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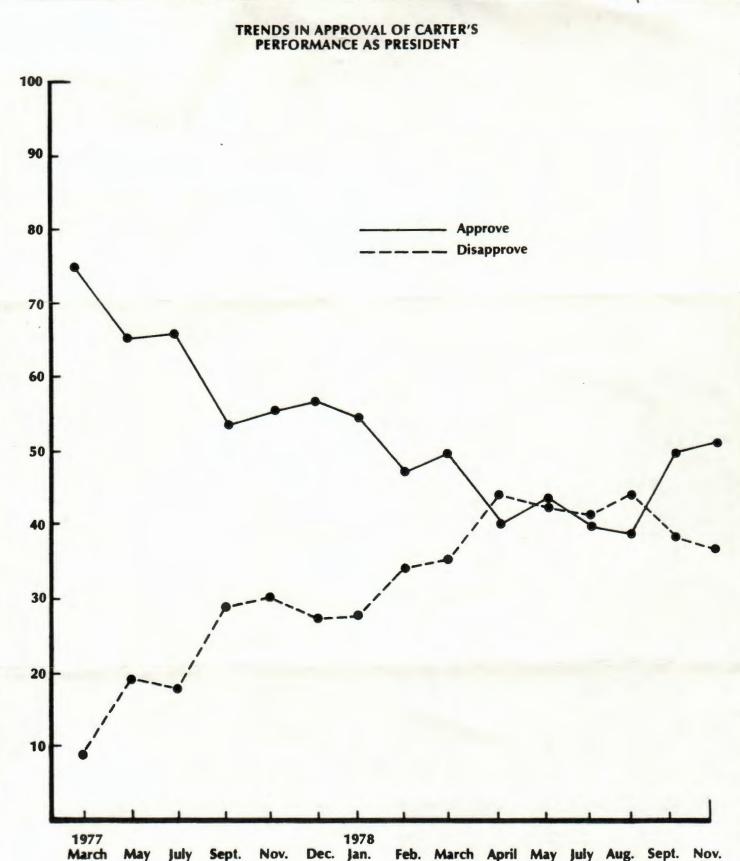
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Intelligent alternatives for today's decision makers

2700 North Main Street Suite 800 Santa Ana, California 92701 (714) 558-1321

Jallup



Results are based on personal, in-home interviews with a nationally representative sample of approximately 1500 adults, aged 18 and older with the exception of the September 1978 figures. These are based on telephone interviews with a nationally representative sample of 501 adults. Interviewing dates and precise figures are as follows: 1977...March 75% Approve, 9% Disapprove; May - 66% Approve, 19% disapprove; July 67% Approve, 17% Disapprove; September 54% Approve, 29% Disapprove; November 56% Approve, 30% Disapprove; Approve, 34% Disapprove; Approve, 35% Disapprove; Approve, 44% Disapprove; May 44% Approve, 43% Disapprove; July 40% Approve, Disapprove; August 39% Approve, 44% Disapprove; September 50% Approve, 37% Disapprove; November 52% Approve, 36% Disapprove.

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OVERVIEW OF CAMPAIGN RESEARCH MODULE

REAGAN FOR PRESIDENT COMMITTEE

March 12, 1979



FUNCTION

The major tasks of the Campaign Research Module of the Reagan for President Committee will be to:

- . Supervise
- . Co-ordinate
- . Disseminate, and
- . Contract for all:
- 1. Survey Research (Issue/Image/Coalitions)
- 2. Media Research (Message/Mediums/Monitoring)
- 3. Simulation (Voter and Issue Targeting)
- 4. Demographic Research (Census and other Secondary Data)
- 5. Geographic Targeting (State, Congressional District, County and Precinct)
- 6. Political Data System (Print Monitor, Issues, Key People)

STRATEGY

- 1. Establish early baseline studies nationally and in key primary states from which we can identify initial strengths/weaknesses, coalitions and issue saliency. The baselines would also be used to gauge campaign momentum and change.
- 2. Assess early key voters' aspirations, values and psychological profiles to help develop campaign themes and to deal with the sensitive issues of national leadership styles, economic concerns, and the U.S. international role—in depth.
- 3. Develop targeting systems to assist the campaign to allocate its scarce resources -- time of the candidate, media expenditures, organizational efforts most efficiently (maximize incremental vote support with minimum expenditure of resources). These systems will focus on states/counties/precincts and as well on voter blocs.
- 4. Measure media impact by gathering and analyzing both print and electronic coverage of the campaign.
- 5. Create a Political Data Bank (on-line) that will automate, organize and provide immediate accessibility to the key campaign decision makers information about:
 - . Issues
 - . Key people
 - . Key states
 - . Political evaluation
 - Current news
 - . Historical/Precinct Vote Tendencies
 - Memo file

to assist in co-ordinating the campaign and provide the right kind of data when it is needed.



TOOLS

- . National Baseline
- . National Panels
- . Primary State Studies
 - a. Minimum cross-over
 - b. Maximum cross-over potential
- . Voter Aspiration and Value Study
- . Simulation
- . Targeting
 - a. C.D.
 - b. County
 - c. PIPS
 - d. GIPS
- . Media Element Testing
- . Electronic Clipping Service
- . Direct Mail Research



PERSONNEL

VINCENT J. BREGLIO	-	(Voter Aspiration Study/National Analysis/ Eastern States' Focus Groups/Simulation)
GARY C. LAWRENCE	-	(Media Element Testing/Electronic Clipping Service/West & Midwest Focus Groups/ National Analysis)
HAROLD M. GEORGE	-	(I.P.D. National Studies/State and Precinct Targeting/PIPS for Key Primary States)
KATHY DALZEN	-	(I.P.D. Primary & General Election Target States/Political Data Bank: Print Media Monitor)
RICHARD BEAL	-	(Political Data Bank: Key People, Campaign Information Retrieval, Agenda, Memo Elements)
RONALD H. HINCKLEY	-	(Operations Manager)
RICHARD B. WIRTHLIN	3	(Overall Co-ordinator/Analysis/Direct Mail Research)



RESEARCH DESIGN FOR NEW HAMPSHIRE POLLING RFP MARCH 1979

New Hampshire

	March	<u>September*</u>	NovDec.	January	Tracking
March	400	200		100	
September		200	100		
Nov Dec.			300	150	
January				150	
Tracking					1,500**

** Tracking Module: 150 interviews each day for the last 10 days of the campaign

^{*} Post announcement



NEW HAMPSHIRE PRIMARY - THE BANDWAGON EFFECT FLORIDA

	2/14/76	2/25/76	<u>2/28/76</u>	<u>3/9/76</u>
Ronald Reagan	40 } 46	16 } 27	25 } 34	47
Lean Ronald Reagan	6	11	9	41
Hard Undecided	6	23	15	
Lean Gerald Ford	6 } 49	15 } 40	13 } 51	53
Gerald Ford	43	35	38	

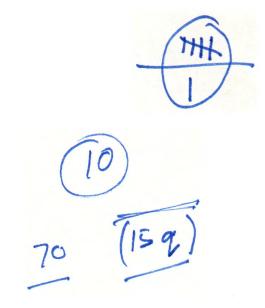
Overview of Research Tasks for the RFP - Mar. 79

		Phase II Sept-April			
Project Type National Tel* N = 2,000 National Tel N = 1,500 National In-Home N = 1,500 National Panels N = 1,000	X X		XX	X	XXXX
Primary States (Bench) N.H. Fla. Mass. Ill. Texas Wisconsin Iowa A B C D	X X X X	X X X X X	X X X		
Primary States (Panel) N.H. Fla. Mass. Ill. Texas Wisconsin A B C D		XX X X X X	X X X		
Primary States (Tracking) N.H. Fla. Ill. or		X X X			
Primary (Focus) N.H. X Y		X X X			

^{*}Possible In-home Mocluie

		Phase II Sept-April	Phase III April-July		Phase V Sept-Nov
Project Type					
Political Data Bank (Issues)	Х	Х	Х	X	X
Political Data Bank (Intro Retrival)	Х	Х	Х	X	Χ
Political Data Bank (Key People)		Х	Χ	X	Х
Political Data Bank (Agenda)			Х	Х	Χ
Voter Aspiration Values Responsibility profil	e X		X (Post	Conv)	
Simulations (Voter Targeting)	Х		Χ	X	Х
PIPS (Primary) N.H. Fla. Ill. Texas	X X X				
PIPS (General) RNC Implement DMI Input				X X	X X
Media Element Testing		Х		Χ	Χ
Electronic Clipping Service		Х	Х	X	Χ
Key State Studies Cal. Texas Ohio Ill. N.J. F G H I				X X X X X X X	

	Phase I Mar-Sept	Phase II Sept-April	Phase III April-July	Phase IV July-Sept	Phase V Sept-Nov
Project Type					
Direct Mail Research	Χ	Χ		Χ	Χ
Geographic Targeting States Counties	Х			X X	X X



MEMORANDUM

TO: Reagan for President Committee

FROM: Richard B. Wirthlin

DATE: April 2, 1979

SUBJECT: Political Data System: Print Media Monitor

The following information is a descriptive outline of the first module of the Political Data System - Print Media Monitor.

Background

The Print Media Monitor file will focus on relevant wire service and prominent national political news. The news file will focus on items that are particularly relevant to the campaign--candidates, images, issues, and the mood of the electorate.

The New York Times "Information Bank" will provide a major portion of the data base and the retrieval system for political evaluations using the Print Media Monitor. Both the Carter and Ford campaigns accessed this system heavily in the 1978 presidential campaigns.

Some Possible Uses

These files can be used (among other things) for:

- o Tracking people and events in the news;
- o What's being said and what's going to be done;
- o Backgrounding for:
 - releases
 - speeches
- Overview political and social developments in foreign countries; and
- o Developing up-to-date data on individuals with whom the campaign interacts:
 - potential members of the staff
 - state chairmen and other party officials
 - political elites
 - press and media
 - other key opinion makers.

Publications

The Print Media Monitor encompasses over 60 publications which include the following:

General Circulation Newspapers

Atlanta Constitution
Chicago Tribune
Christian Science Monitor
Edmonton Journal
Houston Chronicle
Los Angeles Times
Miami Herald
New York Times
San Francisco Chronicle
Toronto Star
Washington Post

Business Publications

Advertising Age
American Banker
Automotive News
Barron's
Business Week
Editor and Publisher
Financial Times (London)
Financial Times (Canada)
Forbes
Fortune
Harvard Business Review
Journal of Commerce
Wall Street Journal
Women's Wear Daily

International Affairs

Atlas
Economist of London
Far Eastern Economic Review
Foreign Affairs
Foreign Policy
Latin America Economic Report
Latin America Political Report
Manchester Guardian
Middle East
Times of London

Science Publications

Astronautics
Aviation Week and Space
Technology
Bulletin of Atomic Scientists
Industrial Research
Science
Scientific American

Newsweeklies, Monthlies

American Scholar Atlantic Black Scholar Commentary Consumer Reports Current Biography Harpers Nation (The) National Journal National Review New Republic New York New York Review of Books New Yorker Newsweek Saturday Review Sports Illustrated Time US News and World Report Variety Village Voice Washington Monthly

Timing

New York Times

New York Times items appearing on page 1, section 1; page 1, section 2; and page 1, business section are on-line within 24-hours. The complete business section of the New York Times is on-line within 48-hours. The complete New York Times is on-line within 4-5 working days after publication.

High Priority Journals

The following publications are considered high priority journals and are on-line as follows:

Business Week
Washington Post
Financial Times
Wall Street Journal

within 1 week of publication 5-8 working days

5-8 working days

30 days after publication

At the present time, almost all publications are available on-line within 3-4 weeks.

400 NH Reput?

400 NH Reput?

Sot 14 Apr 19

PERSONAL/CONFIDENTIAL

	•
DECISION/MAKING/INFORMATION 2700 North Main Street Santa Ana, California April 9, 1979	Study #5021 Time Started Time Ended
lello, I'mof national research firm. We're talki coday about problems facing us all.	Decision/Making/Information, a ng with people in New Hampshire
A. Are you registered to vote in New Hampshire?	
TE "NO" IN OUESTION A ASK.	
B. Do you intend to register for the election next year?	YES (ASK Q.C)1 NO (THANK & TERMINATE)2
IF "YES" IN QUESTION A OR B ABOVE	E, ASK:
C. Are you registered to vote as a Republican or Democrat?	REPUBLICAN (CONTINUE)1 DEMOCRAT OR OTHER (THANK & TERMINATE)2
1. Do you feel that things in the country are generally going in the right direction, or that things have pretty seriously gotten off on the wrong track?	RIGHT DIRECTION
 What would you say is the number States today the one that you about? (PROBE) 	

	3.	The way things are going today, do you think the Soviet Union will be stronger or weaker, compared to the United States, ten years from now?	SOVIET UNION STRONGER1 SOVIET UNION WEAKER2
	4.	The government should spend however much money it takes to make sure the United States is always stronger militarily than Russia.	AGREE STRONGLY
n	5.	The Republican Party should try to turn itself into a conservative party by forming coalitions with conservative Democrats and getting liberal Republicans to leave the party.	AGREE STRONGLY
-	6.	As you may know the United States and the Soviet Union are negotiating a second Strategic Arms Limitation Treaty called SALT II (PRONOUNCED SALT TWO). From everything you've heard and read about this particular agreement, do you favor or oppose the SALT II treaty?	FAVOR
_	7.	Which source of energy do you believe is the best choice for our future (ROTATE) nuclear energy, oil, coal or solar energy?	NUCLEAR ENERGY
	8.	There has been a lot of talk recently about inflation as a major problem in America today. Naturally, it is a complex topic. But if you had to choose the one group that you feel has done the most to cause our inflation today, which one of the following would you blame most? (READ CHOICES, ROTATING ORDER)	BUSINESS

9.	And what would you say would do the most to fight inflation? (READ CHOICES, ROTATING ORDER)	REDUCE TAXES
going scal judgo woul	I'd like to get your feelings town go to read you some names and I'd e from 0 to 100, where the woment, would get a rating of 0, d get a rating of 100. Most powhere in between those extremes.	like you to rate each one on a worst possible person, in your
some	mber, we just want to know your g the worst possible rating and one you don't know too much about next one.	opinion of these people, with 0 100 being the <u>best</u> . If I name, just tell me and we'll go on to
The S	first person is hou	w do you feel about him? (ROTATE
		RATING (0 to 100)
16 .	Jimmy Carter	
11.	John Connally	
X .	Ted Kennedy	
13.	George Bush	
14.	Gerald Ford	
15.	Lowell Weicker	
16.	Howard Baker	
17.	Bob Dole	•
18.	Phil Crane	
19.	Ronald Reagan	

20.	Who do you wish would be the Rep 1980?	oublican nominee for President in
21.	What if the candidates in the New Hampshire Republican primary election for president were the following for whom would you vote between (READ CHOICES ROTATE)	HOWARD BAKER
		UNDECIDED (DO NOT READ)10
		VE, ASK: for (name of candidate) what that make him better than the
23.	What if the only candidates were (ROTATE) Ronald Reagan, Howard Baker, Philip Crane and John Connally then who would be your choice?	RONALD REAGAN
24.	Regardless of who your own per Republican candidate do you feel Presidency in 1980? (PROBE)	sonal preference may be, which has the best chance to win the

who are tend nome when plet that that vote	I'd like to read you the le list again of people who considered possible conders for the Republican ination for President. This is I'd like you to tell me ther any of them are comtely unacceptable to you tis, are there any of them to you absolutely would not efor, no matter what the cumstances or who they were ming against?	HOWARD BAKER
ACCE NO M DENT DECI	AD LIST, ROTATING ORDER. EPT AS MANY AS 3 NAMES, BUT MORE THAN 3! IF A RESPON- T NAMES 4 MEN, ASK HIM TO IDE WHICH 3 ARE THE MOST CCEPTABLE.)	NO/ALL ARE ACCEPTABLE (SKIP TO Q.34)10
AFTE	ER EACH MENTION, ASK:	
is RESF		al candidate? (PROBE. FILL IN
	Howard Baker (is unacceptabl	
27.	George Bush (is unacceptable	because):
28.	John Connally (is unacceptab	le because):
29.	Philip Crane (is unacceptabl	e because):

(LIST CONTINUED ON NEXT PAGE.)

30.	Robert Dole (is unacceptable	because):
31.		because):
32.		le because):
33.	Lowell Weicker (is unaccepta	ble because):
	e just a few more questions for is your age, please?	17-20
	is the last grade of tion you completed?	SOME HIGH SCHOOL OR LESS1 HIGH SCHOOL GRADUATE2 SOME COLLEGE/VOCATIONAL3 COLLEGE GRADUATE
consi liber (WAIT say y	plitics as of today, do you der yourself to be (ROTATE) al or conservative? FOR RESPONSE): Would you ou are very (liberal/contive) or just somewhat so?	VERY CONSERVATIVE

Vote in 1976 Primary?

att How tha cam jus	ne people don't pay much cention to political campaigns. a about you? Would you say at you usually follow political apaigns with very much interest at some interest, or not much erest at all?	NOT MUCH I	INTEREST		2
inc	which of these categories ludes your total family come in 1978? (READ EGORIES)	UNDER \$5,0 \$ 5,000 - \$10,000 - \$15,000 - \$20,000 - \$30,000 - \$40,000 OR	\$ 9,999. \$14,999. \$19,999. \$29,999. \$39,999.		2
39. Sex	(BY OBSERVATION)	MALE FEMALE			
[IF	REFUSAL, ASK: I have your first name then fy that this interview actually			isor need	s to
ADDRESS_	CI	TY		ZIP	
TELEPHON	E ()	NUMBER			
question	re-read this completed quest s requiring answers have been a erview has been obtained from t	ppropriate	ly fille	d in and	
INTERVIE	WER	DATE			
NOTE:	This interview is the sole Information. Any attempt to constitutes an illegal act and	duplicate	or sell	the conte	ing/ ents

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2700 North Main Street Suite 800 Santa Ana, California 92701 (714) 558-1321

MOST IMPORTANT PROBLEM

Question: "What do you think is the most important problem facing this country today?"

May	14	- 7	19	79

	may 4 – 7, 1979							
	Inflation/ high cost of living	Unemploy- ment	Energy	Inter- national problems	Crime	Dissatisfaction with government	Moral decline	Don't
NATIONAL	57%	5%	33%	5%	2%	5%	4%	2%
SEX								
Male	56	5	37	6	1	7	3	2
Female	58	5	29	4	2	4	4	3
RACE		•			-			0
White	56	3	35	5	2	5	4	2
Non-white	62	17	19	5	4	5	1	2
EDUCATION				_				_
College	62	3	38	5	1	6	2	1
High School	54	6	35	5	2	5	4	2
Grade School	60	5	19	4	2	7	6	6
REGION								-
East	54	5	34	6	2	5	3	2
Midwest	60	5	35	5	1	5	3	2
South	65	4	28	3	3	4	6	3
West	44	6	39	6	2	10	3	3
AGE			00		-	10		0
Total under 30	54	4	41	6	1	6	2	2
18 - 24 years	54	5	41	7	1	7	1	3
25 - 29 years	54	4	41	4	2	3	5	1
30 - 49 years	58	6	36	4	2	4	4	4
50 & older	59	4	25	5	2	7	5	*
INCOME	33	4	20	9	2	,	5	
\$20,000 & over	59	3	41	3	1	5	2	*
\$15,000 & over	58	2	34	4	2	6	5	1
\$10,000 - \$14,999	54	6	34	4	2	4	5	2
\$ 7,000 - \$ 14,999	51	8	39	6	1	4	2	3
	59	6	25	9	2	5		
\$ 5,000 - \$ 6,999	54	12	16	6	3	3	2	3 5
\$ 3,000 - \$ 4,999		7		1	3	11	7	
Under \$3,000	60	/	15	1	3	11	/	11
POLITICS						_		
Republican	62	3	31	4	1	8	4	1
Democrat	58	7	32	6	2	4	2	2
Independent	52	4	38	5	2	5	4	2
RELIGION	00	_			_		_	
Protestant	60	5	30	4	2	6	5	2
Catholic	53	5	40	6	2	5	1	4
OCCUPATION	50		40			_		
Professional & Business	59	3	40	4	1	5	4	
Clerical & Sales	54	8	36	3	1	7	3	1
Manual Workers	53	6	35	5	3	6	3	2
Non-Labor Force	64	4	21	6	1	6	5	7
CITY SIZE		40						
1,000,000 & over	55	10	28	3	3	4	3	3
500,000 - 999,999	47	5	43	7	1	7	2	3
50,000 - 499,999	56	5	34	4	2	4	5	2
2,500 - 49,999	57	5	32	9	2	10	5	3
Under 2,500, Rural	54	2	33	3	•	4	3	1
Labor union families	53	7	43	5	2	3	3	2
Non-labor union families	58	4	30	5	2	4	4	2

* Less than one percent.

2 ...

Note: Totals add to more than 100% due to multiple responses.

INFLATION, UNEMPLOYMENT AS NATION'S MOST IMPORTANT PROBLEM

(Percent citing each)

Inflation	Unemployment	Inflation	Unemployment
LATEST	5%	May, 19654%	3%
February 1979	6	March 3	2
October, 197875	8	September, 1964 6	4
September59	12	August	4
July	14	June	6
April	18	April 5	9
February	17	April	9
		September, 1963	5
October, 197735	25	March 4	11
July32	17		
March	39	April, 1962	8
October (late), 1976 47	31	February, 1961	25
October (early)	33		20
April	24	February, 1960 8	5
January	23		3
	20	September, 195913	3
October, 197557	21	April	10
July51	21	February	9
February-March60	20		9
,		September, 1958 8	11
October, 197479	3		
September	2	August-September, 195722	*
August	2	May21	*
May-June	3 2 2 2 5		
January	5	October, 195613	3
		September10	4
September, 197350	2		
May39	4	June, 1955 5	2
July, 197216	7	March, 1954	16
May 1070		0 1 1051	
May, 197010	*	September, 195124	*
January, 1969' 9	*	March, 195015	10
August, 19687		November 1040	•
June-July 9		November, 1949 9	6
May 8	*	September11	12
,		June, 1948	
October-November, 1967 16	*	March 8	*
, , , , , , , , , , , , , , , , , , , ,			
August, 1966 16	*	September, 194737	*
May16	2	July24	*
		January	2
November, 1965 3			
October-November 6	*	June-July, 1946	4
September		November, 1939 *	24
		April *	36

^{*} Less than one percent.

le C

-

PARTY BEST ABLE TO HANDLE PROBLEMS?

May 4 -	- 7, 1979
---------	-----------

. 1	Republican	Demo- cratic	No difference	No opinion
NATIONAL	21%	31%	38%	10%
SEX				
Male	23	30	37	10
Female	20	32	39	9
RACE				-
White	23	28	39	10
Non-white	10	53	30	7
EDUCATION				•
College	28	27	38	7
High School	20	30	40	10
Grade School	14	43	30	13
REGION	14	40	00	10
East	16	30	43	11
Midwest	21	27	41	11
South	25	35	30	10
West	24	31	39	6
AGE	24	01	55	· ·
Total under 30	19	27	43	11
18 - 24 years	19	29	41	11
25 - 29 years	17	26	46	11
30 - 49 years	23	30	38	9
50 & older	21	34	36	9
INCOME	21	34	30	9
\$20,000 & over	28	27	39	6
\$15,000 · \$19,999	22	19	50	9
\$10,000 - \$14,999	18	28	40	14
\$ 7,000 - \$ 14,999	18	45	27	10
	13	38	35	14
\$ 5,000 - \$ 6,999	18	41	35	6
\$ 3,000 - \$ 4,999	16	55	21	
Under \$3,000	10	99	21	8
POLITICS			00	-
Republican	61	4	30	5
Democrat	7	57	28	8
Independent	15	16	57	12
RELIGION	0.5	00		
Protestant	25	28	37	10
Catholic	17	37	37	9
OCCUPATION				-
Professional & Business		24	39	8
Clerical & Sales	15	29	47	9
Manual Workers	17	34	37	12
Non-Labor Force	20	36	36	8
CITY SIZE				
1,000,000 & over	17	32	40	11
500,000 - 999,999	22	41	34	3
50,000 - 499,999	22	35	38	5
2,500 - 49,999	21	25	40	14
Under 2,500, Rural	23	25	39	13
Labor union families	19	36	38	7
Non-labor union families		29	39	10

PARTY BEST ABLE TO HANDLE PROBLEMS

	Democrat	Republican	Un- committed
LATEST (Feb. 23-26 1979)	,	21%	48%
Oct., 1978.	33	25	42
September .	34	20	46
July	33	19	48
April	32	22	46
February	35	19	46

MEMORANDUM FOR GOVERNOR REAGAN

CC:

Pete Hannaford

Dick Whalen

Marty Anderson

Ed Meese Lyn Nofziger

FROM:

Dick Allen

SUBJECT: Remarks of former U. S. Ambassador to Saudi Arabia

James Akins, formerly U. S. Ambassador to Saudi Arabia (and to Canada), recently spoke at the commencement exercises of Wittenberg College, Ohio.

His speech was not terribly interesting in general, but several paragraphs are of obvious significance; they are attached for your information.

Attachment

Preservation Copy

Kissinger in his Middle East diplomacy followed the pattern: one story would be told to President Sadat in Egypt, another to President Assad in Syria, a third to King Faisal in Saudi Arabia, and a fourth to Golda Meir in Jerusalem. The assumption was they would not compare notes or, if they did, would believe him and not one another. It was fairly safe as far as the Arabs and the Israelis were concerned but it was daring to do this within the Arab world where both telephones and airplanes are in common use. Nonetheless, it worked for a short while; the various leaders assumed, when they compared notes, that the others had misunderstood the Kissingerian statements. Before the end of the shuttle, the tactic was exposed, and the disillusionment not only with Kissinger but with the United States was profound in all countries except possibly Egypt. By the time of Kissinger's last visit to Riyadh, if he had told King Faisal confidentially that he had absolutely accurate information that the following day the sun would rise in the east, Faisal would have warned his advisors to wait and see.

From November 1973 until his death King Faisal was receptive to United States' request for moderation on oil prices. He maintained consistently, however, that Saudi Arabia could not hold down prices without the support of the Iranians. King Faisal urged us repeatedly to put pressure on the Shah of Iran to cooperate with the Saudis. He argued that the Shah was dependent on the United States and would certainly respond to our pressure. Faisal asked Kissinger, directly and explicitly, to urge the Shah to cooperate with them and Kissinger promised that he would. Kissinger saw the Shah a week later and when he next saw King Faisal, he told the King that he had indeed put strong pressure on the Shah and Saudi Arabia would soon see the results. The Iranians, however, told the Saudis that the United States fully understood why oil prices had to go up; that this point had been made by the Iranians to the American Secretary of State at earlier meetings and that he concurred.

RICHARD V. ALLEN

July 3, 1979 Ed Meese

MEMORANDUM FOR GOVERNOR REAGAN

FROM:

Dick Allen

SUBJECT: "Protectionism and the Welfare State"

You will remember that your Pepperdine (and elsewhere) remarks put heavy emphasis on the need to get the MTN agreements to a successful conclusion.

This article raises some important points regarding rising demands for domestic subsidies to keep U. S. industry competitive. The authors leave no doubt that government subsidies don't work on the international level either!

Enclosure

cc: Pete Hannaford

Marty Anderson

Protectionism and the Welfare State

By MELVYN B. KRAUSS

Many who view international trade agreements as the epitome of domestic inconsequentiality, where trade concessions on pork bellies are horsetraded for trade concessions on canned hams, undoubtedly have to work hard to suppress their yawns at the prospect of the forthcoming congressional debate over the Multilateral Trade Agreement.

But America's disposition of this agreement may prove critical for the leadership role this country will play in the world economy during the next decade. The Multilateral Trade Agreement that was signed recently in Geneva is important precisely because it deals with much more than tariffs.

The historic quality of the Multilateral Trade Agreement, which adopts six new codes to curb government non-tariff distortions of international trade, is that for the first time an attempt has been made to deal with the problems posed for the international economy by welfare-state policies.

Previously, protectionism was defined solely in terms of government measures, such as tariffs and export subsidies, that gave domestic producers a competitive edge over foreigners. But the definition of protectionism has broadened with the growth of the welfare-state policies to include all government activity that affects international trade. Of particular interest has been the foreign practice of using subsidies—or even outright nationalization—to guarantee workers well-paid jobs in specific industrial and geographic locales. This is what is meant by the term "new protectionism."

A Simple Example

The nature of the "new protectionist" problem can be illustrated by a simple example. Firms operating within the United Kingdom, for example, receive subsidies if they locate in a designated depressed area. The purpose of this subsidy program is to promote what the authorities consider to be an "equitable" distribution of employment among regions. The aim of the subsidy program is to deal with a purely domestic problem. But it may have international ramifications if the firm that takes the subsidy produces for export as well as domestic consumption. This can lead to the charge by foreign competitor nations of export subsidization.

_The major danger posed for the United States by such "new protectionist" subsidies is that we would submit to demands by American firms for "parity subsidization"—that we would subsidize our firms because foreign governments subsidize theirs. The U.S. steel industry, for example, has argued for protection precisely on

the grounds that it needs subsidies to compete with subsidized foreign steel on world markets. But submission to this demand would be tantamount to "importing" the foreign subsidization practice to avoid importing the foreign subsidized goods.

Demands for equal subsidies in this country raise two separate though related issues.

The first is that while parity subsidization might be good for the industry that received the subsidies, though it necessarily would retard beneficial adjustment in the industry, it most definitely would be bad

The six new codes adopted in the Multilateral Trade Agreement should be viewed as opportunities to moderate the welfare-state practices of foreign governments on the grounds of their international trade effects.

for the overall economy. This is because the subsidies would reduce aggregate productivity by keeping resources in low-productivity uses and out of high-productivity ones.

It is instructive that in those countries that have experimented with subsidy programs to guarantee employment in specific industrial and geographic locales, the realization is growing that their cost in terms of stagnated output has been too great to be worthwhile. French Premier Raymond Barre's plan to discontinue subsidies to inefficient industries—including steel—is one such example. Recent Conservative Party victories in Canada and Britain are another. Why give subsidies to U.S. industries in parity for foreign subsidies programs that are in the process of being dismantled?

The second and more fundamental issue raised by demand for equal subsidies relates to economic leadership. The problem is whether in an integrated world economy, the free enterprise nations are to adjust to the practices of the interventionist states or vice-versa. Submission by the U.S. government to demands for parity subsidization by protectionist forces in this country would mean an adjustment of U.S. practices to foreign ones. Such a "defensive" protectionist posture represents the opposite of American leadership of the world economy.

Rather than fall prey to interventionist

pressures, the U.S. should encourage those trends away from interventionism that are becoming manifest abroad. Ratification of the Multilateral Trade Agreement would be an important first step.

Until recently, the Western European governments have been unwilling to discuss domestic subsidies on the grounds that they were purely internal matters not subject to international constraint. But the trade agreement recognizes that domestic subsidies are a proper matter of international concern. Its code on domestic subsidies acknowledges that domestic subsidies can have adverse effects on others through trade, that such effects should be considered by governments when planning subsidies and that domestic subsidies be subject to dispute procedures under GATT, the mechanisms of the General Agreement on Tariffs and Trade.

Europeans Disenchanted

It is doubtful that the Common Market countries would have agreed to this code, or to the reform of their sacrosanct Common Agricultural Policy that is called for by the trade agreement, had they not themselves become somewhat disenchanted with their own domestic subsidy programs. We could help the Europeans dismantle their costly subsidies by providing their politicians with the proper international excuse they may be looking for. This way we lead, while if we submit to demands for equal subsidies in this country we follow.

The six new codes adopted in the Multilateral Trade Agreement should be viewed as opportunities to moderate the welfarestate practices of foreign governments on the grounds of their international trade effects. But because the codes are couched in general and vague language, they clearly are subject to protectionist abuses.

Thus, while failure to ratify the agreement on our part would be an unmistakable signal of American withdrawal into a protectionist shell, ratification on the other hand only would be a necessary and not sufficient condition for reaffirming America's commitment to a liberal international economic order. For the latter, Americans must become convinced of what many more interventionist states only recently have begun to realize; that the real threat of "new protectionist" subsidies is not so much to international trade but to the economic base of the subsidizing country. It is ironic that protectionists in this country often argue for protectionism on the grounds of a strong America when, in fact, the policies they advocate insure the opposite.

The author is professor of economics at New York University and author of the recently published "The New Protectionism" (NYU Press).

@ Richard Wirtin

DECISION MAKING INFORMATION'S
REAL-TIME POLITICAL INFORMATION SYSTEM

A Proposal

July 15, 1978

General Description

Decision Making Information's Real-Time Political Information System is an on-line data entry and retrieval package designed for political uses generally and campaign applications specifically. It is designed to work fundamentally in a real-time mode. Real-time refers to the ability to access up to date, relevant political campaign information that may be used in the formulation of campaign strategies and in the execution of campaign decisions. The system relies on receiving current information and being able to distribute that information in a variety of formats to expedite the political decision making process. A real-time mode means that requests for long lists of information are generally inappropriate. For example, when a campaign manager wants a list of all the \$100 or more donors in Louisiana for the past 10 years, then he generally does not need it instantaneously. DMI's Real-Time Political Information System will permit you to make such a request, but it will be processed by the system when real-time requests are not being made by on-line users. In contrast, a real-time request is where the user wants to know the top 10 donors in Louisiana for the past two presidential elections. This is information which is more likely to be used in actually planning a campaign or in anticipation of a visit to Louisiana by a presidential contender.

The principal purpose of DMI's real-time system is to provide current information to political strategists and campaign managers. The system is an attempt to automate information, organize it and make it readily and immediately accessible. This is an important feature when information is changing rapidly; political information, especially in campaigns, changes constantly. To be important to the campaign strategists, the information must be current, easily accessible and in a simple form to read and process by harrassed humans.

Decision Making Information's Real-Time Political Information System is to handle the information needs of campaign strategists and managers with pressing political and procedural decisions that will govern the campaign.

II. Objectives

Decision Making Information's Political Information System has the following objectives:

- 1. To provide easily accessible campaign information for planning, organization and execution of national and state-wide elections.
- 2. To automate existing processes conducted by campaign staffs of national political action committees which are already being performed but are not computerized. For example, considerable time is wasted on news clippings where the articles are not stored in an easily retrievable fashion and synopses provided.
- 3. To facilitate the management of information during the dynamics of campaigns and other political dynamics.
- 4. To generate historical, politically-relevant data bases. These files may contain voting histories, projections, biographical information of political elites, changing information about international affairs and so on. As data are entered and updated into the political information system, historical files will be automatically generated. The users may access these historical files and retrieve historical data on topics of information to them. This may be helpful in developing opposition research, in speech writing, or in monitoring a candidate's position on a particular topic over time. The system permits the processing of these larger historical files (Real-Time Mode), but not in the real-time mode (Delayed Mode). This means that when a request for historical information is received by the system it processes that request when the system is not being used to meet current, real-time information demand. Information files are naturally much smaller and hence the computer is able to process the information more efficiently and more rapidly. Requests for information in the delayed mode (i.e., the request for historical data) will be queued behind real-time requests.
- 5. To assist in scheduling campaign activities and in monitoring activities associated with the campaign.
- 6. To provide current information on financial and budget matters pertinent to the campaign.
- 7. To provide lists of relevant political contacts for fund raising, media contacts and other political activities.

III. Components of the System

- A. Generalized Information Entry and Retrieval Procedures.
- 1. Information entry. Decision Making Information will develop an on-line generalized data entry system. The system will permit users operating at remote

data entry stations to input information into selected information databases. The system will be designed to permit a user to update the file for his own specific purpose. This procedure will automatically update master files (i.e., historical files) and generate smaller real-time files where the most current information is stored. Users will of necessity be trained in the use of the data entry system, but this training will be relatively simple and straightforward, and documentation will be provided to answer any questions the user may have about the system.

The generalized information entry procedure will permit a user access to only those files that are relevant to him and for which he has contracted services with Decision Making Information. Dictionaries with key words and appropriate indexing information will be provided by Decision Making Information and should be used in all phases of the data entry.

- 2. Retrieval. The information retrieval procedure is designed to provide the user with a flexible strategy for recalling information in the current updated files as well as the historical files. The retrieval system runs in two modes. One is the real-time request mode which will generate for the user the most current information available in the system displayed immediately at his console. The real-time request mode accesses the current updated files, and provides the user with immediate feed-back information. The second mode is the delayed request mode where the user wants large volumes of information printed out on hard copy and the demand for this information is not immediate. Delayed requests are processed when the system is not responding to real-time demands. These requests will access the historical files and provide on a delayed basis large outputs of information. An example of a real-time request might be the lead stories for the past two weeks in the New York Times, the Los Angeles Times, and the Washington Post on the candidate's stand on tax reform. Such a request would cause the retrieval procedure to search the news file for all articles on tax reform and retrieve for the user the source, title, a short synopsis, and a reference to the physical file folder where the article is stored.
- B. Generalized Databases: Short Descriptions.
- 1. Political Evaluations File. The file consists of political observations made by commentators and political analysts which form the basis for current political

assessment of electoral politics in America. The file would consist of synopses from such sources as Kevin Phillips' The American Political Report, the Free Congress Foundation's The Political Report, Congressional Quarterly or the National Journal. The file would also include synopses of major editorials and observations by prominent columnists such as Evans and Novak. An example of the information stored in the current information file might be the following:

American Political Report. Volume VII, Number 19.
Date: June 9, 1978. Topic: Carter Administration's Gunboat Diplomacy.

Synopsis: THE CARTER ADMINISTRATION: THE POLITICS OF GUNBOAT DIPLOMACY

As a result of his tougher foreign policy positions and general right-ward movement, Jimmy Carter's job approval ratings have climbed somewhat -- up from 41% to 44% in Gallup polling, from 33% to 40% in Louis Harris sampling. It's not a very reassuring gain for the President, though...his personal ratings (confidence, trust, etc.) have continued to fall.

Item:

The African Crisis and Gunboat Diplomacy: Polls show that American support for black Africa, vague at best, tends to dissolve when strategic mineral supplies or white minorities are threatened, so Carter's new position against Angolan-based raiders and Cuban/Soviet adventurism is sure to strike a popular chord. And, bear in mind that despite the public's sourness toward Vietnam-type land wars, gunboat diplomacy has been extremely popular -from JFK's Bay of Pigs and Cuban missile confrontation to Nixon's 1972 decision to mine North Vietnamese waters of Haiphong and Ford's 1975 Mayaguez episode. All of these gunboat diplomacy ventures have substantially boosted incumbent presidents' poll ratings -- often by 10-15 points. The Cuban missile crisis, for example, provided a critical boost for the Democrats in the 1962 offyear elections, and political analyst Sam Lubell credits Nixon's mining the waters off Haiphong with sewing up the 1972 race even before George McGovern's nomination. Thus, there's good reason to expect -- and many Republicans do -- that Carter may interject a similar factor in the 1978 elections. One caveat: a two-obvious bit of gunboat diplomacy could boomerang, though, given the existing degree of public skepticism regarding the President.

The Political Report. Volume I, Number 8.
Date: June 23, 1978. Topic: Wisconsin's 9th District

Synopsis: None

The same of the sa

Item:

GOP PRIMARY POSSIBLY CLOSE IN WISCONSIN'S OPEN 9TH DISTRICT. There is only one open district in Wisconsin this year, and true to its recent history, the congressional primary there promises to be interesting. Not so very long ago, in 1974 to be exact, the 9th district of Wisconsin was represented by an incumbent Republican, Glen Davis. It is a relatively rare occasion

when an incumbent is defeated in a primary, but Davis was defeated very definitively by then state Sen. Bob Kasten. The district, which surrounds Milwaukee on the north and west, is both suburban and Republican in its makeup. Having won the primary, Kasten then went on to defeat Democrat Lynn Adelman by 53% to 45% in the general election, and was easily re-elected in 1976 with 67% of the vote. Now with Cong. Kasten running for Governor, the district will be open for the first time in many years, and by most national standards, the district is odd. At a time when most people do not identify themselves as Republicans, even if they do sometimes vote that way, it is unusual to find an open district characterized as 'safe' or 'nearly safe Republican.' But such is the terminology most observers apply to it. John Schmitt, President of the Wisconsin state AFL-CIO told the Report this week, "It's a rough district. It includes the suburbs of Milwaukee, which are predominantly Republican, Waukesha, which is predominantly Republican, and other areas in the same category. It's wishful thinking to say that a Democrat could win that seat." Schmitt said that the AFL-CIO will concentrate on two districts this year, the 8th and the 3rd. "We are going to concentrate on re-electing our incumbents," he said.

2. The Current News File. The Current News file will focus on relevant wire service and prominent national political news. The file will maintain stories from the last two weeks. The historical file will contain also stories entered previous to the current update. The news file will focus on items that are particularly relevant to the campaign -- candidates, images, issues, and the mood of the electorate.

The basic format of the information will be:

Source: LA Times Date: June 23, 1978 Title: Younger Orders Office to Aid in Rent Reductions. Keywords: Younger, Proposition 13, property relief, avoid antitrust complications. File Reference: 78062301LAT

Synopsis: Young says he'll help apartment owners to know how to pass on tax relief to renters without appearing to fix prices.

3. Surveys File. The Survey File will contain frequency descriptions and available crosstabulation information from national polls such as Gallup, Harris, Roper, New York Times/CBS, NBC/Associated Press, Yankelovich, Skelly and White and Field/California, as well as detailed information from Decision Making Information's own national and regional surveys. This file will bring into one place all of the current survey information in the public sector to permit comparisons and useful data for campaign planning and media strategies.

The user may want to ask using the real-time mode: What is the President's current approval rating?

Console Display:

		Gallup	Harris	CBS/NYT	NBC/AP
1978	April.3	48%	33%.	46%	-
**	April 14-17	39%		-	-

Or alternatively -- What is the trend in the President's approval rating?

Console Display:

. •			Approva	1	CBS/	NBC/
		Gall	up	Harris	NYT	.AP
1977	Feb	(18-21)	66 71	52		60
	Mar	(4-7) (18-21) (25-28)	70 75 72	67		63
	Apr	(1-4) (15-18) (29-5/1)	67 63 63	69	64	53
	May	(6-9) (20-23)	66 64	65		61
	Jun	(3-6) (17-20)	63 63	61		56
	Jul	(8-11) (22-25)	62 67	59	62	
•	Aug	(5-8) (19-20)	60 66	52		55
	Sep	(9-12)	54	48		
	Oct	(9/30-10/2) (14-17) (21-24)	59 55 54	48	55	46
-	Nov	(4-7) (18-21)	55 56	46		43
	Dec	(9-12)	57	50		
1978	Jan	(6-9) (20-23)	55 52	47	51	41
	Feb	(10-13) (24-27)	47	41		34
	Mar	(3-6) (10-13)	49	36	,	33
,	Apr	(3/31-4/3) (14-17)	48	33	46	29 (Early May)

Note: Exact survey dates shown only for Gallup, because they regularly conduct several surveys per month.

- 4. Current Issues File. The current issues files will maintain a listing and detailed descriptions of the major political issues contained in the electronic print media. This is a subset of the current news files, but focuses explicitly on national news items and a more detailed discussion pro and con of an issue. The file will contain information about the evolution of the issues. The file will also contain candidate positions reported by the news media.
- 5. Historical Voting File. This file will contain information on the voting behavior of the electorate in the last 4 5 critical elections. The data are designed to give information about how a State or Congressional District voted in the last presidential election and other state-wide elections which would help in some campaign planning exercises. An example of this would be the following:

Display Console:

NEW YORK

GOVERNOR

Hugh L. Carey (D). Elected 1974 to a four-year term.

SENATORS

Jacob K. Javits (R). Re-elected 1974 to a six-year term. Previously elected 1968, 1962, 1956.

Daniel P. Moynihan (D). Elected 1976 to a six-year term.

REPRESENTATIVES

1.	Otis G. Pike (D) Thomas J. Downey (D)	
3.		
4.		
5.		
6.		
7.	Joseph P. Addabbo (D)	
8.		
9.		
10.		
11.		
	Shirley Chisholm (D)	
13.		
14.		
15.		
16.		
17.	John M. Murphy (D)	
	Edward I. Koch (D)	
19.		
20.		
20.	THEODOLE 3. HE133 (D)	

21.	Herman Badillo (D)
22.	Jonathan Bingham (D)
23.	Bruce F. Caputo (R)
24.	Richard L. Ottinger (D)
25.	Hamilton Fish (R)
26.	Benjamin A. Gilman (R)
27.	Matthew F. McHugh (D)
28.	Samuel S. Stratton (D)
29.	Edward W. Pattison (D)
30.	Robert C. McEwen (R)
31.	Donald J. Mitchell (R)
32.	James M. Hanley (D)
33.	William F. Walsh (R)
34.	Frank J. Horton (R)
35.	Barber B. Conable (R)
36.	John J. LaFalce (D)
37.	Henry J. Nowak (D)
38.	Jack F. Kemp (R)
39.	Stanley N. Lundine (D)

Display Console:

NEW YORK PRESIDENT 1976

1970 Census		Total				RepDem.	Total	Vote	entage Major	Vote
Population	County	Vote	Rep.	Dem.	Other	Plurality	Rep.	Dem.	Rep.	Der.
285,618	Albany	142,409	69,592	71,616	1,201	2,024 D	48.9%	50.3%	49.35	50.7%
46,458	Allegany	18,010	11,769	6,134	107	5,635 R	65.3%	34.1%	65.7%	34.3
1,472,216	Bronx	337,391	96,842	238,786	1,763	141,944 D	28.7%	70.8%	28.91	71.1%
221,815	Broome	90,658	50,340	39,786	491	10,513 R	55.5%	43.9%	55.8	44.2.
81,666	Cattar.	33,422	19,469	13,768	185	5,701 R	58.3%	41.2%	58.6%	41.4

- 6. The Lists Files. The lists files are really a series of subsets that contain lists of the most important people in a particular category -- for example, the campaign contributor category (donor). The files will contain names, addresses and relevant information about the individual on the list.
- 7. Political Elites Biographies. This file will contain relevant background information on political elites who are prominent either nationally or within States who hold key influence positions. These biographies will be short and synoptic, and be used to give "who's who" briefings to the candidate prior to consultations.

New York 38th:

Rep. Jack F. Kemp (R) Elected 1970; b. July 13, 1935, Los Angeles, Cal.; home, Hamburg; Occidental Col., B.A. 1957, Long Beach St. U., Cal. Western U.; Présbyterian.

Career: Pro football quarterback, San Diego Chargers and Buffalo Bills, 1957-70, Co-Founder and Pres., AFL Players Assn., 1965-70, AFL Most Valuable Player, 1965; Army, 1958; TV and Radio Commentator; Special Asst. to Gov. Ronald Reagan of Cal., 1967, and to the Chm., Repub. Natl. Comm, 1969.

Offices: 132 CHOB, 202-225-5265. Also 1101 Fed Bldg, 111 W. Huron St., Buffalo 14202, 716-842-6876.

Committees: Appropriations (31st). Subcommittees: Defense; District of Columbia.

Group Ratings:

		-								
	ADA	COPE	LWV	RIPON	NFU	LCV	CFA	NAB	NSI	ACA
1974	17	. 30	42	67	50	59	0	83	100	. 79
1973	13	33	50	67	17	28	13	-	-	60
1972	25	36	50	67	43	20	100	92	100	7.0

Key Votes:

1)	Foreign Aid	AGN	6)	Gov Abortn Aid	AGN	11) Pub Cong Election \$ FOR	
	Busing	AGN	7)	Coed Phys Ed	AGN	12) Turkish Arms Cutoff FOR	
3)	ABM	FOR	8)	Pov Lawyer Gag	FOR	13) Youth Camp Regs ABS	,
4)	B-1 Bomber	FOR	9)	Pub Trans Sub	FOR	14) Strip Mine Veto FOP.	
5)	Nerve Gas	FOR	10)	EZ Voter Regis	FOR	15) Farm Bill Veto FOR	

Election Results:

1974 general:	Jack F. Kemp (R-C)	126,687	(72%)	(\$11,609)
	Barbara C. Wicks (D-L)	48,929	(28%)	(\$11,038)
1974 primary:	Jack F. Kemp (R), unopposed			
1972 general:	Jack F. Kemp (R-C)	156,967	(73%)	(\$89,617)
	Anthony P. LoRusso (D-L)	57,585	(27%)	(\$20,342)

- 8. <u>Critical Events File</u>. The critical events file is an historical file of the campaign itself. It is a way of keeping track of campaign activities and for determining the accomplishments of the campaign. The file is a simple chronological file describing events in terms of "who does what, where, when and to whom."
- C. Specialized Databases.
- 1. The Travel Document File. The Travel Document File's purpose is to brief, de-brief, record events and commitments. It does not have set components, but is constructed from what the campaign manager, staff and candidate feel is important information to have while on the road. It may contain the basic itinerary, names, addresses and phone numbers of prominent, local political elites, background information on previous dealings with the place and its people, issues information, do's and don'ts, voting history information, or whatever. All of the components will be adaptively assigned to the travel document file guaranteeing that it is both current and relevant. There may, of course, be hundreds of different travel documents generated during the course of the campaign, as well as at other times during the political year. The design and construction of the travel document file is very flexible; it is date, place, candidate and issues specific.
- 2. Scheduling File. This is a specialized and centralized file which simply contains the schedule for the candidate and his principal aides. It is a file, controlled by a centralized appointment or scheduling officer, which is accessible to everyone on the system so that they can instantly know when and where key personnel in the campaign are or will be. The advantages of such information, easily stored and updated in one place, are obvious. This is fundamentally a housekeeping file.

- compose, edit and route memos to other key participants in the campaign. Joint memos can be easily composed, altered and transmitted within the network of key members in the campaign organization. When users of the system activate it, the system's initial response is to indicate whether the user has any memos waiting for him to scan or otherwise process. The memos will be permanently stored so that critical information will not be lost. Position papers may be developed initially as memos and the file will be an excellent way of generating agenda items for future meetings of different committees within the campaign organization. The memos file system will permit: data entry, editing, routing, joint composition and distribution of the critical information following through the campaign organization. Position papers on strategy and tactics, positions on issues, organization and use of manpower, fund raising coordination and planning, media strategies and development, candidate image considerations, and so on, can be composed in memos files and distributed to selected participants.
- 4. <u>Financial/Budget Files</u>. The Financial/Budget Files include critical financial planning information. These are not necessarily account files, but financial planning files that may be needed in campaign planning sessions and media discussions. This is another housekeeping file.
- 5. Rolodex Files. Names, addresses, phone numbers and key information about political, professional, business contacts -- in effect, a housekeeping file.
- 6. <u>Secure Files</u>. These are files with unspecified contents, but completely secure to the individual who creates the computer file. The singularly unique feature of these files is that they cannot, under any circumstances, be assessed by other users on the system.

<u>Objectives</u>: Decision Making Information will, in the first phase, provide the following -

- o Install and maintain the computer hardware to handle the basic system at the corporation's headquarters in Santa Ana, California (The proposed system is a PDP 11/70 with removable disks, a tape drive, terminals, printers, and a word processing unit.);
- Develop a software pack which will handle the generalized data entry and retrieval requirements of the system;
- Prepare the necessary indexing and keyword coding instructions and documentation;
- o Assist in generating generalized and specialized databases, including:
 - o The Current News File,
 - o The Surveys File,
 - o The Current Issues File,
 - o The Political Evaluations File,
 - o Lists: campaign contributors and delegates.

Duration of Phase I: September 1978 to February 1979.

Cost: \$20,000 (see the attached detailed budget)

MEMORANDUM FOR PETE HANNAFORD

CC: Governor Reagan

Mike Deaver

Marty Anderson Ed Meese ✓

FROM:

Dick Allen

SUBJECT:

Status of Developing Strategy

Today I called Gene Rostow, who is on vacation, and briefed him about the basic strategy of the Governor's developing foreign affairs/national security position.

After providing him a run-down of our activities and the briefing in California, I mentioned that the Governor thinks highly of him and wishes that he would help us in the formulation of this thematic statement, one designed to carry the Governor through the campaign and one which tells the message that we wish to get across.

He has agreed to help us, and enthusiastically so. I was delighted by this turn of events, and I know the Governor will be, too.

Incidentally, I told him that I am having dinner with Henry Rowen next week, and he said that Henry Rowen has been "saying some very helpful things recently." I asked if my impression was not correct that this would represent a "role reversal" for Rowen, and he said that indeed, it would -- and that he (Rostow) is overjoyed by the conversion.

This brings us to the creation of a quite formidable team for the formulation of the statement: Rostow, Rowen, Ken Adelman, Roger Fontaine, Dan Graham, and a few others whom we will list in the process, such as Robert Strauzs-Hupe. Dick Whalen and I are going to meet next week to identify the main themes, and I hope to have some reasonable outline by the middle of the month.

We could conceivably run into the first week in September with the writing of the statement, and perhaps later if we cannot get all the participants to produce on time or if some other event should intervene. However, by Labor Day we should have a good idea of the type of piece we are going to produce and we would have plenty of time to work over it with the Governor.

The important decision will then become one of how the message is to be delivered: whether in its inaugural form as an article, or in a major speech setting. It goes without saying that this document will hopefully become the "mother ship" from which all sorts of smaller vehicles will emanate -- radio scripts, columns, op-ed pieces and statements. But, as you contemplate the sunset in Humboldt County, you might be giving some thought as to how we will design the "delivery system."



Please keep in mind that we will want to keep the existence of this group quiet for the time being, as it is not necessarily a complete group and others will be added — especially once we have a paper to be reviewed. At that stage, we will have it reviewed by others who will want to be considered part of the process. A start has to be made somewhere, and the group has to be manageable; that's why I think this procedure, which is essentially a continuation of what we did on SALT, will work best.

MEMORANDUM

TO: Reagan for President Management Team

FROM: Richard B. Wirthlin

DATE: August 3, 1979

RE: The Southern Political Report of the Henson, Hopkins,

Shipley Study

Last week I chatted with George Shipley concerning the report published in the above letter that Ronald Reagan was running neck and neck with John Connally in Texas.

This study was taken in two segments. The first covered the period June 27 to July 7 and consists of 1,000 interviews. The second study was triggered to measure the impact of Carter's speech, and 370 of the original 1,000 were reinterviewed on July 17 and 18. The results turned out as follows:

- In the first study Carter enjoyed in a hypothetical primary 35 percent of the vote against Kennedy's 33. Brown picked up 15 percent. In the second study Carter garnered 48 percent of the vote, Kennedy 35 percent and Brown 6.
- Among all voters in the first study Connally had 53 percent of the vote against Carter's 31, and in the second study Connally lost 3 (50%), and Carter picked up 6 (37%).
- 3. Pairing the Governor against Carter in the first study resulted in a Reagan 49, Carter 34 contest prior to the speech. After the speech, Reagan had 50 percent of the vote, and Carter had 38. This and other results that George reviewed with me indicated that our vote in Texas is very solid clearly stronger than Connally's.
- 4. Among Republican voters the group measured Ronald Reagan at 36, Connally at 35, Baker at 4 and Clements as a favorite son 9 percent. I was surprised that Clements was only able to pull 9 percent when cast in the role of a favorite son. While Henson, Hopkins and Shipley said that in May Reagan was running 3 to 2 against Connally, I am not at all discouraged by our matching Connally stride for stride in the hypothetical Republican



primary. Apparently, the negative Connally vote is still quite high in Texas. Shipley mentioned to me an article published in the <u>Texas Monthly</u> two years ago concerning some alleged "gray" transactions Connally made as an agent of the Saudis's in purchasing a bank for them in Houston.

5. The most interesting result of the study, however, reflects in the strength the Governor carries among conservative Democrats. Reagan pulls 31 percent against Connally's 20, Bush's 8, Baker's 9 and Clements' 8 among this group, while among Republicans the numbers are 36 - Reagan, 35 - Connally, 9 - Bush, 4 - Baker, and 9 - Clements. Among all self-identified Democrats we run even more strongly than among Republicans, with Reagan pulling 24, Connally 20, Bush 8, Baker 10, and Clements 10. If these data are at all accurate, it appears that the more Democratic cross-overs we can encourage the better it would be for us.

August 3, 1979

Dear Ed:

Here's an advance copy of a paper which I just finished and which is being released by Bill Brock.

With best regards,

RICHARD V. ALLEN

WASHINGTON

For Release

10:00 a.m. Monday, August 6, 1979

Intelligence and the Role

of

The Intelligence Community

Policy Paper of the

INTELLIGENCE SUBCOMMITTEE

Advisory Council on National Security

and International Affairs

REPUBLICAN NATIONAL COMMITTEE

Subcommittee Members

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INTELLIGENCE AND THE ROLE OF THE INTELLIGENCE COMMUNITY

It is an indisputable fact that the United States intelligence capability has, in recent years, become increasingly weakened and politicized. This deterioration began during the Nixon and Ford Administrations. It occurred primarily because of pressures and misguided initiatives of the Democratic-controlled Congress during those Administrations, and has continued and accelerated during the Carter Administration.

One important result is that the intelligence community has been subjected to debilitating political attacks which have harmed our national security. The intelligence community has been losing its ability to supply the President, senior U. S. officials and Congress with the best possible information and with timely warnings of threats to our security.

Of all the components of our intelligence establishment, the CIA and the FBI have suffered the most.

The consequences are serious and include:

- severe loss of morale in the intelligence agencies, made worse
 by wholesale firings of experienced personnel under the Carter/
 Mondale Administration and a steady stream of resignations,
 particularly in the clandestine services
- crippling of the community's effectiveness, and a dangerous
 erosion of security and discipline
- confusion and uncertainty about the reliability of the intelligence community's products
- an overall loss of public confidence, at all levels, in the intelligence community

2 sharply reduced foreign confidence in our agents and in our intelligence services, particularly their ability to keep secrets the downgrading of the human factor in intelligence in favor of reliance on mechanized, technical processes and systems The cumulative impact of these conditions has led to harmful policy miscalculations, massive intelligence failures and setbacks in our foreign policy, such as: the failure to interpret, analyze and respond to the turmoil in Iran which led to the virtual humiliation of the United States in the eyes of the world the inadequate assessment of the situation in the Horn of Africa (particularly in Ethiopia), and the resultant impact on the African continent the inability to predict, affect or even appreciate the significance of the Soviet-sponsored revolution in Afghanistan a feeling of utter helplessness with respect to Fidel Castro's Soviet-directed, armed and financed marauders in Africa and, as far as we can interpret recent trends, in renewed forms of subversion in nearby Central America -- specifically in Nicaragua, El Salvador and Guatemala the increasing reluctance of allied and friendly governments to participate in the generation and assessment of intelligence, the exchange of vital information and general cooperation serious erosion of our ability to recruit and maintain valid sources of information (agents and information sources) due

to fear of discovery and retaliation which might cost them their lives

repeated and serious failures in our official estimates of
 Soviet military strength and its rate of growth

A national consensus is emerging on the need for invigorating and making our intelligence community more reliable. We must know what is going on in the world. We must have first-class specialists to tell us what it means; and we must be certain that the full weight of our intelligence capabilities is brought to bear on the policymaking process in an objective, nonpolitical way. Finally, we must find better ways of utilizing our intelligence community both overtly and clandestinely in pursuit of our foreign policy objectives.

Without dramatic change — and soon — in our attitude toward national security, of which intelligence is such a vital part, we run the risk of destroying our ability to influence and cope with world events.

In view of this serious state of affairs, the pending "intelligence charter" being propounded by the Administration in the form of the "National Intelligence Reorganization and Reform Act of 1978," (S. 2525) is totally inadequate and unacceptable.

The need for a comprehensive intelligence charter geared not only to present realities, but also to our future national security requirements, dictates that we go back to the drawing board and start anew.

Specifically, we call for a comprehensive, searching and extensive set of Congressional hearings designed to elicit the best available information as to our intelligence requirements for at least the next decade — a crucially important period.

These hearings should be conducted under the auspices of a Joint Committee on Intelligence, to be created by the Congress, and into which would be folded existing Congressional committees and subcommittees with jurisdiction of any type in the field of intelligence. The practical effect of this step will be to reduce the spreading access to sensitive information and to ensure that intelligence matters in the Congress are dealt with by a staff of competent professionals under conditions of security, confidentiality and complete bipartisanship.

We recommend that these hearings be conducted with a view toward rebuilding the intelligence community within the framework of the National Security Act of 1947. This Act has served us well for more than thirty years, but now requires modernizing to reflect the conditions of the 1980s.

If we were to continue to try to work with the Administration's proposed intelligence charter, which has been drawn up by a small group of individuals who seem more bent on an old anti-CIA crusade than in creating an effective intelligence community, we would in effect be accepting the initial logic of those who believe their mission to be that of "chaining the rogue elephant" of American intelligence. By accepting their charter, we would in effect be accepting their curiously biased view that the main threats to our liberties come from our own Government instead of from our external enemies. While their rhetoric has changed and cooled, the legislation which the Carter Administration proposes would stack the deck against a stronger and more effective intelligence community in several ways:

• it would subordinate the intelligence community under the CIA and under its director, who serves at the pleasure of the President

- it would prescribe numerous reports to guard against excess

 zeal on the part of the intelligence agencies, but not do enough

 to promote the necessary personal sense of dedication and

 initiative. Thus, it will cultivate a passive bureaucracy

 adverse to taking the initiative
- it would needlessly entangle Federal judges in the day-to-day operations of American intelligence
- it would prohibit or restrict the CIA from employing Americans who are journalists, clerics or academics, presumably on the assumption that to help the United States acquire the intelligence it needs would somehow contaminate these professions. This reflects a convoluted view of America's national intelligence functions, as if these functions so essential to protecting our country were somehow morally repugnant, to be performed by a caste of untouchables.

In view of this we propose:

The intelligence community should be structured so as to separate American intelligence from political influence, and to disentangle the web of bureaucracy which has so contributed to destructive conflict within the community.

The President should have his own chief adviser for intelligence matters, who should serve at his pleausre and should communicate the President's priorities to the intelligence community. He should present to the Congress the President's views of the community's needs, and should be the community's sole contact with the news media.

Working with the President's National Security Adviser and the Office of Management and Budget within the White House staff structure on the one hand, and the components of the intelligence community on the other hand, this individual would serve as a facilitator, coordinator and synthesizer. His presence in the White House should reassure the intelligence community at large that its products will be thoroughly reviewed and integrated into the policymaking process. In addition, his duties would include close liaison with a re-established Presidential Intelligence Board, whose creation we strongly support (see below).

There is much to be said for having such a director of national intelligence, but this person ought not be the head of any of the intelligence agencies. Nor as the President's man should he take part in drafting intelligence estimates. This would eliminate the conflict which directors have faced among their loyalty to the President, their loyalty to the CIA, their responsibilities to the rest of the intelligence community, and their commitment to good and effective intelligence.

The several agencies which comprise the intelligence community should be headed by directors appointed for fixed terms, which would over-lap administrations. This should help to guarantee an essential requirement for intelligence: political independence.

The clandestine services have been of inestimable value to our national security. They have performed some of the most important of CIA's unique functions, and they should be strengthened. However, heretofore, they have been part of an over-all organization which has become increasingly concerned with the collection and interpretation of information. They should become a specialized "Foreign Operations Service" (FOS) charged with performing clandestine collection, covert or (as appropriate) overt actions and counterintelligence abroad. This agency, as such, would be wholly clandestine;

every agency of the U. S. Government would be required to furnish the clandestine services with full credentials, working assignments abroad for purposes of "cover" and full cooperation. New legislation should also provide immunity for American corporations or other entities in the private sector, in connection with any lawsuit directed against them for permitting intelligence officers to use their activities as "cover." Finally, the law should neither inhibit nor prohibit any American citizen from lending assistance to his country's clandestine intelligence if he so desires.

The task of analyzing intelligence is very important. Nothing has so endangered the United States in the last generation as the National Intelligence Estimates' repeated underestimation of the Soviet Union's buildup of strategic arms. Despite the availability of information that gave the true picture of what was happening, the nation was misled for years until the President's Foreign Intelligence Advisory Board created an independent group of analysts to go through the data and make its report.

Some have even characterized the continuing misassessment of the Soviet military buildup as an intelligence abuse of the first magnitude.

Unfortunately, President Carter, as one of his first official acts, eliminated the Foreign Intelligence Advisory Board. That Board or something quite like it, must be reestablished as a permanent body. Its independence must be assured. With its appointees drawn from the ranks of distinguished and experienced Americans, and operating with adequate human and material resources, such a body would bear the responsibility of performing a constant "audit" of national intelligence resources, assuring that its own opinion and counsel reach the President, his top advisors and the Congress free of any institutional, organizational or policy bias.

We believe that the law should provide for more than one center for the production of national intelligence estimates in order to have constructive competition and to foster impartiality. We have seen that intelligence analysts — like professors, journalists, businessmen, and politicians — are more productive and careful when they perform under competitive conditions. They can also be improved by constructive criticism from specialists, scholars and others from outside the Government.

The present system does not adequately provide for competition. Rather, the process by which the views of the bureaucracy's various parts are blended into a single product actually provides incentives against good analysis. In order for there to be true, healthy competition in the analysis of intelligence, what is now pretentiously known as the National Foreign Assessment Center should have status under the law as only one source of intelligence estimates. The law ought to provide for another source — either a much-improved Defense Intelligence Agency or a wholly new source of alternative analyses.

3) Counterintelligence has never been popular -- except in time of war. Within the CIA, the counterintelligence staff has now been seriously downgraded although its job is to protect intelligence from "penetration" by hostile foreign sources. The Federal Bureau of Investigation does a reasonable job on internal security, but its jurisdiction is limited by law.

Counterintelligence abroad should be made a constituent part of the Foreign Operations Service. Moreover, the law should provide for an office -- either independent or within the Department of Justice -- where employees of the FBI and the Foreign Operations Service can jointly maintain central files on counterintelligence and counter-terrorism. Here, joint teams of officers from both the domestic and foreign intelligence services would lawfully look at the same data and make rational decisions about the

nature of threats from foreign espionage services and terrorist groups.

From this office, guidance would go out to the counterintelligence elements in the FBI and FOS on how to pursue cases in their respective areas of responsibility.

definite adverse impact on how law enforcement and intelligence agencies operate, fulfill their responsibilities and protect their own security. This is especially true with respect to the responsibilities of the FBI, the CIA and the United States Secret Service, organizations forced by this legislation into a reactive rather than a preventive role. Moreover, the full impact of these laws will not be realized until some time in the future, when it may be too late to repair even the present considerable damages that these statutes have done.

These acts have contributed to the virtual dismantling of the Federal Loyalty-Security Program by making it extremely difficult to conduct meaningful background checks on those being considered for employment in sensitive Government positions. Although Executive Order 10450, which is still in effect, requires that investigations determine whether an employee or prospective employee belongs to any group that advocates the overthrow of the Government by force or violence, Civil Service investigators now do not even ask applicants if they are or have been members of the Communist, Nazi, Ku Klux Klan or other totalitarian or violence-prone organizations. And because the FBI under present directives cannot generally surveil most of these subversive organizations, there is no way to know if a person should be barred from sensitive Federal employment.

The Freedom of Information and Privacy Acts -- so poorly drafted that they have become a charter for widespread, and on occasion, grotesque abuse -- have become blunt instruments in the hands of those who seek to abuse their intent.

- The FOIA statute allows any person in the world to utilize its provisions. Requests for Government files from foreigners who may represent hostile intelligence services are indistinguishable from legitimate requests, and are serviced at taxpayers' expense. Thus, Soviet, East European and other hostile intelligence agents may make free and unrestricted use of our attempt to make Government activities more accessible to Americans.
- The CIA alone has spent some four man-years responding to FOIA requests from Phillip Agee, a renegade CIA employee whose major occupation is the exposure, through his "Covert Action Bulletin," of CIA agents serving overseas. The Deputy Director of Central Intelligence has characterized it as "disgraceful" that the Agency must assist him in those endeavors.
- In 1978 CIA spent 116 man-years fulfilling requests for information under these statutes, and in the case of one single request from an author has had a full-time employee assigned for 17 months. As the Agency has noted, such expenditures of "valuable human resources is greater than that spent on any one of several areas of key intelligence interest to the United States."
- For the FBI, more than 15 percent of its FOIA caseload represents requests from persons under active criminal investigation or from persons in prison. And, whereas in 1975 the FBI was working with some 1100 domestic intelligence informants, by October 1977 that number had dropped to about 100, under the obvious impact of the disclosure laws -- a 90 percent reduction.

• The Secret Service, by testimony of its Director, now receives

less than half the intelligence data it received five years

ago, and what information it does receive is of inferior quality.

Clearly, these statutes, while well-intentioned, are in need of revision and tightening to eliminate abuses of a type not foreseen when they were enacted. The Carter Administration has been slow to propose the badly needed provisions to Congress. Only now has it proposed a new FBI charter that will at least correct some of these flagrant abuses.

The issue is not one of more or less invasion of privacy; there is legitimate and continuing interest in the preservation of our liberties from arbitrary Government excesses. The larger issue is one which goes to the heart of our national security: whether we can assure a legal environment which will provide for an effective intelligence community, one capable of giving us the vital intelligence required to protect the security of our nation while at the same time guaranteeing against abuses which could deprive us of our rights.

The remedies which we propose deal largely with the organization and structure of the intelligence community. If adopted and implemented, they will, we believe, serve our national security well. We do not propose a wholesale reorganization of our intelligence community; its present legal basis, firmly rooted in the National Security Act of 1947, as amended, and its strong traditions are adequate. The problem — and the challenge — is to breathe new life, a new morale and spirit, a new sense of dedication into a professional community which has been traumatized and immobilized in recent years. Our need for a vigorous and productive intelligence community has never been greater, and the demands and uncertainties of the 1980s will levy still more requirements in the intelligence field. More important,

our intelligence system serves as a vital component of our over-all deterrent; with a margin for error and miscalculation steadily narrowing, we can ill afford an intelligence system suffering systemic weakness or inadequacy.

But much could be done to improve our intelligence by a wise, caring and energetic President even without recourse to such changes in the law. Principled leadership in the intelligence field — indeed, in the entire field of foreign and national security policy — is an ingredient now missing; and the resultant confusion and chaos in policymaking and execution underscores this crucial element.

The functions which our intelligence community -- led by the CIA -- has performed in the past, less any obvious excesses, have been vital to our national security. But now we must remedy the debilitation which has been the product of the past several years; we must correct our course before it is too late.

RICHARD V. ALLEN

MEMORANDUM FOR GOVERNOR REAGAN

CC: Martin Anderson Richard Wirthlin James Lake

Peter Hannaford Edwin Meese

FROM:

Dick Allen

SUBJECT: East-West Trade and Technology Transfer -- Growing Issues

The heat is being steadily turned up on the issue of trade with the Soviet Union, particularly in the area of specialized technology transfer.

Over the life of the detente, and particularly since 1972, the floodgates have been opened to trade with the Soviet Union and Eastern European countries. Only now are we beginning to recognize fully the strategic implications and long-term repercussions of that trade, something which many of us pointed out at the time when these trade initiatives were taken.

An essential element of the Nixon/Kissinger policy of detente was that trade was to be used as "bait" for the Soviets in an effort to get them so involved with us economically that their behavior would, as a result, be moderated. This is the essence of the so-called linkage theory, and it proved to be an utter failure.

The enclosed article touches on some of the key issues which have come up in connection with the Kama River truck plant. This is an issue on which we are exceptionally well informed (I was at the White House when the initial proposal on the Kama River truck plant was made), and our files are burgeoning with interesting material. The article clearly demonstrates that Kissinger was out in front on the issue; he always insisted that economic considerations and particularly those pertaining to trade be given a place secondary to his larger interests. The folly of such an approach has been amply demonstrated, and now the chickens come home to roost by showing that Kissinger himself has played a responsible part in the evolution of this disasterous policy.

It is my suggestion that you consider developing your interest in and information on this subject, because I feel that by 1980 the issue will be quite ripe for discussion and debate. In the meantime, we will continue to develop materials and data.

MEMORANDUM FOR BILL GAVIN

FROM: Dick Allen

SUBECT: Yours of September 17th -- "Moderation"

After we finished the last draft of the SALT statement and passed it to the press, I had a feeling that RR just might get a little attention with his careful, logical and measured rejection of the SALT II Treaty.

We've had a few nice comments, and I'm sure the piece served its purpose at the California Republican convention. RR will, as the SALT debate continues here in Washington, hone and modify his attack until he has a position with which he is basically comfortable.

But in the process of doing the statement, I also had a feeling that we were in reality making a lot of fuss over something which, in the final analysis, really requires a "yes-no" sort of response. RR has thought and obviously continues to think, that the Treaty is defective. He wanted to say so in August, early on, but we all agreed that it would be better for him to wait:

- because the debate would "ripen" and he could take advantage of the process;
- because every one expected him to be against SALT II, so he would gain nothing by shooting too early;
- because the mood of the country would harden (we could not have anticipated the Soviet troops in Cuba issue, which accelerated the hardening) and he could ride that wave;
- and because he, not being a Senator, did not have to "vote" on the Treaty and really didn't owe anybody any specifics on it.

Taking account of polling information which indicates that some perceive him as being "too quick on the draw," and implementing our long-standing internal agreement that it's best to stay away from specifics (especially the specifics of given weapons systems, megatonnages, death and destruction contraptions and machines) in the military/strategic debate, we thought the "high ground" was a good position to hold.

RR did agree to all of this, but not with any measurable degree of enthusiasm. I spoke with him at least ten times on the matter, and always had the impression that he was going along with the "strategy" but didn't think too much of it. In California in August he argued that defeating the Treaty is the right thing to do, and that he had an obligation to do what is right.

We all agreed that defeating the Treaty was right; the important thing is the timing and method of his appeal to his constituency and to the country.

Now, in retrospect, I think it didn't make too much difference -- and so I am saying that your memo is right on target.

Of course, it matters when those of us familiar with the intricacies of the SALT debate can perceive the subtle differences between RR's position and, say, Bush's. But we're like a band of theologians arguing a fine point of canon law, and such subtleties (if, indeed, they can be called that) are lost on the natural constituency ("the faithful") on the country and on the press.

What I'm saying is that RR's initial instincts were correct. It would have harmed nothing to take a poke at SALT in August, and then return to the theme in September with the volume turned up and the elaborations in place.

But you have made a more important point: on some issues the answer is going to have to be straightforward and on occasion blunt, and national defense is such an issue. Even in the broader foreign policy/diplomacy areas there is room for some fundamentalist approaches — as in the excellent play that RR's off-the-cuff remark on Soviet troops in Cuba seems to be getting. Of course, he is going to have to expand and reformulate even that concept (i.e., "cutting off communications with the Soviets"), but as a starter it gets attention. It has the added merit of being pretty nearly a correct solution.

While there's certainly no obvious RR influence over <u>Business</u>

<u>Week</u> (not a hardline magazine), listen to the language of its lead editorial (September 24, 1979):

Russia is by far the biggest and most dangerous antagonist the U. S. faces in the world today. Russian style communism is the greatest threat to democratic government around the world. Such deep-seated opposition is not going to be resolved by handshakes and what former Secretary of State Henry Kissinger called "an exercise in strenuous goodwill."

At this point, the Administration should withdraw the SALT treaty and postpone ratification indefinitely.

Next, it should undertake a complete overhaul of its policies toward Russia — including a review of trade relations, an appraisal of military needs, and an extensive repair of relations between the U. S. and its allies.

In the past, the Russians have understood and responded only to touch talk and clear intentions. Only by returning to that negotiating posture can the U. S. protect the interests it has been losing bite by bite. Such language would have been inconceivable just six months ago; now Business Week is to the right of Phil Crane on these issues!

So, before we get too much enmeshed in what seemed to be a sensible strategy for developing policy issues, maybe there had better be a pause to analyze the fundamental thrust of the RR attack. And, at this juncture, I think we need to get a sense of his priorities and how he thinks they ought to be developed.

This argues for one more of those sessions we have had with him in the past -- and a one day session before announcement would be enough to give us the sense of direction that we need.

* * *

September 21, 1979

Governor:

Here's the version of your SALT article as it appeared in the Congressional Record.

With best regards,

RICHARD V. ALLEN

and president of Pittsburgh's H. H. Robertson Co., says he supports federal assistance if "it's provided at srm's length—I don't think the government should put any of the public's money into Chrysler"—but he adds: "This nation can get along without Chrysler as an auto maker." He also believes that "in the final analysis, it is only Chrysler that can saye Chrysler!"

However, Peter Scotese, president of Springs Mills Inc., a large textile company based in Fort Mill, S.C., thinks the auto industry is too important to leave only in the hands of GM and Ford. "Without wheels, this country can't function—and I just don't think it would be wise to leave the job of making cars to just two domestic produc-

The government could do a lot worse than invest in Chrysler, Mr Scotese adds. "Let's face it—the U.S. already backs investment in underdeveloped countries that are a lot more risky than a loan guarantee for Chrysler would be." But he says he isn't "in favor of some sort of eternal subsidy for Chrysler."

RISK-REWARD BELATIONSHIP

Somewhat similarly, the long-term implications of a federal bailout don't seem to bother Paul Thayer, chairman of LTV Corp. Although declining to comment specifically on Chrysler, Mr. Thayer says: "As a general proposition, government assistance to business, particularly in loan guarantees, is a proper industry-government relationship provided there is a proper risk-reward relationship inherent in the deal."

Top executives of two airlines—both of which were in deep financial trouble some

Top executives of two airlines—both of which were in deep financial trouble some years ago—disagree about government bail-outs. At Trans World Oprp., whose TWA subsidiary sought but didn't get federal subsidies when it was in difficulty. L. Edwin Smart, chairman, declines to comment specifically on Chrysler but says, "I do think there are circumstances when government assistance to private companies is in order." He adds that the government loan guarantees for Lockheed "worked out well."

But Frank Borman, chairman and chief executive of Eastern Arlines, fiatly opposes a government ballout of Chrysler. "I think there's enough leeway in the salary structure and other cost areas whereby they could help themselves. Workers, management and shareholders could all participate." He notes that a few years ago, Eastern's workers accepted a wage freeze and later a variable-wage plan.

Some axecutives opposed to financial aid to Chrysler do think that the government should consider how much its own regulations have contributed to the auto maker's problems. For example, Walter D. Scott, executive vice president for administration and finance at Pilisbury Co., believes that the government "should undertake a quick review of what its regulations are costing Chrysler and other autochange the regulations if the benefits don't justify the costs."

Executives at GM and Ford couldn't agree more. GM "isn't opposed to federal government assistance for Chrysler so long as the aid is in the form of relief from the excess burden of regulation and is applicable to all automotive companies," Thomas A. Murphy, chairman, says. "More can be accomplished if the government releases its regulatory hold on business than by involving itself in ownership" of Chrysler and other companies. And at Ford, William O. Bourke, executive vice president for North American auto operations, says: "We don't look forward to a Chrysler collapse, but we think the rules should be the same for everybody. The customer benefits from free competition."

Most executives at Chrysler's rivals are opposed to exclusive aid to the ailing company. "The thought of my company's taxes

being used as an incentive to sell against me doesn't give me a warm and comfortable feeling." Mr. Bourke says.

Some auto men prefer not to comment. Philip Caldwell, Ford's president, says Chrysler, burdened with "regrettable" problems, "doesn't need kibitzing from the side-

For somewhat different reasons, many Chrysler suppliers also are reluctant to talk. At Bethlehem Steel Corp., for example, a spokesman says Lewis W. Foy, chairman and chief executive officer, "doesn't want to touch that one. They're a customer, you know." Simitarly, David Roderick, U.S. Steel's chairman, "doesn't want to get in involved," a spokesman notes. Many executives of suppliers of auto parts, paint and even paper take the same position. And the chairman of an industrial-equipment manufacturer implies that not only doesn't he want to harm his relations with Chrysler, but also he fears that any statement backing aid to the auto company would be viewed as an exercise in self-interest.

Finally, a Sun Co. spokesman says Theodore A. Burtis, chairman of the hig oil company, refuses to comment because "we've got problems of our own. Who needs to jump into somebody else's troubles?"

SALT OFFERS FALSE LIMITS, FALSE HOPES

• Mr. GOLDWATER. Mr. President, the time is long overdue for a completely fresh approach to the defense of our country and its role in the world. We have very little time left to try to seize the initiative, restore our military strength and serve renewed notice that our fundamental goal is the defense of freedom. These and other important points were outlined recently in a very thoughtful article by former California Governor Ronald Reagan which was published recently in the Washington Star.

I ask that the Reagan article, which was adopted from a speech at San Diego, be printed in the RECORD.

The article follows:

SALT OFFERS FALSE LIMITS, FALSE HOPES (By Ronald Resgan)

America's power, its will and its sense of purpose all seem to be in a state of advanced decline. Respect for, and confidence in, the United States are at an all-time low. We have a sense of being adrift on a stormy sea, without rudder or compass, our ship badly listing and taking on water. The time is long overdue for a fresh approach to the defense of our country and its role in the special.

We must seize the initiative, restore our military strength and make it apparent to all that our fundamental goals are the defense of freedom and the promotion of peace through genuine arms limitations.

What has happened to the security of our country and to our vision of the future of the world is a story of wishful thinking and stubborn persistence in policies long proven wrong. While the story, a melancholy tale, goes back to the Kennedy and Johnson administrations, we Republicans have to share a part of the blame.

The great legacy of the Eisenhower years—when the U.S. created the strategic superiority that maintained world peace and served as a counterbalance to the conventional military superiority of the Soviet Union—has vanished. Over the past 15 years we have permitted the Soviet Union to deprive us of our nuclear advantage while at the same time it increased its superiority in conventional forces. Our once unrivaled advantage

in naval strength is melting away, our fleet is shrinking almost as fast as theirs is growing.

Of what value can our commitments be if we are inferior both in nuclear and conventional forces? How do we support our friends and defend our vital interests in the Middle East? How do we protect our own freedom? And how in Heaven's name did we get in this perilous situation?

The wrong turn came 15 years ago when our own military resources were sucked into the war in Vietnam and our strategic defense budgets began to shrink year after year. We were entranced with the notion that if we pounded our swords into plowshares the Soviets would do likewise. They did exactly the opposite. While we made actual reductions in our strategic programs, they made massive investments in theirs.

They talked about arms control and seemed to hold out the promise of real progress. But somehow, progress was always just around the corner, just another American concession or two away from realization.

Republican administrations should have reversed these policy assumptions. They should not have overstated what the strategic Arms Limitations Talks could do for us. In 1972 we presented SALT I as a "turning point in the arms race," and began our reliance on what is called the "SALT process," which included the doctrine of "Mutual Assured Destruction." At the same time, the Soviets began their exploitation of our naive desire to believe.

DEFEATISM REPUDIATED

Toward the end of the last Republican administration, the national mood had changed. There was repudiation of the defeatism of the Democrat-controlled Congress. We began a recovery of our military strength. The B-1 bomber was scheduled for production, the new MX missile was to be accelerated, the decline in our Navy was to be reversed and many other urgent programs were set in motion.

All of these were reassuring to the American people. With the promise of long-range defense programs to provide for our security, we went forward with the SALT II negotiations. But then came a new administration. The B-1 bomber was canceled without any quid pro quo, the MX was slowed down, the cruise missile delayed, the Navy's shipbuilding program cut back and under the heat of a Soviet propaganda attack, Mr. Carter haited development of a weapon that could have neutralized Russia's massive conventional superiority on the NATO front.

The Russians are now spending three times as much as we do on strategic arms and are increasing that by four to five per cent a year. We are barely keeping pace with inflation. While Mr. Carter maintains that his defense programs for America are adequate, simple arithmetic tells us that the gap in military strength between us and the Sovietz can only grow wider if we continue on our present course. The administration our present course. The administration of the new SALT II agreement will put a brake on the arms race, save money and be adequately verifiable. SALT II is not strategic arms limitation, it is strategic arms buildup with the Soviets adding a minimum of 3,000 nuclear warheads to their inventory and the U.S. embarking on a \$35 billion catchup which won't be achieved until 1990, if then

START ANEW

The SALT treaty now before the Senate should not continue to monopolize our attention nor must it become the cause of a divisive political struggle. This is no time for Americans to quarrel among themselves. Our task is to restore the security of the U.S. and we should make it emphatically known to the Soviets and—more importantly—to the nations of the Free World that we intend to do just that. At the same time, let

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us assure the Soviet Union we will join in any arms limitation agreement that legitimately reduces nuclear armaments to the point that neither country represents a threat to the other.

To suggest, as the administration that any shortcomings in this SALT II agreement can be rectified in continuing talks leading to a SALT III agreement, is an exercise in futility. It makes no sense at all to ratify a Strategic Arms Limitation Treaty that does not limit arms on either side but vastly increases them while at the same we are told we'll enter into negotiations for a third such treaty that will make everything alright.

I believe the Senate should declare that this treaty, fatally flawed as it is, be shelved and the negotiators should go back to the table and come up with a treaty which fairly and genuinely reduces the number of strategic nuclear weapons. And then the Senate should make up its mind on our national security policy: where we are going in the decade ahead? What are our obligations as leader of the free world, and are we capable of meeting those obligations?

I can respect the thinking of those senators and others who have suggested that the treaty, despite its weaknesses, could be approved as part of a "package" that would substantially strengthen our defense programs. But I believe such a package deal would soon unravel and bring about the very dissension and confusion it was supposed to avoid. For one thing, it would send the wrong signal to the American people; it would create the impression that we are moving both up and down at the same time, and it would deceive more people than it would convince.

KEEPING THE ABORTION ISSUE IN PERSPECTIVE

 Mr. McGOVERN. Mr. President, we have faced many times, the serious question of Federal funding of abortions through various health care programs, and the controversy over this issue has resulted in long hours of debate both here in the Congress and in personal conversations with our families, friends, and constituents. I would like to submit to the RECORD an article in which I expand upon that subject and related issues. It was published in the Aberdeen American News of August 26, 1979, and points out my personal thought and beliefs concerning this issue and the regretable way it is being used as the sole means of judging a person or society.

Mr. President, I ask that the article be printed in the RECORD.

The article follows:

ABORTION IS A SERIOUS ISSUE BUT IT IS NOT THE ONLY ISSUE

(By Senator George McGovern)

I believe that reverence for life is absolutely fundamental However, I find my self increasingly concerned by the combination of intolerance, political intimidation, and readiness to ignore other issues relating to life that characterize those who call themselves the "right-to-life" lobby. I find it especially distressing that this group insists that there can be no other answer to the abortion issue except their answer—an amendment to the Constitution of the United States outlawing all abortions. There is, I believe a new and frightening fanaticism in this single-issue movement which may threaten religious and political freedom in America—including the time-honored sepa-ration of church and state. We are being urged into political and religious warfare by

a minority who seek to convert their particular view of unwanted pregnancies into a scorn for those who hold a different convic-tion about how best to protect and nurture life.

Paradoxically, some persons who are demanding less federal control over their lives are insisting on total federal control over the most private matter a women will ever experience.

I am opposed to abortion on moral grounds. But I do not believe that an amendment declaring abortion unconstitutional can ever be passed. If it were passed, it would not end abortions; it would simply mean that large numbers of abortions would be performed

Every public opinion poll indicates that the American people are sharply divided by conviction and practice on the issue of abortion. Some are in favor of abortion under some circumstances opposed to it under others. Some would outlaw abortion under any condition. A majority of Americans however, have indicated their belief that the decision is essentially a personal one—a moral and medical matter to be resolved by the individual or family after private con-

sultation with medical suthority.
When it comes to the use of public funds to subsidize abortions for poor women, the American people are also divided. Some who do not challenge the right of a woman to terminate an unwanted pregnancy nonetheless argue that this right should be available only to those of sufficient income or wealth to finance it themselves. Still others who are opposed to abortion on moral grounds believe nonetheless that since the Supreme Court has ruled on the legal rights of women to abortion, that right must be insured to the poor as well as to the rich, even if it involves public assistance. In short, the American people hold widely varying views about how best to face the issues of unwanted pregnancies.

To further complicate the issue, major churches and synagogues are divided in their official pronouncements A few are opposed to abortion under virtually all conditions. Other religious bodies, including my own (Methodist), firmly support the option of legal abortion under some circumstances, declaring that the sanctity of unborn human life must be balanced against "the sacred-ness of the life and well being of the mother, for whom devastating damage may result from an unacceptable pregnancy". Still others are silent on the apparently leaving this matter to the conscience of the individual and the judgment of God.

All of this re-enforces the wisdom of the founding fathers in building the constitu-tional separation of church and state. The American edifice of freedom rests on the proposition that here in the United States, no one religious sect can be permitted to im-pose its doctrines on the entire American people. Each American is entitled to hold to his or her own religious or moral beliefs. No one of us is entitled to use the Consti-tution of the United States to impose our personal convictions on our fellow citizens.

Beyond these constitutional protections of religious freedom and diversity in America, there is the unwritten but vital tradition of civil discourse and rational debate based on respect for the differing views of our fellow citizens.

All of these constitutional and traditional values are under attack in the single-issue syndrome now festering around the abortion issue. Dismissing public opinion polls and calling those who disagree with them "murderers", the "right-to-life" activists have vowed to eliminate from public office every person who holds a different religious or moral perspective.

Led and financed to some extent by reli-

gious groups with the cooperation of right-wing political elements, the anti-abortion has targeted many of the most humane and devoted public servants for defeat at the polls. Some church groups enjoying tax-exempt status are now using their power in the pulpit, in the parochial schools. on the political histings and in the na-tion's capital to wage political warfare against all who challenge their determination to use the Constitution to impose a minority religious viewpoint on the whole American people.

The anti-abortion lobbyists and their right-wing allies gloat publicly over their role in defeating such senators as Dick Clark of Iowa. They publicly boast that Senators Bayh, Church, Cranston, Culver and me are targeted for defeat in 1980. In attempting to defeat senators last fall, anti-abortion advocates repeatedly picketed and heckled the targated senators during their campaigns. They climaxed their effort by a massive lastminute distribution of political flyers to church communicants urging the defeat of senators who refused to support an amend-

ment to the Constitution.

Apparently, the dedicated, single-issue, anti-abortion crusader is willing to swallow any candidate, no matter how archaic or twisted his priorities and values—so long as he pledges to make all abortions illegal. One need not be devoted to the life and liberty of those who live and walk the earth to win the endorsement of the anti-abortion lobby. All that matters is that the candidate promise to support a constitutional guarantee against the termination of an unwanted pregnancy. Never mind that the senator or congressman targeted for defeat has given his life to nurturing the condi-tions of decency and dignity for his fellow humans. Never mind that he has tried to halt the ravages of war and hunger and disease. Never mind that he has tried to stop the steady procession toward nuclear annihilation of our planet. Let him be re-placed by any candidate, no matter how opportunistic or unprincipled who will give a ten-second campaign promise to be "right" on the only issue that counts—making all abortions illegal. This is the new trend of single-issue politics as practiced by the "right-to-life" lobby.

I would not for one moment decry the right of church leaders and church members to make known their views on the great social, economic and political issues of our time, including abortion. We need the ethical and spiritual insights of religion in confronting the issues of society.

The late Pope John XXIII, who delivered the great encyclicals, "Pacem in Terris" and "Master of Magistra", gripped the social conscience of the world, as did Pope Leo XIII in an earlier age with "Rerum novarum" and Pius XI with "Quadragesimo anno".

Beyond these renowned spiritual voices, one thinks of the vast multitude of devoted clergy and church workers who have labored for centuries to feed the hungry, and heal the sick and comfort the afflicted, even while ministering to the spiritual needs of their parishes. Civil rights for minority American, better wages and working conditions for American workers, compassion for the poor, concern for migrant workers and farm fam-ilies, the terrible folly of the Vietnam war and the arms race madness-all of these are issues that have been sharpened by the ethical insights of religious leaders and rankand-file church communicants. No one can fully comprehend the vast contribution of the churches to the betterment of humankind.

But this great tradition of ethical insight, social action and public protest should not be jeopardized by so blind a devotion to a single proposed political or constitutional solution to an issue that we lose sight both MEMORANDUM FOR:

John Sears Mike Deaver Pete Hannaford Marty Anderson

Jim Lake Andy Carter Dick Wirthlin Bill Gavin

Gary Jones

FROM:

Dick Allen

SUBJECT: Gavin/Allen Memoranda

The attached exchange of memos is self-explanatory.

We worked for quite some time to craft a position on SALT which would accurately reflect RR's views, but which would convey those views by means of a "thoughtful" statement. The intent was to show that RR was, in fact, communicating the message in his expectable, predictable manner, but that he had given the matter a lot of thought before coming to a final judgment on the Treaty.

We hyped the statement as his first statement on SALT; actually, it was not (the Sperling piece in the Christian Science Monitor preceded it.

Now comes Bill Gavin with some telling comments on this approach, and I think that Gavin is absolutely correct.

Attachments

September 28, 1979

Marty, John and Ed --

It is as if <u>Business Week</u> rewrote the Governor's statement on SALT -- see the attached.

With best regards,

Nich

RICHARD V. ALLEN

WASHINGTON

A faulted foreign policy

The presence of combat-ready Russian troops in Cuba is more than just an unforeseen obstacle to ratification of the Strategic Arms Limitation Treaty by the Senate. It is a sign of something fundamentally wrong in U.S. foreign policy toward the Soviets. It calls for a comprehensive review and reassessment of U.S. foreign policy, not just an expression of pain from the State Dept.

When the Carter Administration sent SALT II to the Senate, it assumed that the Russians would do nothing to spoil the picture of cooperation and goodwill on both sides that the political strategists were trying to create. The Administration made the basic mistake of anticipating the same behavior from the Russians that Americans would demonstrate under the same circumstances (page 80). It ignored the hard fact that since World War II Russia has consistently built military strength and undertaken political adventures in any part of the world that seemed receptive.

Under the guidance of White House adviser Zbigniew Brzezinski, the Administration also got its priorities confused. In 1977, Brzezinski told BUSINESS WEEK that U. S. foreign policy would no longer be sharply focused on relations with the Soviet Union, a clear break with the policy that had existed since the end of World War II. This switch was obviously a mistake. It led the U. S. to make no response to Soviet moves in the Indian Ocean, Africa, and Afghanistan. And it supported the illusion that Cuban troops in Africa, surrogates of the Soviets, are a stabilizing force instead of the anti-

democratic element they really are.

Russia is by far the biggest and most dangerous antagonist the U.S. faces in the world today. Russianstyle communism is the greatest threat to democratic government around the world. Such deep-seated opposition is not going to be resolved by handshakes and what former Secretary of State Henry Kissinger called "an

exercise in strenuous goodwill."

At this point, the Administration should withdraw the SALT treaty and postpone ratification indefinitely.

Next, it should undertake a complete overhaul of its policies toward Russia—including a review of trade relations, an appraisal of military needs, and an extensive repair of relations between the U.S. and its allies.

In the past, the Russians have understood and responded only to tough talk and clear intentions. Only by returning to that negotiating posture can the U.S. protect the interests it has been losing bite by bite.

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Received 10/22/79

MEMORANDUM FOR GOVERNOR REAGAN

CC:

Martin Anderson Peter Hannaford

John Sears Ed Meese Jim Lake Mike Deaver Gary Jones Dick Whalen

FROM:

Dick Allen

SUBJECT: A Way to Handle the "Return to the Cold War" Question

Last week at the Evans-Novak seminar you got a question which you are going to get with increasing frequency: "Is our only response to the Soviets a return to the Cold War?"

Your response was frank and direct, but I do not think that it was persuasive. With just a little change and emphasis and the addition of a few quotes, I think you can turn your response into a very effective vehicle for your point of view.

You said that, in your view, the Cold War has not changed, only the tactics have been altered. You then went on to mention that "every communist leader since Marx" had professed belief in the correctness of this line.

I would like to suggest that you drop quoting Marx (died in 1883), Lenin (died in 1924), or Stalin (died in 1953) and that you consider emphasizing the post-war years of Soviet policy. This is what really affects us today. You are in fact correct when you point to the relentless continuity of communist doctrine and action, but nearly everyone today thinks the early communist thinkers and leaders are irrelevant to modern times. In fact, they are not. That is a source of a lot of our defective thinking and poor policymaking. But you need not be the one to educate the public about this continuity. There is more than enough recent evidence to indict the Soviets. So you may wish to consider this response, which relies on the very persuasive language of Eugene Rostow and our just-departed Ambassador to Moscow, Malcolm Toon:

Question: "Must a return to the Cold War be our only response to the Soviets?"

Response: It's a very interesting and important question. In my opinion, we've been trying to move away from the Cold War for the past thirty years, and the more distance we have tried to put between it and ourselves, the worse things have seemed to become.

The facts are that the Soviet Union has pursued policies which have simply intensified the Cold War.

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Recently, I read the impressive analysis of former Under Secretary of State, Eugene Rostow, a well-known Democrat who served in the Johnson Administration. In his testimony before the Senate Foreign Relations Committee, Rostow said "The notion that Soviet-American relations have improved in recent years, that the Cold War is over, and that negotiation has been substituted for confrontation is a dangerous sympton of autointoxication. The Cold War is not over. On the contrary, it is worse than ever, featured by Soviet threats and thrusts on a far greater scale than those simple days of the Berlin airlift and the crisis in Greece. But as things get worse, many Americans insist on telling each other that they are getting better."

Dr. Rostow went on to make a telling point: "There is only one argument that can deter Soviet expansion — the conviction on their part that a given action would expose them to unacceptable risk." That's another way of saying the Soviets will never sacrifice the homeland to gamble elsewhere in th world.

But Professor Rostow's wise words are not enough. We should listen to what our Ambassador in Moscow, Malcolm Toon, said when he left his post [in October 1979] recently:

"It's terribly important for those of us who deal with the Soviets to have no illusions as to the possibility of any changes in their long-range aims. They are still for the most part dominated by ideological imperatives, and there is no question in my mind that they still think in terms of world revolution."

Ambassador Toon also warned: "You can be sure [the Soviets] are going to be watching very carefully what happens in Washington over the next decade. If they feel we are becoming flabby, inconstant, weak in our determination to protect our interests, then you can be sure that they are going to move, in some cases in a dangerous way."

So I prefer to listen to the advice of these wise and experfenced men -- and others like them -- who see the world without rose colored glasses and who recommend that we remain strong and on guard. That doesn't mean we are for the Cold War -- it does mean we better be prepared to cope with difficult times while working to reduce tension.

That's a policy of realism, and that's the policy I favor.

* * *