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CI
R The Honorable Edmund S. Muskie
United States Senate

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Dear Senator Muskie:

This is in response to your letter of April 9, 1973, in which you requested that we conduct an examination into the use of speech-making guidelines--commonly referred to as the "Battle of the Budget" kit--being used by Federal officials. Enclosed is a complete copy of the kit which was obtained from Mr. Ken Clawson, Deputy Director of Communications for the Executive Branch.

We interviewed Mr. Clawson and Mr. Fred Fielding, Deputy Counsel to the President, on the matter. The results of our interview were as follows:

QUESTION 1 - Who prepared the kit titled "Battle of the Budget 1973"?

The "Battle of the Budget" had its origins in a TV speech made by the President during which the need to hold the line on the 1974 budget was emphasized. Following this speech Mr. John Ehrlichman, Assistant to the President for Domestic Affairs, held a press conference and discussed 15 bills under consideration by the Congress which the President intended to veto, if necessary. Fact sheets were passed out giving the administration's rationale. D-015A3

Most of the substance of the fact sheets was developed by staff of the Domestic Council during preparation of the budget. Later the fact sheets became a part of the "Battle of the Budget."

Assembly of the "Battle of the Budget" was by White House staff writers.

QUESTION 2 - How many copies were produced and who received them?

There were two sets of copies prepared. The first set, estimated as numbering 30 to 50 copies, was prepared by the White House and distributed only to presidential appointees of the highest rank, such as cabinet officers, agency heads, and some undersecretaries. The second set, estimated as numbering 120 to 150 copies, was printed by the Republican National Committee and paid for by them. These copies were made available to subcabinet level presidential appointees, such as assistant secretaries, assistant administrators, and public affairs office D-015A4

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QUESTION 3 - What instructions were given on use of the "Battle of the Budget"?

The "Battle of the Budget" was discussed during routine meetings conducted by the Office of Communications with public affairs directors who were presidential appointees. The Office of Communications is responsible for coordinating and consulting on public affairs information in the executive branch.

The public affairs directors were advised by Mr. Clawson that presidential appointees should talk about the budget, where appropriate, as often as possible to get across the President's position.

QUESTION 4 - What were the costs of preparing the "Battle of the Budget" and how were they financed?

As noted earlier, we were informed that the "Battle of the Budget" kit included material developed during formulation of the budget. Inspection of the kit indicates that it is essentially a compilation, consisting largely of speech excerpts, letters, poll results, and fact sheets carrying various dates. Inasmuch as this material appears to have been originally prepared or accumulated by the White House staff for other purposes, its cost is not clearly assignable to the kit. In any event, the accounting records of the White House are not maintained in a manner which permits identification of the cost of any material or work relating specifically to the "Battle of the Budget" kit.

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With respect to your question as to whether the "Battle of the Budget" kits violate 18 U.S.C. 1913, lobbying with appropriated moneys, it is our position that in view of the criminal nature of this statute, determinations as to its violation should be made by the Department of Justice. Since 18 U.S.C. 1913 contains fine and imprisonment provisions which may be enforced only through judicial criminal proceedings, it is not within our jurisdiction to determine the statute's applicability in any given circumstances.

However, there is also to be considered Section 608(a) of the Treasury, Post Office, and General Government Appropriations Act of 1973, Public Law 92-351, 86 Stat. 471, which provides that:

No part of any appropriations contained in this or any other Act, or of the funds available for expenditure by any corporation or agency, shall be used for publicity or propaganda purposes designed to support or defeat legislation pending before Congress.

It is clear that the kit is part of an effort to defeat the 15 pieces of legislation pending in Congress which the administration opposes. It explains the reasons for the administration's opposition to the legislation and includes statements that people should be urged to write their representatives in Congress. In our opinion, this use of appropriated funds violates the provisions of section 608(a) of the act.

However, the action to be taken by our Office with respect to such improper use of appropriated funds is limited to recovery of the amounts improperly expended. Essentially, there is involved the cost of paper and printing and the time of personnel. While appropriated funds apparently were used in preparing the kit, it appears that the amount would be small and commingled with proper expenditures.

We hope that this report will serve your purposes.

Sincerely yours,

(SIGNED) ELMER B. STAATS

Comptroller General
of the United States

Enclosure

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