 registered voters.

The professional pollster indicated the margin of error in the presidential race is plus or minus 5.5 percent. The margin of error in the U.S. Senate race was set at plus or minus 6 percent.

OF THE 500, 249 were men, 251 were women; 275, or 55 per-

cent, were Catholic; 94 percent were white; and 280, or 56 percent, were 50 years or older.

In political party affiliations, 231, or 46.2 percent, were Democrats; 205, or 41 percent, were Republicans, and 26, or 5.2 percent, listed themselves as independents.

In trying to determine the reasons behind the voters' preference, the surveyors asked Carter backers how they were influenced by Mr. Reagan's age, and his stands on the Equal Rights Amendment, abortion and foreign or military policy.

A total of 35.4 percent of the Carter backers said Mr. Reagan's "hawkish" foreign or military policies played a part in their decision. Only 19.9 percent said his age of 69 was a factor while 20.4



THE WHITE HOUSE
WASHINGTON

13 oct 80

Zbig Brzezinski

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the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

cc: Jody Powell
Rick Hertzberg

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	WEDDINGTON
	WEXLER
/	BRZEZINSKI
	MCINTYRE
	SCHULTZE
	ANDRUS
	ASKEW
	BERGLAND
	BROWN
	CIVILETTI
	DUNCAN
	GOLDSCHMIDT
	HARRIS
	HUFSTEDLER
	LANDRIEU
	MARSHALL

	MILLER
	MUSKIE
	AIELLO
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	CLOUGH
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	MILLER
	MOE
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	PETERSON
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	SPETH
	STRAUSS
	TORRES
	VOORDE
	WISE

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

ACTION

October 8, 1980

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *ZB*
SUBJECT: The Security Framework for the
Persian Gulf

ZBIS-
Good idea -
Speech for me
week of 10/19
J

I attach (at Tab A) some talking points for either some comments or a brief speech dealing with the security framework for the Persian Gulf. The two attached editorials (Tab B), one from the New York Times and one from the Washington Post, indicate some public confusion about the nature and purpose of our policy.

Nonetheless, we have been able to deal with the Saudi requests and with the dangers to the Strait of Hormuz quickly and effectively largely because of what has been accomplished in the security framework over the past nine months. Your "presence" decision on our military forces in the region allowed us to have the largest U.S. naval force ever near the mouth of the Strait of Hormuz as the Iraq-Iran hostilities started. Without moving any forces, we are positioned to act to ensure shipping. F-14s on the carriers give us rapidly available air defense capabilities. The AWACS earlier deployed to Saudi Arabia provided a backdrop making the latest deployment less provocative and more acceptable. You need to take credit for this.

Comments along these lines would convey a sense of presidential leadership. I believe you need to exploit more this element in the current campaign.

(I attach at Tab C a copy of a memo on the security framework in which you indicated that you might want to give a speech along these lines.)

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pp 3-5

*contain more specific
information, if you wish
to concentrate just on that.*

Talking Points on the Security Framework for the Persian Gulf

The war between Iran and Iraq in the Persian Gulf has been very much in the headlines of the papers of this country and also central in the news in Europe and Japan. It is clear to most people that hostilities so close to the large oil fields of the region, particularly in Saudi Arabia, pose a danger to our energy supply and the economic stability of the West. For this reason, although the United States remains neutral in the war between Iraq and Iran, I have responded positively to Saudi requests for assistance in providing an air defense cover against a possible spillover of the air war into other oil producing regions.

Because a great deal could be at stake both for the United States and our allies in this case, I want to review for you what our policy toward the region has been since my State of the Union Address and what we have done to implement that policy over the last nine months. I believe you will see that our progress has permitted us to deal with dangers moderately and effectively. Had we not taken a large number of preparatory steps, our preparedness to respond to the Saudi request and to deal with keeping the shipping lines open could have been much less. I also believe you will find a prudence and consistency to our policy befitting our interests in the region.

In my State of the Union Address I said that one of our responses to the Soviet invasion of Afghanistan would be to build a security framework for Southwest Asia and the Persian Gulf. Let me explain why this is necessary.

In 1977 in Ethiopia, Cuban and Ethiopian military forces consolidated a Soviet-type regime in that country. Later that year a similar Soviet move took place in South Yemen. In March of 1978, the Soviet Union backed a communist takeover in Afghanistan. As Soviet control of that country fell into doubt in the course of the next year, Soviet advisors took a larger role. In spite of my warning late in 1979 to the Soviet leadership that an invasion by their forces would have serious consequences for detente, Soviet forces entered Afghanistan shortly after Christmas day. That act placed in peril the security of both Iran and Pakistan.

The challenge to the region is not only external. Many of the Islamic states are faced with internal forces of instability. Iran has already fallen victim to them. Furthermore, every sub-region in the area is beset by long-standing conflicts which can break into hostilities at any time. The Pakistan-India conflict, the Somali-Ethiopian disputes, the various quarrels on the Arabian Peninsula, and, of course, the Arab-Israeli conflict are well known. They give the region a highly volatile character. An effective security framework, therefore, must take an effective account of both threats to the region.

We cannot build a replica of NATO in the Persian Gulf region. The political and economic conditions of the region do not permit it. Nor can we build a security framework there by ourselves. Others must help, not only friendly states within the region but also our European and Asian Allies. Their vital interests there are greater than ours. We must take the lead, however, because the Soviet threat can only be met effectively if we lead the response to it.

A security framework for the region cannot be only or primarily a military structure, although the military component is critical. It must also represent diplomatic and economic engagements. Over the past nine months we have taken a number of initiatives and steps which add up to an emerging structure for securing independence and peace within the region. It is a beginning, but our progress is encouraging, and I want to report to you on what has been accomplished.

In the military component, we have proceeded with four major efforts.

First, in order to have the capability to present the Soviet Union with a credible deterrent, and to reassure our Allies in the area, we must be able to project U.S. forces into the region. I emphasize the projection of U.S. forces, because it is not our intention to station U.S. forces there or to build large U.S. bases. We must, however, be able to come to the aid of Allies if they are threatened and when they invite us.

Because doubt has been publicly expressed about the seriousness of our efforts in this regard, I would like to provide some concrete

details. I have taken a close personal interest in our endeavors through more than 18 meetings and reports by NSC committees, and I have convened the National Security Council itself several times over the past nine months. The purpose of them all has been to develop the concept of the regional security framework and to enhance our ability rapidly to deploy our forces if needed.

To date we have accomplished the following:

- A Rapid Deployment Joint Task Force has been established. Its command is located at MacDill Air Force Base in Florida.
- Forces have been identified to train for deployment contingencies. They include two and one-third Army divisions, a Marine division plus, more than four wings of ground-based fighter aircraft, and three aircraft carrier battle groups.
- Seven pre-positioning ships with mechanized equipment, ammunition, fuel and other supplies have been deployed in the Indian Ocean. They allow us to put a mechanized brigade of 12,000 troops on the ground in the region on very short notice, a few days.
- Three hundred jet transports and 500 turboprop transports are available for airlift.
- The Congress is reviewing an Administration request to purchase eight fast ships (SL-7) which could reach the Suez Canal from the East Coast in 11/12 days. These could be in use within weeks if they are authorized by the Congress.

- Three exercises of the Rapid Deployment Joint Task Force in the United States have been conducted.
- Exercise deployments of small parts of the force to the region are scheduled for this fall.
- Deployment times have been reduced significantly. Tactical air forces can be in the region within hours, a battalion within 48 hours, and a division within two weeks.

Last December I accepted the National Security Council's recommendation that the United States seek facilities in the area so as to acquire the ability rapidly to project its forces if the region is threatened. Since that time arrangements have been negotiated with several countries. These arrangements have reversed a significant trend. Instead of receding, American military power can actually grow and provide the needed security to the region, if the occasion should arise.

At the same time, it has to be emphasized that the political circumstances of the region are very different from those of Europe, and there is a need for special sensitivity to the national and political sensitivities of the countries concerned.

Taking these political realities into account, we have in the course of the last nine months made genuine progress in developing a security framework for the region.

In the military field, we have considered not only projection of our own forces but also the improvement of defense capabilities by local forces of our Allies in the region. We prefer that they be able to defend themselves. Moreover, we have developed a rough

division of labor with our European Allies, and have begun working out the force implications for NATO of our potential Rapid Deployment Force needs.

Our security framework also has a diplomatic component.

We have improved our political relations with a number of countries in the region. Progress in this regard, however, cannot be measured on a straight line because every sub-region -- the Northern Tier, the Arabian Peninsula, the Horn of Africa, and the Eastern Mediterranean is marked by the kind of internal unrest and political quarrels that complicate our choices. Nonetheless, we have made diplomatic and supportive approaches to important states within each sub-region in regard to regional security matters. On balance, we have improved our diplomatic posture in the area.

In the economic component of the framework, oil supply is key. Our policy at home and with our Allies has reduced consumption, slowed the price rise, and built up stocks. That is why, even with Iran and Iraq out of the production picture, we are confident that we face no immediate threat of the kind of worldwide shortages and price upheavals we suffered through at the onset of the Iranian revolution.

We have encouraged the wealthier states in the region to provide poorer states with both economic and military assistance to help them resist external efforts to destabilize them politically. We have also asked our Allies to provide economic assistance to these states, and in some cases, we are making contributions. Energy conservation, security, and economic assistance to regional states

by regional states, and Western economic assistance, therefore, form a three-point economic strategy for the security framework.

Responding to security challenges in yet a third region of the world will not be easy, cheap, or risk-free. Nonetheless, the stakes are much too great to do otherwise.

-- It would not be consistent with our ideals as a great and freedom-loving nation to stand by idly while other states in Southwest Asia suffer the fate of Afghanistan.

-- It would be short-sighted militarily for Europe and East Asia, where we already have large military commitments, to fail to meet the security challenges in the Persian Gulf. Our allies cannot isolate themselves from the realities of Soviet military power simply because it is, for the moment, being visited on remote states in other parts of the world. Military detente is not divisible.

-- It would be damaging to our economy and our standard of living in the coming decade to ignore a threat to such a vital economic area for us and our allies.

The challenge may be large, but it brings a strong commonality of our political ideals, our economic needs, and our military security commitments elsewhere. As we Americans show our own awareness of the need, our action will inspire similar awareness among our Allies. Together we can deter the Soviet Union from military aggression and internal interference in the Persian Gulf and Southwest Asian region.

If we meet this challenge successfully, and if we do deter aggression and outside interference, I believe the Soviet leadership

will come to the view that there is more to be gained through cooperation with the West than through threats to the West's vital interests.

THE WHITE HOUSE
WASHINGTON

13 oct 80

Stu Eizenstat *JA*
Jim McIntyre

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the President's outbox today
and is forwarded to you for
your information.

Rick Hutcheson

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THE WHITE HOUSE
WASHINGTON
October 11, 1980

**Electrostatic Copy Made
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MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: Proposed Announcement of Synthetic Fuels Plants
in Illinois and Ohio

I recommend that during your visit to Carbondale, Illinois, on Monday you announce that the Department of Energy has decided to fund two proposals for coal-gasification plants burning high sulfur coal to be constructed there and in Southern Ohio.

The Projects

The real long-term policy answer for the very dirty high-sulfur coal that is mined in Southern Ohio and Illinois is to use it in the manufacture of clean-burning synthetic fuels, rather than burning it directly. In recognition of this fact, in 1976 DOE's Coal Office solicited proposals from private industry for the design, construction and operation of a high technology plant to produce synfuels from high sulfur Midwestern and Eastern coal by gasification. Five companies submitted initial proposals for the plant, from which DOE selected two final competitors: the Illinois Coal Gasification Group (ICGG), composed of five gas utilities, which would build a plant in Perry County, Illinois, about 30 miles from Carbondale, and the Conoco Coal Company, a subsidiary of the Continental Oil Company, which proposed to locate a plant in Noble County, Ohio. DOE has provided about \$45 million to each company for design work. They are scheduled to make a final decision between the two competitors in mid-summer, 1981.

DOE plans to pay 50% of the cost of construction for the selected plant (although Conoco has been bargaining for a higher federal share) and to share in the initial two to five years of operating expenses. DOE estimates that the total cost of either project to the federal government would be about \$1 billion over the next 10 years, with the heaviest expenditures concentrated in FY 82-84 for construction. Funding both plants would double the cost, to over \$2 billion over the next 10 years.

DOE has planned and budgeted to build only one of these two facilities, despite intense Congressional pressure to build both.

It would be legal to close the competition now and to decide to build both plants, however, subject to an additional appropriation by the Congress (this would be an additional \$55 million for FY 81). The House FY 81 appropriation already requires that both plants be built. DOE believes that both plants use excellent technologies, but that, given the other demands on their budget, it is not appropriate to fund them both. (DOE took this same position on the SRC I and II projects, of course, and was ultimately forced by the Congress to build both; we believe that the same thing is likely to happen here.) Secretary Duncan also feels that any announcement at this time would be premature, because it would remove all of our bargaining leverage with the two companies.

Discussion

The coalminers in the high-sulfur coal areas of Southern Illinois and Ohio believe, with considerable justification, that the EPA's Clean Air Act requirements have put them out of work. Doug Costle has tried to minimize these economic impacts, but in the present statutory framework, there is very little relief that anyone can offer. We have drafted the following paragraph for your Illinois coalmine appearance on Monday (since we had nothing else to announce):

"We must not sacrifice progress in developing our coal and synthetic fuels because of inflexible regulations. I know that you are concerned about the economic impacts of the Clean Air Act. So I have directed Doug Costle to include a careful analysis of job impacts with each proposal for amendments to that act next year. I pledge to you that I will not propose any amendment to the Clean Air Act without full consideration of its effect on jobs."

This does not commit you to any amendments to weaken the Clean Air Act, but merely says that any amendment you do submit will take jobs into consideration. Doug Costle approves the above language but hopes it does not have to be used. We are concerned about raising the issue of amendments to the Clean Air Act, and giving the unintended impression that we will require that all environmental requirements be balanced against economic impacts.

Announcement of these plants would obviate the need for the above paragraph. OMB raises several objections to building both plants, but I do not find them persuasive. Jim is particularly concerned that the government will have to pick up more than 50% of the cost of these plants. We can avoid this if DOE's detailed announcement refers to the 50% cost-sharing as an essential element of the program. He also argues that if we spend so much money now on these plants, we will have to delay funding for more advanced technology coal gasification plants. But these plants will be funded from the regular DOE budget, while the later, more advanced plants will apply to the Synthetic Fuels Corporation, for which funding is already fully authorized.

Construction of these two plants would put hundreds of coalminers back to work and create thousands of jobs in the local construction industries. The competition between the Ohio and Illinois plants has received tremendous publicity in both states, and you could not politically decide to announce one without the other.

I believe we should announce that we will fund both facilities. The announcement will be seen as political, and has this disadvantage. However, the downside of that perception is more than outweighed by the benefits in Southern Illinois and Southeastern Ohio. There is no other proposal you will be able to make in those states which will be as popular or as effective in turning around attitudes which are now negative. On the political importance of such an announcement, I suggest that you check with Hamilton or Pat Caddell. They can best evaluate the benefit of this proposal.

However, the proposal can be supported on policy grounds; it is consistent with your synthetic fuels policy, your job creation policy, and your air pollution policy. Building two plants instead of one will obviously produce more synthetic fuels and use more high-sulfur coal without harming the environment. And it will put thousands of people in an economically depressed area back to work. Finally, given the constraints of the Clean Air Act, it is really your only way of helping the coalminers in Southern Illinois and Ohio.

Recommendations

OMB opposes funding both plants and opposes any announcement at this time. Jim McIntyre's memo detailing these views is attached. DOE would accept a decision to fund both plants, but opposes any announcement at this time. I recommend that you direct DOE to seek authority to fund both the Ohio and the Illinois coal gasification facilities and that you announce that decision on Monday in Illinois.

Decisions

- I. Direct DOE to seek authority to fund both the Illinois and the Ohio coal gasification facilities.

Approve _____ (DPS)
Disapprove ✓ (OMB, DOE)

- II. If you approve I. above, announce the decision on Monday in Illinois.

Approve _____ (DPS)
Disapprove ✓ (OMB, DOE)



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503
October 11, 1980

I agree
J

MEMORANDUM TO THE PRESIDENT

**Electrostatic Copy Made
for Preservation Purposes**

FROM: JAMES T. MCINTYRE, JR. *J. McIntyre*
SUBJECT: High Btu Coal Demonstration Plants

I am concerned that the recent unfortunate press report alleging a pending announcement by you to build a high Btu coal gasification plant in Illinois, if not properly handled, will reverberate to the Administration's disfavor. I strongly recommend that we announce as soon as possible that the press report was in error and that the competition between the two remaining processes will continue on schedule with the decision to be made after July 1981 as planned.

My reasons for making this recommendation are as follows, first, the initial solicitation clearly provided that firms which were awarded contracts would be competitively evaluated in the design phase and based upon this evaluation one firm would be selected to construct a plant. Of the five proposals received, two, the Illinois Coal Gasification Group (ICGG) and CONOCO (Ohio), were awarded design contracts. We have consistently maintained this position which has been recognized by the supporters of the ICGG and CONOCO projects and by supporters of those projects which have already been eliminated.

Second, by making a decision now, we shortcut the prescribed selection process and thereby jeopardize our overall demonstration strategy, invite political criticism by supporters of other projects which were earlier eliminated, and reduce the Federal Government's ability to negotiate a fair cost-sharing agreement.

- Jeopardize demonstration strategy. The process of competing development and design efforts leading to a selection of a single firm for construction is consistent with long-held OMB policy for major systems acquisition. Furthermore, it is part of a broad energy demonstration plant strategy designed to avoid the inevitable pressures which could eventually make the whole demonstration plant problem completely unmanageable.
- Invites criticism. Not only do we run the obvious risk of criticism of the timing of this decision, but we also risk criticism by supporters of the three other projects which were eliminated prior to the June 1977 award of design contracts to CONOCO and ICGG groups. Of the projects already eliminated, one (HYGAS) still has considerable political support and has been included in the Senate mark on our 1981 budget request.

- Eliminates cost-sharing leverage. To interrupt the selection process now substantially reduces our ability to negotiate a 50-50 cost-sharing agreement with the eventual competition winner. The CONOCO group is already discussing reducing their contribution to 20 percent to expedite their project. A political decision now guarantees that the Federal Government will have to pay a larger percentage.

Third, there is no justification from a technical or economic viewpoint to build more than one plant.

- Technically no more than one plant is justified. Both processes produce high Btu gas from eastern coal. We will also be committing shortly to a one-and-a-half billion dollar loan guarantee to build another high Btu gas plant for western coal in North Dakota. These plants plus the 2 medium Btu plants in Tennessee and Alabama which we have already funded and those which will be funded by the Synthetic Fuels Corporation provide more than a sufficient number of technical options for industry. It should be recognized that it is the gas from these plants which competes not the technologies themselves.
- Economically the costs of building 2 plants outweighs the benefits. The only economic argument that can be made in favor of building both plants is that it will make available an additional second generation coal gasification technology for a period of 4 to 5 years until more advanced technologies are available. The benefits of this are small in comparison to the costs of the projects. Also, we will still be faced with a decision to fund a demonstration plant for these more advanced technologies during the period the ICGG and CONOCO plants would be under construction. If we choose for budgetary reasons not to build an advanced technology plant, we could delay the adoption of a coal gasification technology which has the potential to significantly lower the economic cost of synthetic gas from coal. This cost at present is incalculable.

Finally, this decision has significant budgetary implications because the total cost of both projects will not be the \$1.1 billion as currently estimated in the official preliminary cost estimates. They will in fact cost in excess of \$2 billion. This estimate is based on OMB's evaluation and not yet publically released information available to DOE. In addition, the Federal Government will probably have to pay a larger share of the project costs than the 50 percent originally anticipated, since the project sponsors will have no incentive to provide significant levels of cost sharing.

In light of the potential damage this decision could do both from a political as well as a budgetary standpoint, I recommend that we immediately correct the news report which has created this problem and reaffirm our existing policy that the competition between these two coal gasification processes will continue on schedule with a decision to be made after July 1981 as originally planned.

THE WHITE HOUSE
WASHINGTON

13 oct 80

Al Moses

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

Rick Hutcheson

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SIMON WIESENTHAL, DIPL. ING.

Vienna

1190 WIEN, Aug. 12th, 1980
Mestrozgasse 5
Telefon 47 51 85

To
The President of the
United States
Mr. Jimmy Carter
White House
Washington D.C.
U S A

C

**Electrostatic Copy Made
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Dear Mr. President,

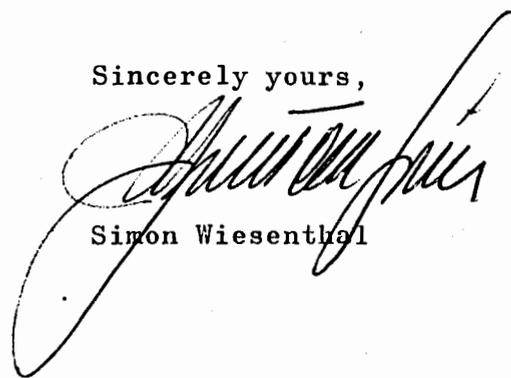
Back in Vienna I feel bound to thank you for the wonderful celebration in the White House and especially for your words on the occasion of the award of the medal, which are still moving me today.

Words are too poor to express what I feel.

I want to thank you and the whole American people once more for everything they had done for our sorely afflicted generation. Believing in a higher justice I am sure that every good deed has it's own reward.

Mr. Carter, please let me give you my best and intimate wishes to you as a president and a man.

Sincerely yours,



Simon Wiesenthal

L



EMBASSY OF THE UNITED STATES OF AMERICA
VIENNA

October 1, 1980

To Al Moses

Per our discussion
Please Return PK's note
LNC

Personal

Hon. Lloyd N. Cutler
The White House
Washington, D.C. 20500

Dear Lloyd:

Here is the letter, the text of which I read to you over the phone today. It's obviously the original. It came this way in a stack of mail that was sent to us from Washington without any indication that anything had been done about it.

We very much look forward to having you and Louise stay with us here the week of the election.

Warmest regards.

Cordially,

Philip M. Kaiser

THE WHITE HOUSE
WASHINGTON

13 Oct 80

Stu Eizenstat
Landon Butler

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

Rick Hutcheson

THE WHITE HOUSE

WASHINGTON

October 11, 1980

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

Attached at TAB A is a letter to you from Lane Kirkland expressing his concern over a recent NEWSWEEK article on Social Security. I suggest you send the attached letter at TAB B in response, with the more detailed letter under my signature at TAB C.

OMB and CEA agree. These letters have been cleared by the speechwriters.

AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

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

(202) 637-5000

October 9, 1980

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

Dear Mr. President:

The enclosed item, appearing in the "Periscope" section of the September 15th Newsweek, has caused understandable concern among our retired members.

As you know, the AFL-CIO and the senior citizen organizations strongly oppose any efforts to restrain the growth of Social Security benefits in future years. We are convinced that the Consumer Price Index does not overstate living cost increases for retired people, and -- in fact -- may well understate the actual rate of inflation for older people and other Social Security beneficiaries.

The AFL-CIO takes this position because we are convinced that the expenditures of seniors are predominantly for food, energy and medical care which are among the fastest rising items in the CPI. Moreover, the benefit adjustment, which does not take effect until July 1 of the year following the CPI increase, lags behind the rise in living costs.

Based on the Administration's previous position, I feel confident that the Newsweek article does not accurately reflect your views. I would appreciate any comments you care to make.

Sincerely,

President

NEWSWEEK

September 15, 1980

Periscope Section

Slowing Down Social Security

The Carter Administration is preparing a series of proposals to restrain the growth of social-security benefits in 1981 and beyond. The key factor, Treasury Secretary G. William Miller tells NEWSWEEK, is "overindexation": under existing law, social-security recipients get an automatic increase at midyear—by an amount equal to the annual rise in the consumer price index. But the CPI overstates the living-cost increase for retired people, experts say; among other things, it considers the average cost of buying new housing, a purchase the elderly seldom make. Carter's new proposals will land on the Hill by Nov. 30, and Miller says that Democratic leaders have promised to tackle the issue next year.

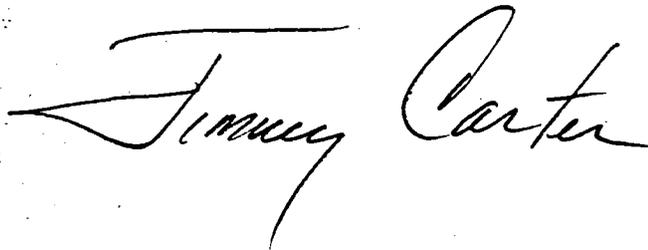
THE WHITE HOUSE
WASHINGTON

To Lane Kirkland

Thank you for your letter of October 9, 1980. As you know, I am deeply committed to the integrity of the Social Security system. I strongly support the indexing of benefits and I will see that no changes are made which would prevent Social Security benefits from keeping pace with the cost of living. As I have repeatedly said, I also oppose the taxation of Social Security benefits.

I have asked Stu Eizenstat to respond to your letter in greater detail.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

Mr. Lane Kirkland
President
American Federation of Labor and
Congress of Industrial Organizations
815 Sixteenth Street, N.W.
Washington, D.C. 20006

THE WHITE HOUSE

WASHINGTON

Dear Lane:

I am pleased to respond to your letter asking for clarification of what the Administration is doing concerning cost-of-living adjustments in Social Security. I appreciate this chance to clear up any misunderstanding caused by a recent item in the Periscope section of the September 15th NEWSWEEK.

This Administration supports the indexing of Social Security benefits and will make no changes to prevent those benefits from keeping pace with inflation. The language in the Democratic platform on this issue is clear.

As you may recall, there was much discussion in the Congress earlier this year about problems with the Consumer Price Index which is used to determine the cost-of-living increase in Social Security. That discussion led some to call for changes in the CPI which could have weakened Social Security's ability to keep pace with the cost of living. This Administration vigorously and successfully resisted suggestions that it take hasty administrative action to revise the CPI. We have no intention of violating the existing multi-year procedure for periodic revision of the CPI, a procedure established and conducted by the Bureau of Labor Statistics. No new revision under that procedure is expected for a number of years.

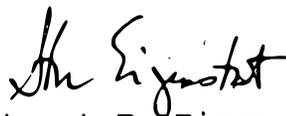
The First Congressional Budget Resolution for fiscal year 1981 requires the President to report to the Congress by November 30, 1980 on the indexing of Federal programs. This is a broad directive which covers many programs and is not specifically directed at Social Security.

The Administration's report will analyze a series of technical issues involved in the formulation of cost-of-living indices, and will review and discuss the use of indexing in Federal

programs. It will not contain legislative proposals for changes in law.

I hope this is responsive to your concerns and the concerns of labor and the elderly who may have seen the NEWSWEEK article.

Sincerely,



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

Mr. Lane Kirkland
President
American Federation of Labor and
Congress of Industrial Organizations
815 Sixteenth Street, N.W.
Washington, D.C. 20006

Best personal regards!

THE WHITE HOUSE
WASHINGTON

13 oct 80

The Vice President

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Rick Hutcheson

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the christian
CENTURY

OCTOBER 15, 1980

James M. Wall, Editor

407 South Dearborn Street
Chicago, Illinois 60605
312-427-5380 home 312-279-7166



Fritz
p 991
J



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FALL FOCUS ON
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THE WHITE HOUSE
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13 oct 80

Stu Eizenstat
Zbig Brzezinski
Rick Hertzberg

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Rick Hutcheson

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THE WHITE HOUSE
WASHINGTON

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October 11, 1980

MEMORANDUM TO THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
RALPH SCHLOSSTEIN

SUBJECT: Enrolled Bill S. 2597 Intelligence Authorization
Act for Fiscal Year 1981

Sponsor: Senator Bayh (D-Indiana)

*Remove super-
superlatives from
this & all signing
statements -
"Executive branch"*
J

THE BILL

S. 2597 authorizes fiscal year 1981 appropriations of \$17.8 million for staffing of the intelligence community, \$55.3 million for the CIA Retirement and Disability Fund and additional amounts that are specified in the classified Conference Report. The amounts authorized conform to your budget request, with a few minor exceptions. The bill, however, does reduce the CIA's request for contingency reserve funding. A supplemental request may be required in 1981 to correct this shortfall.

The bill contains several other features that were proposed or accepted by the Administration. It authorizes the payment of a death gratuity to certain employees of the CIA, and authorizes the CIA to provide monetary and other benefits to certain former employees of the CIA. It also provides general gift acceptance authority to the CIA, and provides certain administrative authorities to the National Security Agency.

Finally, S. 2597 establishes a framework for Congressional oversight of U.S. intelligence activities. The bill generally requires the CIA and other Executive agencies engaged in intelligence activities to keep the House and Senate Intelligence Committees fully informed of the activities they undertake or anticipate undertaking. The approval of the Intelligence Committees, however, is not required to initiate any intelligence activities. Moreover, the bill provides for limited notification of Congress (limited to the Chairman and Ranking Member of the Intelligence Committees, the Majority Leader and Minority Leader of the Senate and the Speaker and the Minority Leader of the House) "if the President determines it is essential to limit prior notice to meet extraordinary circumstances affecting vital interests of the United States."

Signing Statement
Intelligence Authorization Act for Fiscal Year 1981

It is with ~~great~~ pleasure that I sign into law the "Intelligence Authorization Act for Fiscal Year 1981." This legislation authorizes the appropriation of funds for our Intelligence Community. It is ~~absolutely~~ essential that I and those who aid me in the formulation of our nation's foreign policy make our decisions on the basis of accurate information about the capabilities and intentions of other countries and of forces that shape world events. I am pleased that the Congress has followed my recommendation and authorized sufficient funds to ensure that we continue to have the best intelligence service ~~of any nation on earth.~~ *possible*

I am also pleased to note that this legislation contains authority for the payment of a death gratuity to the surviving dependents of intelligence personnel killed overseas as a result of hostile or terrorist activities, or in connection with an intelligence activity having a substantial element of risk. I pray that, in the future, situations will not arise that would necessitate use of this provision. It is important, however, that our intelligence officers overseas, who daily sacrifice the comforts of home to serve their country under sometimes difficult and dangerous circumstances, know that we as a nation stand behind them and will provide for the welfare of their families should tragedy strike.

In addition to providing funds for a strong intelligence service, S.2597 also contains legislation that modifies the so-called "Hughes-Ryan Amendment" and establishes, for the first time in statute, a comprehensive system for Congressional oversight of intelligence activities. This legislation, which will help to ensure that U.S. intelligence activities are carried out effectively and in a manner that respects individual rights and liberties, was an important part of the comprehensive intelligence charter on which this Administration and the Congress have worked for over two years. Unfortunately, the press of other legislative matters prevented passage of the charter thus far in this session.

The oversight legislation that was passed does not seek to alter the respective authorities and responsibilities of the Executive and Legislative branches, but rather codifies the current practice and relationship that has developed between this Administration and the Senate and House Intelligence Committees over the past three years. This intent is evidenced by the language of the bill itself and the legislative history that stands behind it. It is ~~particularly~~ noteworthy that, in capturing the current practice and relationship, the legislation preserves an important measure of flexibility for the President and the Executive Branch. It does so not only by recognizing the inherent constitutional authorities of both branches, but by recognizing that there are circumstances in which sensitive information may have to be shared only with a very limited number of Executive Branch officials, even though the Congressional oversight committees are authorized recipients of classified information. Circumstances of this nature have been rare in the past; I would expect them to be rare in the future. The legislation creates the expectation that a sense of care and a spirit of accommodation will continue to prevail in such cases.

I wish to thank Senators Birch Bayh, Dee Huddleston, Dan Inouye, Barry Goldwater, and Mac Mathias, and Congressmen Ed Boland, Clem Zablocki, Bill Burlison, and Ken Robinson for their significant roles in the passage of this legislation.

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amended
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