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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Henry Owen to Pres. Carter, 3 pp., re:Communication w/Foriegn Head of State	4/30/78	A
Cabinet Summaries	Sec. Brown to Pres. Carter, 3 pp., re:Defense Summary <i>opened 6/1/92</i>	4/28/78	A
Cabinet Summaries	Andrew Young to Pres. Carter, 1 pg., re:UN activity	4/29/78	A
Memo	Hamilton Jordan to Pres. Carter, 8 pp., re:Dr. Beal	4/11/78	C

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THE PRESIDENT'S SCHEDULE

Monday - May 1, 1978

NOT ISSUED

-
- 8:15 Dr. Zbigniew Brzezinski - The Private Study.
- 8:45 Official Picture-Taking Session - The Oval Office.
- 9:45 Mr. Frank Moore - The Oval Office.
- 10:00 Meeting with Members of the 95th New Members
(20 min.) Caucus. (Mr. Frank Moore) - The Cabinet Room.
- 10:30 Mr. Jody Powell - The Oval Office.
- 11:00 Secretary Joseph Califano. (Mr. Jack Watson).
(30 min.) The Oval Office.
- 11:30 Secretary Juanita Kreps. (Mr. Jack Watson).
(30 min.) The Oval Office.
- 12:00 Lunch with Mrs. Rosalynn Carter - The Oval Office.
- 1:30 Meeting with His Excellency Menachem Begin,
(30 min.) The Prime Minister of Israel. (Dr. Zbigniew
Brzezinski) - The Oval Office.
- 2:00 White House Reception Honoring Prime Minister
(60 min.) Menachem Begin and Jewish Leaders - The State Floor.
- # 7:30 Play/ George Washington University's Reading Class.
White House Family Theater.

not submitted

THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

April 28, 1978

Honorable Melvin Price
Chairman
Committee on Armed Services
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

When I returned to Government after eight years, I was again struck by how difficult it is to manage the Federal work force. The problems public managers face in providing incentives and rewards to our able employees contrast with the experience I observed first hand in universities and business where the employees are no more able, but they can be managed more effectively.

As head of the Defense Department, with one million civilian employees and civilian personnel costs of over \$19 billion this year, I am convinced that Civil Service reform is required in order to improve our ability to manage, increase initiative and improve the merit system.

The President's reform legislation has several key proposals that are of particular importance in this regard. These include: the creation of a Senior Executive Service to increase the quality and usefulness of top executives; merit pay at the mid-management level and incentive pay at the top level to reward outstanding performers; improved procedures for discipline and removal that include real guarantees of protection for the competent; and a more realistic pattern of veterans' preference that continues to recognize the needs of veterans, particularly the special needs of those from the Vietnam era and the disabled, while not discriminating against others in the society who deserve consideration for Federal service.

The President's proposals are a major contribution toward improved Government effectiveness and I urge you to support them.

Sincerely,

Harold Brown

(Same letter to 58 other Senators + Representatives)

~~SECRET~~



THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

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April 28, 1978

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Significant Actions, Secretary and Deputy Secretary of Defense
(April 22 - 28, 1978)

Civil Service Reform: As you requested, I visited Congressmen Rousselot, Lott, Dick White, and Charles Wilson to discuss Civil Service reform. As I described in my memorandum to you earlier this week, their major expressed concerns were (1) veterans' preference and (2) the fear that collective bargaining for federal employees will "work its way into the legislation." (If the latter were any possibility, I would join them in deep concern, and recommend a veto.) I also telephoned all but two of the 41 members of the House Armed Services Committee. Most of them, although unfamiliar with the details of the legislation, seemed receptive to the objectives; some said they would have to move carefully because of heavy concentrations of federal employees in their districts. I also have written a letter to each member of the Armed Services Committees of the House and Senate (copy attached).

Base Realignment: Following the public announcement of our base realignment package on Wednesday, designed to save \$337M annually, Charles Duncan chaired a meeting of the Economic Adjustment Committee as reconstituted by your new Executive Order. Congressional reaction to the realignment proposal was predictably adverse in particular cases, but generally mild. I believe that the announcement was on the whole favorably reported in the media, was accepted by most on the Hill as an efficiency move, and that much of the public recognizes the essentiality of eliminating unneeded activities if we are to keep Defense costs under control. Frank Moore and Jack Watson were helpful in planning the handling of the announcements and the follow-up.

Authorization Bill Mark-up: The House Armed Services Committee mark-up is approximately \$2.4B above our request. Among the additions are \$2.1B toward a nuclear aircraft carrier, a \$1.1B nuclear cruiser, 12 F-14s, 4 F-18s, 16 C-130s, 40 A-7s, and long lead-time money for additional aircraft. Among other reductions, the Committee also deleted all but long-lead procurement funds from our Trident request, the entire request (\$105M) for B-1 research and development, and the request for \$41M for research and development on a cruise-missile carrier. The latter, as the Soviets realize, would add an option of major proportions to our deterrent capability, and Soviet efforts to forbid it continue at SALT. While deleting that, the Committee added many items I consider of little military use. Examples: \$8.1M for a Gulf Stream II luxury administrative aircraft for the Marine Corps, \$19.6M for Army administrative aircraft. This juxtaposition is a sad example of Congressional irresponsibility.

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E.O. 12356, Sec. 3.4

PER [Signature] DDD Hy RE MR-11C-92-23
BY [Signature] NARS, DATE 5/2/92

Classified by Sec Def

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SECRET

J.S.S. Saratoga: The House committee bill also includes an amendment introduced by Congressman Tribble of Virginia to slow down and perhaps prevent the overhaul of the Saratoga in the Philadelphia Navy Yard (principal competitor is a private yard at Newport News). Senator Byrd of Virginia will try to insert a similar provision in the Senate bill. I have kept Fritz informed of these actions.

Stratton Amendment on Withdrawals from Korea: Sam Stratton has introduced an amendment to the authorization bill in the House directing that no ground combat units can be withdrawn from Korea until Congress enacts legislation authorizing retention in Korea of the equipment of each unit to be withdrawn. The amendment also states that the strength of ground combat units in Korea shall not be reduced below 26,000 until a peace settlement is reached. The amendment probably would be an unconstitutional infringement of your authority as Commander in Chief. For that reason, and on the merits, I shall recommend you veto the bill in the very unlikely event that such a provision is enacted.

Meeting with Senator Stennis: I told John Stennis yesterday that to avoid a CVN being added, we were willing to move the planned CVV forward to this year and slip the Trident to next year. He made no promises, saying he would discuss the matter with his Committee but that there was strong sentiment for a CVN. He also advised that some Committee members wanted to put a provision in the bill requiring the production of the enhanced radiation weapon; he added that although he personally favors production, he would oppose any such provision on the grounds of the need to uphold Presidential powers.

Meeting with FRG Official: Wednesday I met with Dr. Manfred Woerner, CDU Bundestag member and Chairman of the Bundestag Defense Committee. Woerner stated that he (and CDU) now support AWACS, but Bundestag approval is not possible before June. He expressed concern over the SS-20 and the proposed SALT protocol on cruise missiles. I replied that the SS-20 represents a modernization of the Soviet theater forces rather than a new threat or change in the theater balance, and that we are keeping our options open on cruise missiles.

Responses to Congressional Correspondence: I have been pressing my staff to make sure that Congressional inquiries are answered promptly and well. However, one persistent problem is not of our making. Delays are many times occasioned by our not receiving referred correspondence from the White House in a timely way.

Harold Brown

Attachment

2:00 PM
5/1/78

THE WHITE HOUSE

WASHINGTON

April 29, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: Remarks for Begin Reception

Attached is a draft of remarks which I drafted together with Jerry Doolittle. They have been reviewed and approved by Bob Lipshutz and Jody Powell. I have forwarded a copy to Zbig Saturday evening for his review.

The paragraph on Page 5 regarding the Presidential Commission on a memorial to the Holocaust victims is explained in more detail in a memo from Bob Lipshutz and me which is on your desk.

Because of concerns in the Jewish community about the Administration's basic commitment to Israel, I thought it was important to clearly reference the fact that we do have differences with Israel but to note that those differences do not transcend our basic commitment.

This will be an important event to attempt to begin to rebuild some bridges to the Jewish community. I am convinced that without changing our policy, if we can have a somewhat more positive tone toward Israel and a better public understanding of its security needs, that we can help ourselves both domestically and diplomatically.

4/29/78
5:30 p.m.

It is a great pleasure for Mrs. Carter and myself to hold this reception for my close friends Prime Minister and Mrs. Begin, and for the distinguished Americans who have joined us today in honor of the 30th anniversary of the establishment of the State of Israel.

We have just come to the close of the Passover Holidays, an annual reminder of the Exodus and dispersal of the Jewish people. Since the destruction of the Second Temple led to the Diaspora nearly 2000 years ago, Jews have said a prayer ending with "Next year in Jerusalem." For all those years, the shared hope of a homeland held together in spirit a people scattered all

over the world. During those 2000 years Jews often suffered religious discrimination, inquisitions, pogroms and death. Jews were too frequently treated as strangers in the countries they inhabited.

After I visited Israel in 1973, I read Arthur Morse's book, While Six Million Died, the tragic account of the ultimate in man's inhumanity to man -- the Holocaust. Six million people were killed -- most of European Jewry. They died not only because of Nazi brutality but because the entire world turned its back on them during their years of suffering. No country was willing to give the Jews of Europe a home from their torment.

Out of the ashes of the Holocaust, though, was born the State of Israel -- a promise of refuge and security and of return at last to the Biblical land from which the Jews were driven so many thousands of years ago. It will always be a proud chapter in our own country's history that the United States was the first nation to recognize the legal existence of Israel in 1948.

George Santayana wrote that "those who cannot remember the past are condemned to repeat it." The past brutality against the Jewish people throughout the world and the ultimate tragedy of the Holocaust are events that not only Jews will always remember; they are also lessons which this country and all civilized people should never forget.

The existence of the State of Israel through the indomitable will and character of its own people, and with the unshakeable moral commitment of the United States of America to its security, will insure for all times forth that the Jewish people will not be condemned to repeat the Holocaust.

This country and this Administration have acted with the indelible memory of the past. We have increased economic and military aid to Israel. We have fought for and obtained tough anti-boycott legislation to protect American Jews and American companies doing business with Israel from discrimination. We have championed the human rights of Jews in the Soviet Union and

encouraged their right of emigration. We have done these things simply because they are right and they are necessary and they are true to our traditions.

(Many countries have memorials to the Holocaust victims. There is no such formal memorial in the United States. To insure that we in the United States never forget, I will appoint a Presidential Commission to report to me within six months on an appropriate memorial in this country to the six million killed in the Holocaust.)

We may have our transient differences with Israel from time to time -- as we do with other countries which are our close friends -- but this Administration and this country will never waver from our deep friendship and partnership with Israel, and our commitment to its security.

The establishment of the State of Israel is the embodiment of Biblical prophecy and the very essence of its fulfillment. In the Jewish tradition, 30 stands for the age of strength. And Israel is strong. There is a Jewish saying, "From strength to strength." And I trust that Israel will indeed go from strength to strength -- for another thirty years, and forever.

Thank you very much.

SCENARIO

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

April 28, 1978

MEMORANDUM TO: THE PRESIDENT AND MRS. CARTER

FROM: GRETCHEN POSTON

SUBJECT: SCENARIO FOR ISRAEL ANNIVERSARY RECEPTION
May 1, 1978 - 2:00 p.m.

PLAN B - EAST ROOM - STATE FLOOR - RAIN PLAN

2:00 p.m. THE PRESIDENT and Prime Minister Begin join MRS. CARTER and Mrs. Begin at elevators and proceed to platform in East Room for program. Principals announced into East Room
(NOTE: MRS. CARTER meets Mrs. Begin at North Portico - Kit Dobbelle with Mrs. Begin - and escorts to elevator)

2:03 p.m. THE PRESIDENT welcomes guests and Prime Minister Begin. BRIEF REMARKS

2:06 p.m. Prime Minister Begin delivers BRIEF REMARKS

2:10 p.m. THE PRESIDENT, Prime Minister Begin, MRS. CARTER and Mrs. Begin depart East Room and proceed to Blue Room for receiving line.

NOTE: Individual pictures taken during receiving line.

3:00 p.m. THE PRESIDENT, Prime Minister Begin, MRS. CARTER and Mrs. Begin depart Blue Room and proceed to North Portico for departure of Prime Minister and Mrs. Begin.

4:00 p.m. (approximate) All guests depart White House

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

April 28, 1978

MEMORANDUM TO: THE PRESIDENT AND MRS. CARTER

FROM: GRETCHEN POSTON

SUBJECT: ISRAEL ANNIVERSARY RECEPTION
May 1, 1978 - 2:00 p.m.

1. The entire reception is catered by a Kosher kitchen including all utensils. Food will be served by White House staff.
2. Two young men who are scholarship recipients of the America-Israel Cultural Foundation will play during the reception.

If it is raining, they will play in the foyer on the State Floor; if we are outside, they will go to the platform and play following the President's remarks, and the Prime Minister's.

Shlomo Mintz - violinist - 21 years old of Russian parents. Went to Israel as part of Russian immigration. Studied in Israel and received a scholarship to further his studies in the United States. He is still at the Juilliard School and beginning his career.

Mordecai Shehori - pianist - was born in Israel just before the State was born. He is from an artistic family - his father was a very famous actor in a theater group in Tel Aviv. He has won several competitions in piano and received a scholarship to further his studies in the United States. He has finished the Juilliard School and is teaching and concertising.

3. Attached is a list of Congressional invitees. Leadership, House and Senate International Committees/Foreign Affairs Committees, and Jewish members were invited.
4. Attached is a map of the South Grounds to show the location of the platform.
5. Program is also attached. *(in RSC book)*
6. Invited guests include Rabbis, National Council of Jewish Women, B'Nai B'rith representation and many, many other groups. DNC furnished a list also that is part of the 800 expected guests.

April 28, 1978,

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

TO: THE TELEGRAPH OFFICE
FROM: GRETCHEN POSTON

Please send the mailgram to the following for the May 1, 1978 reception for the 30th state of Israel.

LEADERSHIP OF THE CONGRESS

(All of the following are House of Representatives, Washington, D. C. 20515)

The Honorable
Thomas P. O'Neill, Jr.
House of Representatives
Washington, D. C. 20515

The Honorable
Jim Wright

The Honorable
Fred Richmond

The Honorable
Thomas S. Foley

The Honorable
John Brademas

The Honorable
Dan Rostenkowski

The Honorable
John Rhodes

The Honorable
John Anderson

The Honorable
Robert H. Michel

The following should all go to the United States Senate, Washington, D. C. 20510

The Honorable
Robert C. Byrd

The Honorable
Alan Cranston

The Honorable
Daniel Inouye

The Honorable
Howard Baker

The Honorable
Ted Stevens

THE WHITE HOUSE

WASHINGTON

Committee on International Relations - House of Rep.

L. H. Fountain
Dante B. Fascell
Charles C. Diggs
Robert N. C. Nix
Donald M. Fraser
Benjamin S. Rosenthal
Lee H. Hamilton
Lester L. Wolff
Jonathan B. Bingham
Gus Yatron
Michael Harrington
Leo J. Ryan
Cardiss Collins
Stephen J. Solarz
Helen S. Meyner
Don Bonker
Gerry E. Studds
Andy Ireland
Donald J. Pease
Anthony C. Beilenson
Wyche Fowler
E. de la Garza
George E. Danielson
John J. Cavanaugh

Senate Foreign Relations

John Sparkman
Frank Church
Claiborne Pell
George McGovern
Dick Clark
Joseph Biden
John Glenn
Paul Sarbanes
Muriel Humphrey
Daniel Inouye
Edward Kennedy
Henry Jackson

Other representatives invited:

John Slack
Bill Alexander
Jonathan Bingham
Dante Fascell
Robert Drinan
Charlie Wilson (Tex.)
Anthony Beilenson
Joshua Eilberg
Benjamin Gilman
Benjamin Rosenthal
Stephen Solarz

Ted Weiss
Lester Wolff
Sidney Yates

Wm. S. Broomfield
Edward J. Derwinski
Paul Findley
John Buchanan
J. Herbert Burke
Charles W. Whalen
Larry Winn, Jr.
Benjamin A. Gilman
Tennyson Guyer
Robert J. Lagomarsino
William F. Goodling
Shirley N. Pettis

Clifford Case
James Pearson
Charles Percy
Robert Griffin
Howard Baker
Edward Zorinsky
Abraham Ribicoff
Richard Stone
Jacob Javits
Howard Metzenbaum

Daniel Glickman
Willis Gradison
Elizabeth Holtzman
John Krebs
William Lehman
Elliott Levitas
Marc Marks
Abner J. Mikva
Richard Ottinger
James Scheuer
Clayton Spellman

THE WHITE HOUSE

WASHINGTON

May 1, 1978

Stu Eizenstat

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Frank Moore's office for delivery.

Rick Hutcheson

cc: Frank Moore

RE: SEN. KENNEDY'S LETTER ON INTERNATIONAL
AVIATION

THE WHITE HOUSE

WASHINGTON

April 29, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT
MARY SCHUMAN



SUBJECT: Senator Kennedy's Letter on International
Aviation

Senator Kennedy has written to you urging that we conclude a liberal charter agreement with the British, and urging that Boston be designated.

Under the Bermuda II agreement signed by Secretary Adams last year, only two U.S. cities can receive air service from two U.S. carriers to London. All other U.S. cities can be served by only one U.S. carrier and a British carrier. New York has already been selected as one city to receive competitive U.S. air service. The CAB will send us an order May 8 selecting Los Angeles as the second U.S. city.

Senator Kennedy urges you to overturn the CAB and select Boston rather than Los Angeles, and, failing that, to renegotiate the provision with the British.

The attached letter has been cleared with all the Departments concerned--State, Transportation and Justice. It describes the liberal charter agreement signed with the British a few days ago, and notes that we have attempted informally--but unsuccessfully--to get the British to agree to a third U.S. city for competitive service. A further negotiation effort should await some period of experience under a liberal charter and low-fare regime so that the considerable merits of a more competitive system can be shown to the British.

Since Senator Kennedy has been a leader in the drive for a less regulated airline system, we recommend that you personally sign the detailed letter attached. We have set up meetings with Senator Kennedy's staff to discuss the matter further next week.

THE WHITE HOUSE

WASHINGTON

May 1, 1978

To Senator Ted Kennedy

Thank you for your letter on the Bermuda II Agreement and our recent success in securing from the United Kingdom a commitment on low-cost air travel between the United States and Britain. The encouragement that you have given the Administration in pushing for competitive air fares was extremely helpful in our recent confrontation with the British.

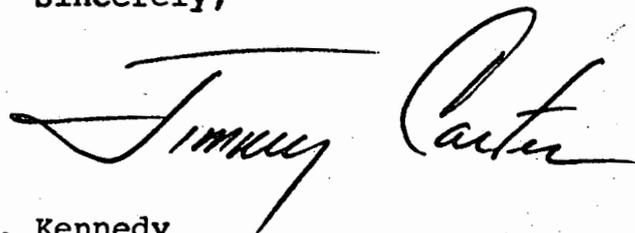
Your letter observes that Bermuda II failed to include a substantive charter article. I am pleased to report that our negotiators reached an agreement in March with the United Kingdom on a charter article covering both passenger and cargo charter services. This agreement was formally signed April 25, 1978. The new charter article provides for multiple designation of charter carriers, eliminates unilateral restrictions on the capacity or frequency of charter flights except in one instance relating to cargo, and establishes the principle that only the country of origin may regulate charter prices or rates.

We were unable to secure from the British an immediate commitment to accept as charterworthy charter flights approved by the country of origin, but the new agreement makes important progress on this issue. The new permanent Bermuda II article adopts the basic principle of country-of-origin rules, but a short-term annex allows for a limited exception to that principle. For a 2-year period, certain agreed (but liberal) charter rules will apply, and we hope that after this trial period the British will be convinced--as we are-- that these agreed rules can be further liberalized. I should add that the agreed rules are considerably more liberal than any that have previously existed in the U.S.-U.K. market and are more liberal than anything that had been authorized in the U.S. prior to the CAB's action of December 15, 1977.

I fully understand your concern about maintaining multiple designation of U.S. carriers for the Boston-London Market. One benefit of the new charter agreement, particularly in the context of liberal charterworthiness rules, is that unlimited charter operations by multiple carriers will provide an important, low-cost alternative for many New England travelers. As for scheduled operations, it would, of course, be inappropriate for me to comment on the pending case before the CAB, but I assure you that I will give your views the fullest consideration when it comes to me for final decision.

Finally, you raised a question as to whether we should attempt to renegotiate with the British the Bermuda II provisions on multiple designations for scheduled service. We have already attempted informally to trade additional designations for British carriers in exchange for a third U.S. multiple designation city, but the British are not now interested. As you know, the Bermuda II provisions on this subject, while far from perfect, are substantially better than those the U.K. was insisting upon just 10 months ago. The judgment of my advisors is that a renegotiation effort should await some period of experience under a liberal charter and low-fare regime, so that the considerable merits of a more competitive system can be shown to the British in concrete terms. The most recent negotiations established that a strong U.S. position in favor of competition can prevail, and I will continue as a high priority my drive toward a freer market in international aviation. I am grateful for your support in this endeavor.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the typed name.

The Honorable Edward M. Kennedy
United States Senate
Washington, D.C. 20510

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FRANCIS C. ROSENBERGER
CHIEF COUNSEL AND STAFF DIRECTOR

United States Senate

COMMITTEE ON THE JUDICIARY
SUBCOMMITTEE ON ANTITRUST AND MONOPOLY
WASHINGTON, D.C. 20510

March 24, 1978

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

I want to congratulate you and the Administration for your successful negotiations with the United Kingdom over scheduled airline fares under Bermuda II. Largely through your strong negotiating stance in the face of U.K. resistance to Braniff's proposed low fares to London, the American consumer has been provided an improved opportunity for low-cost air travel to Europe. You and the negotiating team deserve considerable credit for reducing, in an important way, the anticompetitive nature of the Bermuda II agreement. However, as I said in my letter to you last July, Bermuda II is a basically anticompetitive and unsound bilateral agreement. Much more needs to be changed before the agreement is at all satisfactory.

For one thing, the question of charter rules is one to which the British are still supplying wholly unsatisfactory answers and Bermuda II contains no substantive charter article to govern the situation. The new U.S.-Dutch bilateral agreement which you recently successfully negotiated provides consumers with economical travel opportunities on both scheduled and charter services to the Netherlands and, as a by product, maintains a healthy competitive balance. By contrast, the failure of Bermuda II to require mutual acceptance of country-of-origin charter rules clearly harms the consumer in the short run and may seriously damage competition -- and thus the consumer -- in the long run. In addition, Bermuda II still contains the seeds of capacity controls and thus the danger that the British will be able to insist upon and, depending on the U.S. exigencies at some future moment, perhaps obtain a reduction of flight frequencies by U.S. carriers operating to Britain.

While the absence of satisfactory charter rules and the danger of capacity restrictions are serious problems, Bermuda II's most objectionable feature, to my mind, is its single

The President
The White House

March 24, 1978

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designation principle. Under Bermuda II the general rule is that only one U.S. carrier is allowed to provide air service from any given U.S. city to the U.K. Two cities may be excepted from this rule and provide service by two U.S. carriers (dual designation). I venture to say that such a restrictive trade agreement would hardly deserve serious consideration, never mind U.S. acceptance, if it were under discussion today. At this very moment we are vigilantly trying to open up trading opportunities with foreign governments for U.S. firms abroad. But Bermuda II requires the U.S. to relinquish trading opportunities it already possesses. This feature is not only violative of our international aviation policy and U.S. international trade principles but may inflict imminent concrete damage on the economy of Boston, Massachusetts.

New York has already been designated as one of the two cities who will have the service of two U.S. carriers to and from London. The C.A.B. has pending before it the applications of both Boston and Los Angeles for designation as the second and final U.S. city to have two U.S. carriers. Boston has had London air service provided by two U.S. carriers for 27 years. The anticompetitive limitations of Bermuda II now threaten to disrupt both that air service itself and the local jobs and other economic benefits that for so long have accompanied that service. The potential loss to Boston is enormous. It could mean the loss of many existing jobs and a contribution to the Boston economy of more than 11 million dollars excluding the multiplier effect. The present rapid growth of London traffic out of Boston's Logan Airport would not only cease but decline. Other services could be jeopardized by a cutback in the London service because of the overall loss of traffic "feed" to the Boston gateway.

If Boston is chosen to maintain its dual designation status -- as I believe the facts demand -- the local harm of Bermuda II to New England would not be as great; but there would still be harm to our national trade and aviation policies since other communities would not then be able to add second carrier service.

In short, Mr. President, Bermuda II still needs considerable work and fundamental revision before it can be something that we should seriously desire to salvage. Without realistic prospect of satisfactorily resolving the outstanding charter

The President
The White House

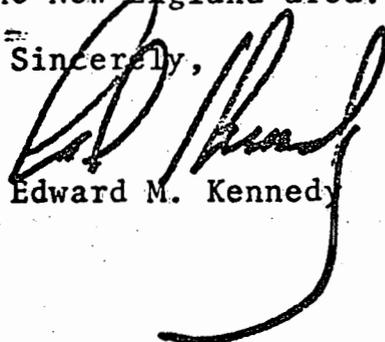
March 24, 1978

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issue and restricting the danger of the capacity limitation mechanisms, Bermuda II is a very questionable "bargain" even with the recent improved agreement on fares. When the intolerable prospect of relinquishing existing service to or from Boston (or the less bad but still unfortunate prospect of being unable to add new service to Los Angeles) is added to the balance, Bermuda II becomes in my view not just a questionable bargain but a decisively bad one.

Your Administration and you personally have made remarkably great strides in both domestic and international aviation policy. The restrictive features of Bermuda II have no place in that policy. Thus, as you so successfully did with regard to scheduled fares, I would urge you to do all you can to renegotiate the agreement's remaining anti-competitive features so that we establish the principle of liberal charter rules and, more importantly, preserve the present air service to Boston and the New England area.

Sincerely,



Edward M. Kennedy

May 1, 1978

1

MEMO TO: The Speaker
FROM : Irv Sprague
SUBJECT: Leadership Meeting 8:00 a.m. Tuesday, White House

The President wants to talk with you about legislative priorities for the balance of the year.

The Congress will be occupied much of the remaining months in passing scores of measures that comprise the authorizing legislation and in considering the 13 regular appropriation bills. In addition, the House and Senate have agreed to tackle some very tough issues on the President's agenda and try to complete them.

Attached is an update of the legislative memorandum discussed by the House-Senate leadership last Thursday. Highlights:

JOINTLY AGREED PRIORITIES

- Energy
- Taxes
- Countercyclical Revenue Sharing
- Hospital Cost Containment
- Farm Bill
- Arms Sales
- Greece-Turkey-Cyprus
- Airline Deregulation
- Labor Law Reform
- Humphrey-Hawkins
- New York Aid
- Civil Service Reform

ALSO

House will move Alaska Lands

THIS WEEK

Budget Resolution

- we could use some help!

ADJOURNMENT

October 1

PRIORITIES
(Not Necessarily in Order)

1. Energy.
Conservation, coal conversion and utility conferences virtually complete but not formally reported. Corman, Reuss, and Waggoner remain key votes on natural gas. Informal talks continued on crude oil with prospects only fair.
2. Taxes.
Committee ceased markup on President's proposals after Administration sustained repeated defeats. Continuation of markup deferred until Chairman can develop majority in favor of less ambitious tax package. Ullman making reasonable progress lining up support for following compromise (still very tentative): repeal personal property tax deduction and sales tax deduction; repeal Fisher-Conable charitable deduction amendment adopted in committee in markup; do nothing on major business deductions (DISC, deferral, etc.) but eliminate a few minor loopholes; decrease both personal and business tax reductions proportionally to reflect the Administration reforms not adopted, aiming for net tax cut of around \$15 billion; split off Social Security issue into separate bill, to be taken up before general tax bill, and reduce these taxes by about \$5 billion (mostly taken off rate, not base).
3. Countercyclical Revenue Sharing.
Senate Finance Committee hearing set for this Wednesday. Plan is to attach bill to some House passed tariff measure. Will probably be two-year extension of present law plus modest assistance to very depressed cities if national unemployment drops below 6%.

House subcommittee hearing scheduled May 4, 5 and 9. The bill will have to be initiated in the Senate.
4. Hospital Cost Containment.
High Presidential priority. Reported by both Commerce and Ways and Means subcommittees. Negotiations for Labor support are bogged down. Plan is to move first with Rogers in Commerce Committee -- then Rostenkowski in Ways and Means. Full Commerce markup tentatively set May 16.

In the Senate this legislation will be included in Medicare/Medicaid administrative and reimbursement reform. Finance Committee indicated it would be ready for Floor action in June or July.
5. Farm Bill.
Conferees reported farm bill that would give discretionary authority to increase target prices above those now in the law -- recalculate the minimum loan rate on cotton, which increases rate from 44¢ to 48¢ and not limit this action to one year. Rules meets Wednesday to waive points of order since agreement is technically outside the scope of the conference. Also violates the Budget Act. Giaimo will not object.

House Floor Thursday. Senate may act Tuesday.
6. Arms Sales.
House hearings May 8 through May 11. Vote possible by May 11. Vance, Brown, Warnke appear May 9. Four separate resolutions to vote on -- \$2.5 billion for 60 F15's for Saudi Arabia; \$1.5 billion for 75 F16's and \$430.7 million for 15 F15's for Israel; and \$590 million for 42 F5E's and eight F5F's for Egypt. Either the House or Senate may act on a resolution disapproving one, two, three or all of the proposed sales. Major problem with Saudi and the vote on that is "tight." Message received April 28 and Congress has until midnight May 28 to act on resolutions of disapproval. Both House and Senate must veto proposal to kill it. If Committee fails to pass disapproval resolution, could sit on it and there is no way to bring it to the Floor, except under suspension of the rules or under a rule from the Rules Committee. Committee could also vote to send to Floor without recommendation, or with an adverse recommendation.

Senate Foreign Relations Committee at 3:30 p.m. today to map procedure. Hearings expected May 9, 10, 11.

7. Greece-Turkey-Cyprus.

House votes in Committee this Wednesday on Foreign Aid Authorization bill which will be on House Floor next week.

Votes are close on motion to lift for one year the Turkey arms sales embargo. Either way there will be a Floor fight.

8. Airline Deregulation.

High Presidential priority. Subcommittee bill gutted by Levitas amendment 13 to 11. Administration and Bizz Johnson trying to get it reversed in Anderson subcommittee next week. Tied to noise control bill.

Passed Senate April 19 (83-9).

9. Labor Law Reform.

Passed House October 6 (277 to 163).

On Senate calendar.

10. Humphrey-Hawkins.

Passed House March 16 (257-152).

In Senate jointly referred to Human Resources and Banking Committees. Banking does not expect to complete action before mid-June.

11. New York Aid.

\$2 billion loan guarantee bill reported from House Banking subcommittee last week. No direct financing. Full Committee this Wednesday. No House action until Senate Committee moves. Also referred to Ways and Means.

In the Senate legislation introduced April 12 and referred to Banking Committee. Senator Proxmire is opposed to legislation. Would probably have to go to Finance after Banking Committee completes action.

12. Civil Service Reform.

High Presidential priority. Administration has agreed to write into law sections of the labor-management code that are now only Presidential directives. Hearings underway with markup to start May 22. AFL-CIO "cautiously" supports bill. Independent employee unions opposed because of lack of collective bargaining. Administration has said it would favor "conservative" approach to issue but no bargaining on major issues like wages, fringe benefits, union shop. Private, small business groups fear plan would politicize civil service.

Senate reports problems with the legislation. Governmental Affairs Committee completes hearings this week and may start markup before end of May. Chairman still hopeful of getting it to Floor this year.

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ALSO

Alaska Lands.

Senate reports problems. Hearings on Administration proposal and several other bills expected to continue through May.

Tentative House plans call for Rules May 16, House Floor May 17. Rules Committee being canvassed. Merchant Marine sequential referral extended to May 4. Lloyd Meeds has hold on this bill in Rules all next week.