

SBA to Ignore Law White House Told

By Jack Anderson

Speaking for the White House, trouble-shooter Frank Carlucci directed the Small Business Administration to disobey the law, which authorizes the agency to declare disaster areas and rush emergency aid to the victims.

In an incredible exchange between Small Business Administrator Tom Kleppe and Rep. Jim Hanley, (D-N.Y.) the uncomfortable Kleppe admitted he had been specifically ordered not to implement the law on disaster relief. Here are direct quotes:

Hanley: "And who took the authority away?"

Kleppe: "I had the choice of disobeying the law or disobeying my President."

Hanley: "But the authority remain in the law?"

Kleppe: "I think that's correct, in the new law."

Hanley: "Now I'm concerned when you tell me that as opposed to concurring with the law, you concurred with an Administrative mandate."

Kleppe: "What would you do?"

Hanley: "Concur with the law."

Kleppe: "Would you?"

Hanley: "I wouldn't break the law."

Kleppe: "Jim, I serve at the pleasure of the President."

Hanley: "As a matter of fact, the law has been broken."

Kleppe: "It is a true statement, Jim."

Kleppe acknowledged to us that Carlucci, before he moved from the White House to become Undersecretary of Health, Education and Welfare, telephoned him the order to disregard the law. Contrary to what Kleppe told the congressman, however, the SBA chief insisted he hadn't really violated the law but merely had failed to implement it.

Carlucci told us he had made the phone call "to coordinate" federal disaster relief efforts and to curb "runaway expenditures." He indicated the decision was made at the highest domestic levels. Presumably, he meant John Ehrlichman, the President's former domestic counselor, who used to call the shots on such decisions. Agriculture Secretary Earl Butz also participated in the decision, Carlucci said.

Washington Whirl

ITT Report: The Senate subcommittee which investigated ITT's intervention in Chilean politics is preparing a blistering report that will add

to ITT's continuing problems. The subcommittee will also recommend legislation making it a criminal offense for ITT, or anyone else, to attempt to involve a U.S. agency in another nation's elections. It would also be against the proposed law for the CIA, or any other government agency, to intervene in a foreign election.

High Fees: David Maxwell, former general counsel to the Department of Housing and Urban Development, was instrumental last year in keeping title insurance fees high. He blocked a move to cut title insurance fees by 15 to 20 per cent, which would have brought them in line with title insurance losses. Maxwell has now left the government for a high-paying job as president of TICOR, a mortgage subsidiary of one of the nation's largest title insurance firms. A spokesman denied there was any link between Maxwell's new job and his favorable ruling at HUD.

Bone for Meany: In his latest effort to keep organized labor in his political corner, President Nixon has appointed a protege of AFL-CIO President George Meany as consul-general in Naples, Italy. The appointment of Daniel L. Horowitz has raised indignant yelps from career diplomats at the State Department, some

of whom wrote a rather undiplomatic letter to Rep. John Rooney (D-N.Y.), in protest. Horowitz has been the State Department's liaison man with the labor movement, but he has had no diplomatic experience. The AFL-CIO told us his appointment "wasn't at our behest."

Luxurious Layout: Secretary of Health, Education and Welfare Caspar Weinberger, who has slashed funds for the poor, the ailing and the elderly, is building himself a luxurious new building. Besides his own offices, the building will house a sauna bath, plus handball and squash courts.

Word from Kalmbach: President Nixon's personal attorney, Herbert Kalmbach, has confirmed to Watergate investigators our account of Martha Mitchell's altercation with her security guard at Newport Beach, Calif., last June 23. Kalmbach said he had been dispatched to the Newporter Inn by ex-Attorney General John Mitchell, as we reported, to give aid and comfort to the agitated Martha. Kalmbach found her with a telephone ripped out of the wall, her dignity impaired by a forced tranquilizer shot and a slashed hand from a wild swing into a window pane.