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MEETING WITH
EDWARD SCHMULTS ET AL.

Tuesday, March 16, 1976

2:30 P. M.

THE PRESIDENT HAS SEEN....

THE WHITE HOUSE
WASHINGTON

March 19, 1976

MEMO FOR: JIM CONNOR

FROM: KEN LAZARUS *KL*

Attached is a copy of my memorandum to the file covering the meeting which was held with the President this past Tuesday.

Drafts of the President's Statement, Fact Sheet and Memorandum to Members of the Task Force will be available this afternoon.

THE WHITE HOUSE

WASHINGTON

March 17, 1976

MEMORANDUM FOR THE FILE

FROM: KEN LAZARUS

SUBJECT: Meeting (3/16/76) Re Questionable
Foreign Payments by U.S. Companies

At 2:30 p.m. on Tuesday, March 16, a meeting was held with the President on the subject noted above. The results of that meeting may be summarized as follows:

(1) The President reaffirmed his earlier decision: (a) to establish a Cabinet-level task force, under the umbrella of the EPB and NSC, to examine the policy aspects of the subject matter and to recommend such further government action as may be warranted in the circumstances; and (b) to appoint Secretary Richardson as chairman of the task force.

(2) With regard to the membership of the task force, the President approved the inclusion of: Seidman of the EPB and Scowcroft of the NSC; Secretaries Richardson, Kissinger, Simon and Rumsfeld; Dunn of CIEP and Dent of STR; and the Attorney General. Additionally, he approved:

- (a) the inclusion of Jim Lynn as a member of the task force;
- (b) the inclusion of Rod Hills of the SEC (by invitation) as a participant in the work of the task force, subject to the guidance of members of the task force; and
- (c) the inclusion of Ed Schmults of Counsel's Office as a participant to assist in the organization of the task force.

(3) Private citizens will not be asked to serve as members of the task force. However, in accordance with a recommendation made by Rog Morton, the task force will be requested to obtain the views

of the broadest base of interested groups and individuals as part of the review process.

(4) With respect to the appropriate scope of a charter for the task force, the President decided to leave the matter for the task force to decide since the range of problems appeared to be growing rapidly.

(5) Although it is customary to establish a "working group" to support the efforts of a Cabinet-level task force, the President decided to leave the establishment of such a group to the task force.

(6) In terms of the duration of the review, the President decided to call for a report from the task force "prior to the end of the current calendar year." Interim reports can be filed as necessary in the opinion of the members of the task force. *

(7) The decision was made to announce the formation of the task force as a lead in to the President's national news conference to be scheduled for Wednesday, March 24.

* Secretary Richardson has indicated that he would intend to file a status report on May 15.

THE PRESIDENT HAS SEEN....

THE WHITE HOUSE

WASHINGTON


March 15, 1976

MEETING RE QUESTIONABLE FOREIGN PAYMENTS BY U.S. COMPANIES

Tuesday, March 16, 1976

2:30 PM - (30 Minutes)

The Cabinet Room

From: Edward Schmults 

I. PURPOSE

Staff meeting on action to be taken in response to the problem of questionable foreign payments by U. S. companies.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: You recently approved certain basic recommendations regarding the establishment of a review group to deal with the problem of foreign corporate payments. You also approved a recommendation to meet on the details of the review plan.

B. Participants: Alan Greenspan, J. M. Dunn, Ed Schmults, Ken Lazarus, Jim Cannon, Bill Seidman, Jack Marsh, Brent Scowcroft, Jim Lynn, Rogers Morton.

C. Press Plan: White House Photo only.

III. TALKING POINTS

Under date of March 2, Ed Schmults submitted a memorandum to me on the problems presented by questionable foreign payments by U. S. companies. Upon review of the background of the problem and existing international and national initiatives to ameliorate the situation, I made the following decisions: (1) to establish a Cabinet-level task force, under the umbrella of

the EPB and NSC, to examine the policy aspects of the matter and to recommend such further government action as may be warranted in the circumstances; (2) to appoint Secretary Richardson as chairman of the task force; and (3) to schedule a staff meeting to consider further details surrounding establishment of the task force as soon as practicable.

At this meeting there are a number of items which we should consider. They are (or you can ask Ed Schmults to run through the items):

A. Organization. Two issues are raised regarding the appropriate framework for dealing with the problem of bribes and other corrupt practices by U. S. companies abroad.

1. Membership. I earlier approved a number of appointments to the task force as follows: Seidman of the EPB and Scowcroft of the NSC; Secretaries Richardson, Simon and Rumsfeld; Dunn of CIEP and Dent of STR; and the Attorney General. In addition, we might consider the following:

OK OMB - The OMB could be of assistance in coordinating the activities of member agencies.

DK SEC - Although it would probably be inappropriate to include the SEC, Jim Lynn suggests that, subject to the guidance of the task force, they be allowed to participate from time to time since the agency has given considerable thought to a wide variety of disclosure proposals.

OK
W.S. Counsel's Office - A representative of the Office of White House Counsel should be made available to work with Bill Seidman to assist in getting the task force organized.

2. Citizen Participation. Should citizen participation (as an advisory group or as individual consultants) be a part of the policy review process?

Pro: Participation could increase the credibility of the review process with industry and the public generally.

Con: Participation could slow down the review process due to the applicability of the Advisory Committee Act and could be interpreted as some admission of the inability of government to deal with the problem.

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B. Operations. Three issues should be considered relative to the operation of the task force.

1. Scope of charter. Should the scope of the task force's charter be defined to specifically include or exclude their consideration of various items (e. g. , bilateral as well as unilateral approaches to the problem) or should this matter be left open for the present?

Defined charter. A defined charter would appear to be desirable if public members are allowed to participate.

OK Open charter. The scope of review could be left to the discretion of the task force.

Presidential review. The task force could be directed to make the charter its first order of business and report back on this issue within a short period of time.

2. Establishment of a working group. Normally, a working group would be established to support the efforts of a Cabinet level task force. Should the President also appoint a working group or should the matter be left to the task force?

Presidential appointment. Appointment by the President would flesh out the operation of the review process and increase Presidential involvement.

OK Defer to task force. It might be more "Presidential" to consider only the first level of appointments.

3. Duration. Should the task force be directed to report back within a specified period of time? Three options arise:

Three months. Most would concede that three months is not an unrealistic time frame.

Six months. If citizen representatives are included in the review process, additional time would be necessary, in part to meet the requirements of the Advisory Committee Act.

Open-end. This question could be left to the discretion of the task force.

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C. Public Relations. Two issues are raised regarding press and public relations aspects of this effort.

1. Form of announcement. The appointment of the task force could be announced in one of three ways:

Memorandum and Press Release. The Cabinet-level task force on ocean policy was announced by memorandum to the appointees and supporting press release.

Speech. Assuming an appropriate forum is available, this announcement might be added to an upcoming speech.

Press Conference. To maximize the impact, the announcement might be included as an opening item in an upcoming TV press conference.

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2. Timing. As to an announcement of the task force, two options arise:

Immediate future. If an announcement is to be made as soon as possible, the staff can prepare the necessary materials and consider the timing of a release within the next few days or so.

Await further developments. If no announcement is to be made at this time, we can prepare the materials necessary for action on short notice but wait for future developments.