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MEETING WITH THE PRESIDENT ON
QUESTIONABLE FOREIGN PAYMENTS
BY US COMPANIES

Tuesday, March 16, 1976
2:30 p.m.

Cabinet Room

program reports quarterly
report in a cr.

Allen Zuckerman

3/24



THE WHITE HOUSE
WASHINGTON

Participants

The President
Seidman (Gorog)
Schmults
Greenspan
Scowcroft
Marsh
Morton



THE WHITE HOUSE

WASHINGTON

March 11, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: EDWARD SCHMULTS *ES*

SUBJECT: Questionable Foreign Payments
by U. S. Companies

Under date of March 2, I submitted a memorandum to you on the subject noted above. Upon review of the background of the problem and existing international and national initiatives to ameliorate the situation, you 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.

This builds upon my earlier memorandum and sets forth a rather detailed list of options which is intended to serve as an agenda for the staff meeting on this subject.

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



- o OMB. The Office of Management and Budget could be of assistance in coordinating the activities of member agencies and in considering the budgetary impact of recommendations which may arise. Jim Lynn recommends their inclusion and I concur.

Approve ✓ Disapprove _____

- o SEC. Although it would probably be inappropriate to include the SEC as a member of the task force, 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. I concur.

Approve _____ Disapprove _____

- o Counsel's Office. A representative of the Office of White House Counsel should be available to the task force in order to provide some guidance relative to the development of the group.

Approve ✓ Disapprove _____

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

- o Pro: The participation of distinguished citizens could increase the credibility of the review process with industry and the public generally.
- o Con: Citizen 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.



*By
invitation
to meetings*

*Counsel to be a
MEMBER*

I recommend that this issue be left to the determination of the task force.

Approve ✓ Disapprove

3. White House contacts. How should the task force interact with the White House? Two options are available:

- o Report directly to President. It would be possible to have the review group chairman report directly to you. This would further demonstrate your personal concern but would be inefficient from a management perspective.
- o Report to the President through the EPB and NSC. This would be efficient and would recognize that the economic and foreign policy dimensions of the problem are paramount.

I recommend that the task force report to you through the EPB and NSC.

Approve ✓ Disapprove

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

1. Scope of charter. Should you define the scope of the task force's charter to specifically include or exclude their consideration of various items (e.g., political bribes as well as business bribes abroad, bilateral as well as unilateral approaches to the problem, ethical as well or legal constraints, etc.) or should this matter be left open for the present?
 - o Defined charter. A defined charter would appear to be desirable if public members are allowed to participate in the review process.



- o Open charter. The matter of the scope of review could be left to the complete discretion of the task force.
- o Presidential review. You could direct the task force to make the drafting of a charter its first order of business and have them report back to you on this issue within a short period of time.

I recommend an open charter.

Approve _____ Disapprove _____

2. Establishment of a working group. Normally, of course, a working group of third-level departmental officials would be established to support the efforts of a Cabinet level task force. In the instant circumstances, do you also wish to appoint a working group or would you prefer to leave the matter of support to the task force?

- o Presidential appointment. Appointment of a working group by the President would flesh out the operation of the review process and increase Presidential involvement.
- o Defer to task force. It might be more "Presidential" for you personally to consider only the first level of appointments.

I recommend that you defer to the task force on this issue.

Approve _____ Disapprove _____

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

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



- o Six months. Should you decide to involve citizen representatives in the review process, additional time would be necessary, in part to meet the requirements of the Advisory Committee Act.
- o Open-end. This question, as to the issue of the scope of review, could be left to the discretion of the task force.

I recommend that you direct the task force to report their findings to you within three months from the date of its establishment.

Approve _____ Disapprove _____

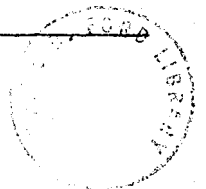
C. Public Relations. Two issues are raised regarding press and public relations aspects of this effort.

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

- o Memorandum and Press Release. Your recent decision to establish a Cabinet-level task force on ocean policy was announced by memorandum to the appointees and supporting press release.
- o Speech. Assuming an appropriate forum is available, you might add this announcement to one of your upcoming speeches.
- o Press Conference. To maximize the impact of the announcement, you might consider including it as an opening item in an upcoming TV press conference.

I recommend that you announce the task force by memorandum and press release. However, if a press conference will be held within the next few days, an announcement then would be a close second choice in my view.

Approve _____ Disapprove _____



2. Timing. The issue here is whether the time is now ripe for an announcement of the task force. Two options arise:

- o Immediate future. Should you conclude that now is an appropriate time for announcement of the task force, the staff can prepare the necessary materials and look into options available within the next week or so.
- o Await further developments. Should you decide against an announcement at this time, we can prepare the materials necessary for action on short notice but wait for future developments.

I recommend announcement in the immediate future.

Approve _____

Disapprove _____

