

**3/5/79**

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THE WHITE HOUSE  
WASHINGTON

3/4/79

Mr. President:

The attached proclamation of Pan American Day and Pan American Week, while not required by law, has been issued by Presidents since 1946.

The proclamation has been cleared by NSC, OMB and the speechwriters.

Rick



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

GENERAL COUNSEL

FEB 28 1979

MEMORANDUM FOR: THE PRESIDENT  
FROM: WILLIAM D. NICHOLS  
SUBJECT: Pan American Day and Pan American  
Week, 1979

Enclosed is the annual Pan American Day and Pan American Week proclamation which has been issued regularly since 1946. It was prepared by the Department of State and has been revised in this office solely as to form. The proposed proclamation, as revised, has the approval of the Director of the Office of Management and Budget.

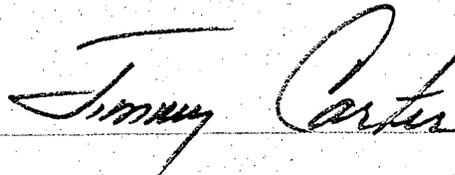
Traditionally the week which includes April 14 has been designated Pan American Week; however, this year that particular date falls on a Saturday. As the Organization of American States is planning various activities for the week beginning on April 15 the Department of State has suggested that that week be designated as Pan American Week. The proposed proclamation reflects that date.

Enclosure

790816

NOW, THEREFORE, I, JIMMY CARTER, President of the United States of America, do hereby proclaim Saturday, April 14, 1979 as Pan American Day and the week beginning April 15, 1979 as Pan American Week, and I call upon the Governors of the fifty States, the Governor of the Commonwealth of Puerto Rico, and appropriate officials of all other areas under the flag of the United States to issue similar Proclamations.

IN WITNESS WHEREOF, I have hereunto set my hand this  
day of , in the year of our Lord  
nineteen hundred seventy-nine, and of the Independence of the  
United States of America the two hundred and third.



Jimmy Carter

PAN AMERICAN DAY AND PAN AMERICAN WEEK, 1979

- - - - -

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

Each year the peoples of the Americas celebrate our common origins and continuing mutual ties. To the people of the United States Pan American Day commemorates the importance of mutual respect and cooperation which characterize the Inter-American system and its central institution, the Organization of American States.

No region of the world can boast a greater tradition of peace and tranquility among nations. No nations of the world have worked more consistently or harder to find solutions to the political and economic problems which they face in the world today. Our Organization of American States, the birth of which we will celebrate on April 14, has been and continues to be vital to this continuing effort.

In the past year alone, the Organization of American States has made important contributions to the welfare of the people of the hemisphere. It has helped to promote the cause of human rights and dignity in the Americas and to diffuse tensions in Central and South America.

The United States, on Pan American Day 1979, salutes the other nations of this hemisphere, and pledges its solidarity with them, and with the Organization of American States, in the continuing efforts to achieve the visionary democratic ideals of the founding heroes of our hemisphere. It is from these ideals that we derive our desire and our ability to cooperate for a common good and for the benefit of all our people.

ID 790816

THE WHITE HOUSE

*SR*

WASHINGTON

DATE: 01 MAR 79

FOR ACTION: BERNIE ARONSON

*- Hold per Bob Aronson*

INFO ONLY: ZBIG BRZEZINSKI

FRAN VOORDE

SUBJECT: NICHOLS MEMO RE PAN AMERICAN DAY AND PAN AMERICAN WEEK,  
1979

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+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 1200 PM SATURDAY 01 MAR 79 +

+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION  
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
✓	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
✓	FALLOWS <i>BA</i>
✓	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
✓	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

**THE WHITE HOUSE  
WASHINGTON**

3/1/79

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**TO:** \_\_\_\_\_

**For Your Information:** \_\_\_\_\_

**For Appropriate Handling:** \_\_\_\_\_

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**Robert D. Linder**

STATE OF CALIFORNIA  
COUNTY OF SAN DIEGO

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_

known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Notary Public in and for the State of California

My commission expires on \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State of California

My commission expires on \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State of California

Robert D. Jander

PAN AMERICAN DAY AND PAN AMERICAN WEEK, 1979  
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BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

Each year the peoples of the Americas celebrate our common origins and continuing mutual ties. To the people of the United States Pan American Day commemorates the long history of mutual respect and cooperation which characterizes the Inter-American system and its central institution, the Organization of American States.

No region of the world can boast a greater tradition of peace and tranquility among nations. No nations of the world have worked more consistently or harder to build on the historical, cultural and social ties that bind them together in order to find common solutions to the political and economic problems which sometimes threaten to drive them apart. Our Organization of American States, the birth of which we will celebrate on April 14, has been and continues to be the keystone in this continuing effort.

In the past year alone, the Organization of American States has made important contributions to the welfare of the people of the hemisphere through its efforts to promote the cause of human rights and dignity in the Americas and to diffuse tensions in Central and South America.

The United States, on Pan American Day 1979, salutes the other nations of this hemisphere, and pledges its solidarity with them, and with the Organization of American States, in the continuing efforts

to achieve the visionary ideals of the founding heroes of our hemisphere. It is from these ideals that we derive our desire and our ability to cooperate for a common good and for the benefit of all our people.

NOW, THEREFORE, I, JIMMY CARTER, President of the United States of America, do hereby proclaim Saturday, April 14, 1979 as Pan American Day and the week beginning April 15, 1979 as Pan American Week, and I call upon the Governors of the fifty States, the Governor of the Commonwealth of Puerto Rico, and appropriate officials of all other areas under the flag of the United States to issue similar Proclamations.

IN WITNESS WHEREOF, I have hereunto set my hand this                    day of                    , in the year of our Lord nineteen hundred seventy-nine, and of the Independence of the United States of America the two hundred and third.



DEPARTMENT OF STATE

Washington, D.C. 20520

FEB 26 1979

Dear Mr. McIntyre:

The Secretary has asked me to respond to Mr. Nichols' letter of February 12, regarding a proclamation designating Pan American Day and Pan American Week.

The State Department recommends that such a proclamation be issued this year. A proposed draft is enclosed.

I might note that April 14 falls this year on a Saturday. We understand that the Organization of American States is now planning various activities for the following week (April 15 - April 21). We suggest therefore, that our designated Pan American Week coincide with this.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Douglas J. Bennet, Jr.".

Douglas J. Bennet, Jr.  
Assistant Secretary  
for Congressional Relations

The Honorable  
James T. McIntyre, Jr.,  
Director,  
Office of Management and Budget.

THE WHITE HOUSE  
PAN AMERICAN DAY AND PAN AMERICAN WEEK

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BY THE PRESIDENT OF THE UNITED STATES OF AMERICA  
A PROCLAMATION

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THE WHITE HOUSE  
WASHINGTON

3/4/79

Mr. President:

The attached proclamation of  
Cancer Control Month is  
required by law.

OMB and Aronson have cleared  
the proposed text.

Rick



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

GENERAL COUNSEL

February 23, 1979

MEMORANDUM FOR: THE PRESIDENT  
FROM: WILLIAM M. NICHOLS *W. Nichols*  
SUBJECT: Cancer Control Month, 1979

Enclosed is the annual proclamation which, in accordance with a joint resolution of the Congress adopted in 1938, designated April as Cancer Control Month.

The proposed proclamation which was prepared by the Department of Health, Education, and Welfare has been revised in this office as to form and has the approval of the Director of the Office of Management and Budget.

Enclosure

10 790 818

CANCER CONTROL MONTH, 1979

- - - - -

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

Cancer strikes more than three-quarters of a million Americans a year.

Experts no longer believe that the disease occurs spontaneously, but suspect that it is largely a response to environmental factors. If these factors can be eliminated, substantially reduced, or counteracted, then some cancers may be prevented. Therefore, the trend toward increased emphasis in cancer prevention has accelerated during the past year.

Cause and prevention is not the entire story, however. Most cancers have a lengthy latent period. Over the next 20 or more years, the disease will manifest itself in millions of people who already have been exposed to cancer-causing agents. To overcome this serious threat, we must continue to seek effective methods of early detection and treatment.

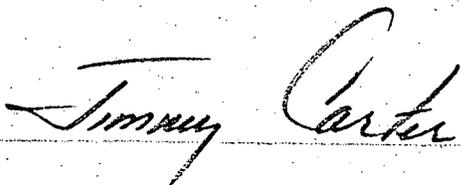
The National Cancer Program, established in 1971, is being conducted devotedly and on a massive scale by both Federal agencies and non-Federal organizations under the aegis of the National Cancer Institute. A substantial portion of the Institute's research is in such areas as cell and molecular biology, virology, immunology and tumor biology. There is also growing attention and progress in continuing care activities, such as hospices and rehabilitation programs.

Despite our aggressive attack on cancer, current statistics reveal that about 395,000 Americans will die of the disease in 1979. Only through unbending support of cancer research and control can we reverse this trend, and eventually reduce this figure to a minimum.

As a means of giving continued emphasis to the cancer problem, the Congress, by a joint resolution of March 28, 1938 (52 Stat. 148), requested the President to issue annually a proclamation setting aside the month of April as Cancer Control Month.

NOW, THEREFORE, I, JIMMY CARTER, President of the United States of America, do hereby proclaim the month of April, 1979, as Cancer Control Month. I encourage the determination of the American people to meet the challenge of this critical health problem. And I ask the medical and health professions, the communications industries, and all other interested citizens to unite in public reaffirmation of our Nation's abiding commitment to control cancer.

IN WITNESS WHEREOF, I have hereunto set my hand this  
day of \_\_\_\_\_, in the year of our  
Lord nineteen hundred and seventy-nine, and of the  
Independence of the United States of America the two hundred  
and third.

  
\_\_\_\_\_

Mar 5

ID 790818

THE WHITE HOUSE

WASHINGTON

DATE: 01 MAR 79

FOR ACTION: BERNIE ARONSON

INFO ONLY: FRAN VOORDE

SUBJECT: NICHOLS MEMO RE CANCER CONTROL MONTH, 1979

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+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 1200 PM SATURDAY 03 MAR 79 +

+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

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VICE PRESIDENT
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POWELL
WATSON
WEXLER
BRZEZINSKI
MCINTYRE
SCHULTZE

ARAGON
BOURNE
BUTLER
H. CARTER
CLOUGH
COSTANZA
CRUIKSHANK
<del>FALLOWS</del> BA
FIRST LADY
GAMMILL
HARDEN
HUTCHESON
JAGODA
LINDER
MITCHELL
MOE
PETERSON
PETTIGREW
PRESS
RAF SHOON
SCHNEIDERS
VOORDE
WARREN
WISE

ADAMS
ANDRUS
BELL
BERGLAND
BLUMENTHAL
BROWN
CALIFANO
HARRIS
KREPS
MARSHALL
SCHLESINGER
STRAUSS
VANCE

THE WHITE HOUSE  
WASHINGTON

2/28/79

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TO: RICK HUTCHESON

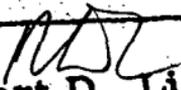
For Your Information: \_\_\_\_\_

For Appropriate Handling: X

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Robert D. Linder

SECRET

CONFIDENTIAL - SECURITY INFORMATION

Robert M. Johnson

CANCER CONTROL MONTH, 1979  
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BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

The goal of the National Cancer Program, established in 1971 under the aegis of the National Cancer Institute, is to reduce the incidence, morbidity and mortality of cancer. The Program is being conducted devotedly and on a massive scale by both Federal agencies and non-Federal organizations.

In the past year, the trend toward increased emphasis in cancer prevention has accelerated. Experts no longer believe that cancer occurs spontaneously, but suspect that it is in large measure a response to environmental factors. If these factors can be eliminated, substantially reduced, or counteracted, then some cancers may be prevented.

However, cause and prevention is not the entire story. Cancer is currently diagnosed in more than three quarters of a million patients a year and, because of the long latent period for the development of most cancers, the disease will manifest itself over the next 20 or more years in millions of persons who already have been exposed to cancer-causing agents. Hence, the need for effective methods of early detection and treatment will continue.

Basic research in such areas as cell and molecular biology, virology, immunology, and tumor biology, comprises a substantial portion of the Institute's research program and is the backbone of all cancer knowledge. In addition, there is growing emphasis and progress in continuing care activities such as hospices and rehabilitation programs.

Despite our aggressive attack on cancer, current statistics reveal that about 765,000 new cases of the disease will be diagnosed in our country in 1979, and about 395,000 persons will die of cancer. Only through unbending support of cancer research and control can we reverse this trend, and eventually reduce these figures to a minimum.

As a means of giving continued emphasis to the cancer problem, the Congress, by a joint resolution of March 28, 1938 (52 Stat. 148), requested the President to issue annually a proclamation setting aside the month of April as Cancer Control Month.

NOW, THEREFORE, I, JIMMY CARTER, President of the United States of America, do hereby proclaim the month of April, 1979, as Cancer Control Month, and I invite the Governors of the States and the Commonwealth of Puerto Rico, and the appropriate officials of all other areas under the United States flag to issue similar proclamations.

To give new emphasis to this serious problem, and to encourage the determination of the American people to meet it, I also ask the medical and health professions, the communications industries, and all other interested persons and groups to unite during this appointed time in public reaffirmation of our Nation's abiding commitment to control cancer.

IN WITNESS WHEREOF, I have hereunto set my hand this                    day of                    , in the year of our Lord nineteen hundred and seventy-nine, and of the Independence of the United States of America the two hundred and third.

CANCER CONTROL MONTH, 1979

By the President of the United States of America

A PROCLAMATION

The goal of the National Cancer Program, established in 1971 under the aegis of the National Cancer Institute, is to reduce the incidence, morbidity and mortality of cancer. The Program is being conducted relentlessly and on a massive scale by both Federal agencies and non-Federal organizations.

In the past year, the trend toward increased emphasis in cancer prevention has accelerated. Experts no longer believe that cancer occurs spontaneously, but suspect that it is in large measure a response to environmental factors. If these factors can be eliminated, substantially reduced, or counteracted, then some cancers may be prevented.

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As a means of giving continued emphasis to the cancer problem, the Congress, by a joint resolution of March 28, 1938 (52 Stat. 148), requested the President to issue annually a proclamation setting aside the month of April as Cancer Control Month.

NOW, THEREFORE, I, Jimmy Carter, President of the United States of America, do hereby proclaim the month of April, 1979, as Cancer Control Month, and I invite the Governors of the States and the Commonwealth of Puerto Rico, and the appropriate officials of all other areas under the United States flag to issue similar proclamations.

To give new emphasis to this serious problem, and to encourage the determination of the American people to meet it, I also ask the medical and health professions, the communications industries, and all other interested persons and groups to unite during this appointed time in public reaffirmation of our Nation's abiding commitment to control cancer.

IN WITNESS WHEREOF, I have hereunto set my hand this day of \_\_\_\_\_, in the year of our Lord nineteen hundred and seventy-nine, and of the Independence of the United States of America the two-hundred and third.

THE WHITE HOUSE

WASHINGTON

March 5, 1979  
11:15 a.m.

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *FM*

We will begin our Mideast telephone calls within the next ten minutes. Attached is the statement we will be using.

PRESIDENT

Byrd ✓  
O'Neill  
Baker ✓

VICE PRESIDENT

Wright  
Cranston  
Percy  
Stone  
Hamilton

SECRETARY VANCE

Church  
Javits  
Zablocki  
Broomfield

WHITE HOUSE CL and Doug Bennet will make the remainder calls.

Attachment

PRESIDENT CARTER HAS ACCEPTED INVITATIONS FROM PRIME  
MINISTER BEGIN AND PRESIDENT SADAT AND WILL DEPART  
WASHINGTON ON WEDNESDAY AFTERNOON FOR EGYPT AND ISRAEL.

THE PRESIDENT WILL FLY FIRST TO CAIRO FOR TALKS WITH  
PRESIDENT SADAT. HE WILL THEN FLY TO JERUSALEM FOR  
TALKS WITH PRIME MINISTER BEGIN.

THE TALKS WILL FOCUS ON THE PEACE PROCESS, REGIONAL  
SECURITY AND BILATERAL ISSUES.

AS HE STATED LAST TUESDAY, THE PRESIDENT BELIEVES THAT  
WE MUST NOT ALLOW THE PROSPECTS FOR PEACE WHICH SEEMED  
SO BRIGHT LAST SEPTEMBER TO CONTINUE TO DIM AND PERHAPS  
AND PERHAPS TO VANISH. IF WE DO THE JUDGMENT OF *Hsi/3/1/0k*  
OUR CHILDREN WILL RIGHTLY CONDEMN US.

THE WHITE HOUSE  
WASHINGTON

March 2, 1979

*done  
J*

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE

*Fm/pd*

As you know, Senator Dewey Bartlett passed away this morning from cancer. I recommend that you call Mrs. Bartlett (Ann) to express your sympathy.

You may recall we invited him to attend and he was delighted to go to attend the investiture of Pope John Paul II.

**Electrostatic Copy Made  
for Preservation Purposes**

THE WHITE HOUSE  
WASHINGTON

05 Mar 79

Jerry Rafshoon

The attached was returned in  
the President's outbox. It is  
forwarded to you for your  
information.

Rick Hutcheson

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION  
FYI

	ADMIN CONFID
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	MOORE
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	WATSON
	WEXLER
	BRZEZINSKI
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	VOORDE
	WARREN
	WISE

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	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE  
WASHINGTON

*done*  
*J*

Mr. President:

Jerry Rafshoon thinks  
you should call Lew Wasserman  
today to thank him and  
get a report on the dinner.

Phil

**Electrostatic Copy Made  
for Preservation Purposes**

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

March 4, 1979

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze

Subject: The State of the Economy and Our Inflation Problem

During the past 4 or 5 months, economic growth has been much stronger than we and other forecasters had anticipated. It continues to be strong.

Last September, when our interagency forecast was updated, the annual growth rate of real GNP was expected to be 3 percent in the fourth quarter of 1978 and about the same in the first quarter of this year. In December, when the forecast underlying the fiscal 1980 budget was put together, real GNP growth was estimated to be 5 percent in the fourth quarter and 3-1/2 percent in the first quarter of 1979. The actual fourth quarter growth rate turned out to be 6-1/2 percent, and a strong momentum carried over into early 1979. We have only fragmentary statistical evidence on first-quarter developments as yet. While there are, as usual, a few contradictory signs, the evidence to date points to continued strong growth in the first quarter. We could easily see real growth continuing in a 4 to 5 percent range. The level of real GNP in the first quarter will probably be about 1-1/4 percent higher than expected last September.

The strength of private spending has been literally amazing.

- o Consumer demand is still very strong. Personal consumption expenditures in real terms rose at an 8 percent annual rate in the fourth quarter, and the saving rate dropped further, to just over 4-1/2 percent. While January retail sales rose very little they did not slip below the very high December level, as many had expected. Auto sales so far this year are holding up well, and department store sales in February appear to be strong.

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for Preservation Purposes

- o Because of surprisingly strong sales inventories in the fourth quarter were reduced below levels desired by businesses; orders figures for December and January indicate that efforts to restock will bolster production early this year. The large employment increase in January supports that view.
- o Longer-term investment plans also appear to be strengthening. In the fourth quarter of 1978 new orders and contracts for plant and equipment, adjusted for inflation were 21 percent above year earlier levels. In January 1979 alone they rose another 5 percent further. This suggests a larger increase of business capital investment in 1979 than we were forecasting in December -- and we were higher than all other forecasters.
- o Housing starts will probably decline this year, but the January drop was heavily influenced by adverse weather. Home buyers have reacted very little so far to 10 percent mortgage interest rates.
- o The 1980 federal budget will exert significant restraint on the economy, but that restraint will not take hold until early next year.
- o The surge in U. S. economic growth in recent months probably led to a large increase in import orders which showed up in the January trade statistics. I see no reason to expect an immediate reversal. (Fortunately the exchange markets have not reacted unfavorably, so far, to this development)

These developments are worrisome in two respects. First, the sharp rise in sales and orders suggests that inflation psychology may be leading business and individuals to step up their purchases. In the early 1970's people reacted to the burst of inflation by reducing their purchases, because of increased uncertainty about the future of the economy. Now people seem to be reacting with a more classic response -- buying ahead to beat inflation. A speculative buying binge brought on by anticipations of inflation can create serious problems for the future, by encouraging businesses and consumers to over-extend -- to increase their debts, and to stock up on durable goods and thereby "borrow" from demands in the future. Until recently, the economy had been mainly free of the kind of major distortions that tend to generate recession. Current behavior may produce such distortions.

Second, the strength of markets has aggravated inflation. The acceleration of inflation in areas outside of food, energy, and housing during the past several months may partly reflect the fact that businesses in compliance with the price standards are "front-loading" their price increases. There may also be some small and medium-size firms that are raising prices because they fear mandatory controls. The ability of firms to pass on price increases, however, has been enhanced by the rapid growth of demand. There is little or no resistance to price increases in the buyers' markets that now exist. (Growth in some other major economies also speeded up in late 1978 and together with our own growth produced a strengthening of prices for many internationally traded raw materials).

A group of EPG deputies is looking at ways to make the anti-inflation program bite harder. We are not yet ready with specific recommendations. But among the alternatives under consideration are policies designed to cool off spending, and to do so as quickly as possible in ways that can be reversed rapidly if needed.

THE WHITE HOUSE  
WASHINGTON

3/2/79

Mr. President:

TWO SIGNATURES REQUESTED on

letters transmitting the  
ACDA authorization bill to  
Congress. Traditionally,  
the President has transmitted  
ACDA's authorization to  
the Hill.

OMB, State, Defense, NSC,  
OPM and OSTP concur.

Rick



UNITED STATES ARMS CONTROL AND DISARMAMENT AGENCY  
WASHINGTON

March 1, 1979

OFFICE OF  
THE DIRECTOR

Dear Mr. President:

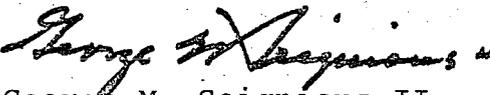
Enclosed for your approval and transmittal to the Congress is a draft bill to amend the Arms Control and Disarmament Act. The purpose of the proposed legislation is to authorize appropriations for the U.S. Arms Control and Disarmament Agency.

The Agency's current authorization expires on September 30, 1979. The proposed legislation would authorize appropriations for fiscal year 1980 of \$18,876,000 (plus such additional amounts as may be necessary for increases in salary, pay, retirement, other employee benefits authorized by law, foreign currency exchange rates, and other nondiscretionary costs).

The funds to be authorized by this legislation will be devoted primarily to the anticipated third phase of the Strategic Arms Limitation Talks with the Soviet Union, negotiations on a comprehensive test ban, support for the Mutual and Balanced Force Reduction negotiations, negotiations on the limitation of anti-satellite weapons, work on techniques and agreements to prevent the further proliferation of nuclear weapons material through the nuclear fuel cycle, exploration of new possibilities on the limitation of the transfer of conventional weapons, and work on other negotiations as may arise. In addition, support for other arms control activities, such as those of the Committee on Disarmament in Geneva, and other multinational fora will also be funded under this authorization.

The early enactment of this legislation is essential to permit Congressional consideration of the Agency's 1980 budget.

Very truly yours,

  
George M. Seignious II

Enclosure

Draft Amendment to the Arms  
Control and Disarmament Act

The President  
The White House

THE WHITE HOUSE

WASHINGTON

Dear Mr. President:

I transmit herewith for consideration of the Congress proposed legislation to extend the appropriation authorization for the U.S. Arms Control and Disarmament Agency together with a letter from the Director of the Agency in support of this legislation.

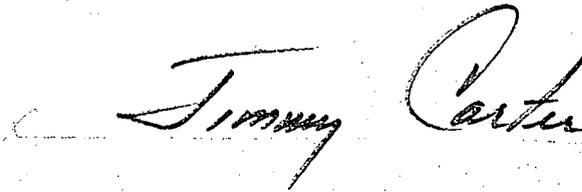
Arms control efforts are primary elements of our national security policy. By reducing the level of international confrontation they lessen the possibility of resort to war. Thus, as the Agency centrally involved in development and implementation of arms control policy, the Arms Control and Disarmament Agency plays an important part in the preservation of our national security.

In the Strategic Arms Limitation Talks, in which it has the leading role, the Agency is engaged in efforts to limit the nuclear arms race with the Soviet Union. In the Comprehensive Test Ban negotiations, another negotiation in which the Agency has the lead, the Agency is working to control the spread of nuclear weapons through measures that inhibit their future development. Other important international arms control negotiations in which the Agency has the leading role include the Mutual and Balanced Force Reduction negotiations in Vienna, negotiations on the limitation of anti-satellite weapons and the United Nations associated Conference on Disarmament in Geneva. The Agency is also involved in researching techniques and discussing measures with other governments for preventing the unintended spread of nuclear materials through the nuclear fuel cycle and in controlling the transfer of conventional weapons and related technology.

Additionally, the Agency engages in research which supports on-going arms control negotiations and explores possibilities for further progress and new initiatives in arms control.

Current authorization for appropriations for the U.S. Arms Control and Disarmament Agency expires September 30, 1979. I am transmitting the attached draft bill in order that Congress may begin its consideration of future authorizing legislation for the Agency. I urge the early enactment of this legislation.

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 word "Sincerely,".

The Honorable Walter F. Mondale  
President of the Senate  
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

Dear Mr. Speaker:

I transmit herewith for consideration of the Congress proposed legislation to extend the appropriation authorization for the U.S. Arms Control and Disarmament Agency together with a letter from the Director of the Agency in support of this legislation.

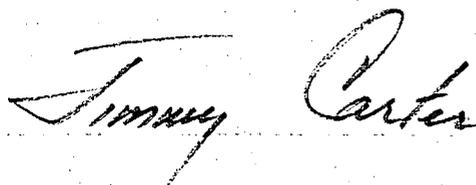
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Additionally, the Agency engages in research which supports on-going arms control negotiations and explores possibilities for further progress and new initiatives in arms control.

Current authorization for appropriations for the U.S. Arms Control and Disarmament Agency expires September 30, 1979. I am transmitting the attached draft bill in order that Congress may begin its consideration of future authorizing legislation for the Agency. I urge the early enactment of this legislation.

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 Thomas P. O'Neill, Jr.  
Speaker of the  
U.S. House of Representatives  
Washington, D.C. 20515

Draft Amendment to the  
Arms Control and Disarmament Act

Analysis

The proposed legislation would authorize appropriations for fiscal years 1980 and 1981. For fiscal year 1980 the sum of \$18,876,000 is requested. An accurate estimate for fiscal year 1981 is not yet available, therefore the request is simply for such sums as may be necessary to carry out the purposes of the Act. The requested authorization for fiscal year 1980 represents a modest increase over the funds authorized and appropriated for fiscal year 1979. These funds will be devoted primarily to the anticipated third phase of the Strategic Arms Limitation Talks with the Soviet Union, extensive negotiations on implementing agreements pursuant to the SALT TWO Treaty at the Standing Consultative Commission, support for negotiations on a comprehensive test ban and for the Mutual and Balanced Force Reduction negotiations, negotiations on the limitation of anti-satellite weapons, work on techniques and additional agreements to prevent the further proliferation of nuclear weapons and to better safeguard the nuclear fuel cycle, exploration of new possibilities on the limitation of the transfer of conventional weapons, and work on other negotiations as may arise. In addition, support for other arms control activities, such as those of the Committee on Disarmament in Geneva, will also be funded under this authorization request.

Draft Amendment to the  
Arms Control and Disarmament Act

A BILL

To authorize appropriations under the Arms Control and Disarmament Act for the fiscal year 1980, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section 49(a) of the Arms Control and Disarmament Act (22 U.S.C. 2589(a)) is amended to read as follows:

"Sec. 49. (a) To carry out the purposes of this Act, there are authorized to be appropriated and to remain available until expended -

(1) for fiscal year 1979 the sum of \$18,395,000 (and such additional amounts as may be necessary for increases in salary, pay, retirement, other employee benefits authorized by law, and other nondiscretionary costs) of which \$1,000,000 shall be available only for the purpose of furthering the nuclear safeguards programs and activities of the International Atomic Energy Agency, and of which such sums as may be necessary shall be available to conduct a study of the arms control study centers at academic institutions, and to report the results of such study with possible recommendations to Congress not later than January 31, 1979;

(2) for fiscal year 1980 the sum of \$18,876,000 (and such additional amounts as may be necessary for increases in salary, pay, retirement, other employee benefits authorized by law, foreign currency exchange rates, and other nondiscretionary costs); and

(3) for fiscal year 1981 such sums as may be necessary to carry out the purposes of this Act."

3/2/79  
8:30 p.m.

Draft remarks following Trudeau luncheon, March 3

I am very glad to have had this chance to get together with Prime Minister Trudeau. As you know, the two of us had originally planned to attend a concert together in New York this evening, but it has turned out that I will not be able to hear the Winnipeg Symphony Orchestra this time around. However, the Prime Minister and I made some pretty good music ourselves over lunch.

° We discussed a number of recent world events that concern us both. We also talked about some economic issues that are highly important to both our countries. Our bilateral energy relationship naturally figured among those issues. /There will

be a joint communique for you on this subject very shortly.7

We also reviewed our respective countries' efforts to conclude the kind of a Multilateral Trade Negotiation agreement which would contribute to reduced inflation and a better world economy.

I am especially pleased to acknowledge the Prime Minister's important contribution to the nuclear arms control debate -- and the firm support his country has given to the efforts of the United States to conclude a successful SALT II agreement with the Soviet Union. We both agreed that such an agreement would be a significant step toward world peace and security.

The relationship between the United States and Canada is exemplary. We continue to deal with each other in a constructive and cooperative spirit, finding solutions to problems as they arise.

We share not only the longest open border in the world, but also the same basic values and beliefs. Canada is a free and humane society.

It's good to have a neighbor like Canada, and good to have a friend of Pierre Trudeau's stature leading that great country.

# # #

THE WHITE HOUSE  
WASHINGTON

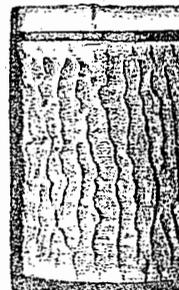
05 Mar 79

Frank Moore

The attached was returned in  
the President's outbox today  
and is forwarded to you for  
mailing.

Rick Hutcheson

Zbig Brzezinski



FOR ACTION  
FYI

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION

	VICE PRESIDENT
	JORDAN
	EIZENSTAT
	KRAFT
	LIPSHUTZ
✓	MOORE <i>orig of letters</i>
	POWELL <i>4-2-68</i>
	RAFSHOON
	WATSON
	WEXLER
✓	BRZEZINSKI
	MCINTYRE
	SCHULTZE
	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARONSON
	BUTLER
	H. CARTER
	CLOUGH
	CRUIKSHANK
	FIRST LADY
	HARDEN
	HERNANDEZ
	HUTCHESON
	KAHN
	LINDER
	MARTIN
	MILLER
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SANDERS
	WARREN
	WEDDINGTON
	WISE
	VOORDE
	ADMIN. CONFIDEN.
	CONFIDENTIAL
	SECRET
	EYES ONLY

THE WHITE HOUSE

WASHINGTON

February 28, 1979

ACTION

MEMORANDUM FOR: THE PRESIDENT

FROM: HENRY OWEN<sup>10</sup>

SUBJECT: Your Response to Javits-Reuss  
Letter on US Economy Policy

*23*

*Where is page 2?*

*J*

Senator Javits and Congressman Reuss recently wrote you concerning US economic problems, enclosing a joint statement, "Inflation, the Dollar, and the International Monetary System." (Tab C) They released both the letter and the statement to the press.

The attached reply has been cleared with Treasury, and the Council of Economic Advisers and Congressional Liaison.

RECOMMENDATION

That you sign the letters attached at Tabs A and B.

Chronology: The January 19, 1979 letter from Senator Javits and Congressman Reuss was received by the NSC Secretariat on January 26, 1979, and was sent to Treasury on January 29, 1979. On February 7 a draft was received from Treasury. It was redrafted by me. Treasury and CEA approvals were obtained on February 9. Frank Moore's office suggested changes, and the Domestic Policy staff prepared a redraft on February 23. The present letter incorporates suggestions made by DPS.

TWO SIGNATURES REQUESTED

**Electrostatic Copy Made  
for Preservation Purposes**



THE WHITE HOUSE

WASHINGTON

To Senator Jacob Javits

I appreciate the thoughtful letter which you and Henry Reuss sent me concerning our domestic and international economic policy. The Administration is committed to achieving a number of the objectives which you describe in your letter. Let me take up each of your four points in turn:

1. I have pursued and will continue to pursue a policy of fiscal prudence. The budget for FY 1980 is austere, and the budget for FY 1981 will also be stringent. Both the Administration and Chairman Miller are intent upon striking the right balance between fighting inflation and facilitating productive investment.

2. It has been a major objective of this Administration's international economic policy to achieve well-coordinated growth and anti-inflation policies among the major industrialized nations. We will continue to press all our trading partners to play their full part in achieving the economic growth objectives of the Bonn Summit:

-- The Federal Republic has fulfilled its Bonn commitment, by adopting the one percent stimulus that it pledged, and its growth is rising correspondingly.

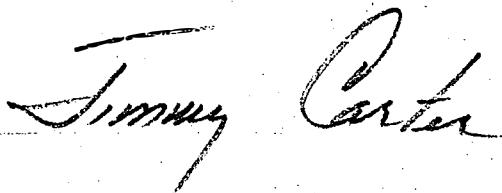
-- Japan's current account surplus is declining and we are now discussing with Japan how our two governments can best cooperate to reduce that surplus further, as pledged at Bonn.

3. We expect both a significant reduction in the U.S. current account deficit and a strong export performance in 1979. Congressional passage of the MTN trade agreements will help us remove a number of foreign barriers to U.S. exports.

4. Secretary Blumenthal has discussed in some detail before the Joint Economic Committee various suggestions for changes in the international monetary system. It is important that any changes lead to a clear-cut improvement in the ability of that system to promote a healthy world economy; the transition to any change must be achieved smoothly and in ways that will strengthen the international trade and payments system.

We will keep you fully informed of our planning for the Tokyo Summit. I hope you will continue to share your suggestions on these matters with me.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

The Honorable Jacob K. Javits  
United States Senate  
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

To Congressman Henry Reuss

I appreciate the thoughtful letter which you and Jacob Javits sent me concerning our domestic and international economic policy. The Administration is committed to achieving a number of the objectives which you describe in your letter. Let me take up each of your four points in turn:

1. I have pursued and will continue to pursue a policy of fiscal prudence. The budget for FY 1980 is austere, and the budget for FY 1981 will also be stringent. Both the Administration and Chairman Miller are intent upon striking the right balance between fighting inflation and facilitating productive investment.

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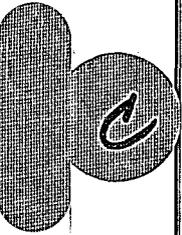
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We will keep you fully informed of our planning for the Tokyo Summit. I hope you will continue to share your suggestions on these matters with me.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink on a light-colored background. The first name "Jimmy" is written in a smaller, more compact cursive, while the last name "Carter" is written in a larger, more flowing cursive. The signature is positioned to the right of a horizontal dashed line.

The Honorable Henry S. Reuss  
House of Representatives  
Washington, D.C. 20515



RICHARD BOLLING, MO., CHAIRMAN  
HENRY'S REUSS, WIS.  
WILLIAM S. MOORHEAD, PA.  
LEE H. HAMILTON, IND.  
GILLIS W. LONG, LA.  
PARREN J. MITCHELL, MD.  
CLARENCE J. BROWN, OHIO  
GARRY BROWN, MICH.  
MARGARET M. HECKLER, MASS.  
JOHN H. ROUSSELOT, CALIF.

JOHN R. STARK,  
EXECUTIVE DIRECTOR

# Congress of the United States

JOINT ECONOMIC COMMITTEE

(CREATED PURSUANT TO SEC. 1(A) OF PUBLIC LAW 94, 77TH CONGRESS)

WASHINGTON, D.C. 20510

STATE  
LLOYD BENTSEN, TEX., VICE CHAIRMAN  
JOHN SPARKMAN, ALA.  
WILLIAM PROXMIRE, WIS.  
ABRAHAM RIBICOFF, CONN.  
EDWARD M. KENNEDY, MASS.  
GEORGE MC GOVERN, S. DAK.  
JACOB K. JAVITS, N.Y.  
WILLIAM V. ROTH, JR., DEL.  
JAMES A. MCCLURE, IDAHO  
ORRIN G. HATCH, UTAH

January 19, 1979

The Honorable Jimmy Carter  
President of the United States  
The White House  
1600 Pennsylvania Avenue  
Washington, D.C. 20500

ACK.FM/NSC  
CONGRESSIONAL  
LIAISON

JAN 22 1979

cc: Blumenthal

Dear Mr. President:

The economic problems plaguing the United States are enormous. The acceleration of the inflation rate, exacerbated by exaggerated declines in the foreign exchange value of the dollar clearly called for strong policy measures on your part. Your anti-inflation program, your promise of fiscal austerity in the upcoming budget, the tightening of monetary policy and the establishment of a \$30 billion pool of foreign exchange to be used in support of the dollar demonstrate your resolve to undertake forceful actions to bring inflation and the foreign exchange value of the dollar under control. We concur with at least the broad thrust of your policy actions as appropriate for dealing with the short run aspects of the inflation and dollar problems, and we are hopeful that your initiatives will be reflected in both a sharply reduced rate of inflation in 1979 and a more stable dollar. From a longer run perspective, however, it is our view that more needs to be done, and that we must begin now to develop permanent solutions to our endemic inflation and dollar problems.

Toward that end, we draw to your attention our attached joint statement on "Inflation, the Dollar and the International Monetary System." In that document, we outline four steps which we feel are essential to the ultimate resolution of our inflation and dollar problems. By way of summary, the four steps are:

- 1) There needs to be a change in the mix of monetary and fiscal policy away from a policy that has favored tight money and offsetting taxcuts. Such a policy approach has in the past fostered consumption at the expense of capital formation. A policy of greater budget austerity and easier money would, however, spur the capital formation that is needed to raise productivity which is essential to our long-run objective of

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ECOO  
FOOZ

The Honorable Jimmy Carter

Page Two (2)

January 19, 1979

significantly slowing our inflation rate. However, in the implementation of a more restrictive fiscal policy, it is critical that we do not ease up on programs aimed at the structurally unemployed.

2) In order to achieve long-run stability in the foreign exchange value of the dollar in a manner that avoids contributing to the problem of world stagnation, the major industrialized countries of the world must pursue domestic economic policies that are not only highly coordinated but also promote economic growth. This has long been the stated objective of the United States and it needs now to be reaffirmed in the face of an anticipated slowdown in world economic growth.

3) We must reduce our current account deficit, not by artificially restricting imports, but by expanding exports through the establishment of a more appropriate governmental climate for export expansion.

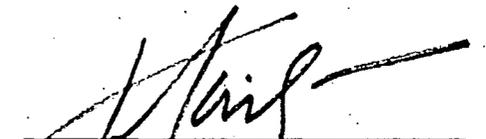
4) It is important that we begin now to enter into discussions with other foreign leaders for the purpose of embarking on a plan to supplement the reserve role of the dollar with that of other currencies. Such a plan is needed in order to enable the dollar to assume a role in world currency markets that is more in line with the current position of the United States in the world economy.

We urge you to give careful consideration to our proposals. And we recommend that you act to have these items placed high on the agenda of issues to be discussed at the upcoming summit meetings in Tokyo.

Sincerely,



Henry S. Reuss  
U.S. House of Representatives

  
Jacob K. Javits  
U.S. Senate

Enclosure

Joint Statement by

Henry S. Reuss  
U.S. House of Representatives

and

Jacob K. Javits  
U.S. Senate

"Inflation, the Dollar, and the International Monetary System"

The slide of the dollar during the month of October was so dramatic that some sort of massive rescue operation was clearly called for. During the first two weeks of October, the trade-weighted average value of the dollar against the currencies of the ten largest industrial countries declined by almost 1 percent per week; in the week from October 18 to October 25, it fell by more than 2 percent; and in the week from October 25 to October 30 -- the week following the announcement of the President's anti-inflation program -- it declined almost 3 percent!

By the end of October, then, it was abundantly clear that exchange rates had moved further and much more rapidly than could be justified by any change in "economic fundamentals." The exaggerated decline in the value of the dollar had to be stopped since it was tending to exacerbate inflationary pressures domestically. The rescue operations announced on November 1, therefore, were justified. To date, these operations have succeeded in calming somewhat the fears in foreign exchange markets. The precipitous decline in the foreign exchange value of the dollar has been arrested and foreign exchange markets are once again functioning in a relatively orderly manner.

There is a danger, however, that our successes will be short-lived unless the United States and the other major industrialized countries adopt more effective policies to bring into better alignment the economic fundamentals that were, and continue to be, the source of the dollar's problem. Foreign exchange market intervention is only a stop-gap measure, not a solution.

In order to ensure the continued smooth functioning of our international payments system, a number of policy initiatives need to be undertaken.

1) The United States must adopt a more effective anti-inflation/anti-recession program. Overall restraint on aggregate spending is required for the purpose of ensuring that demand pressures do not add to our current inflation problem. However, in the implementation of such restrictive policy actions, it is essential that we do not ease up on programs designed to deal with the endemic weaknesses of structural unemployment. Additionally, we need to achieve restraint in a manner consistent with an increase in capital investment spending in plant and equipment in order to raise productivity which is essential to our long run objective of significantly slowing our inflation rate.

Toward these ends, there is a crying need for a change in the mix of monetary and fiscal policy. Over the past several years, we have pursued a mix of policy that favored tight money whenever the inflation rate accelerated, followed by a series of tax cuts designed to offset the negative employment effects of tighter money. As a consequence, there has been a decided change in the mix of output, away from capital investment toward higher levels of consumption. This has contributed significantly to our sluggish productivity performance, which in turn has exacerbated our underlying rate of inflation. The policy mix needs to be reversed, and it needs to be done now.

2) Long run stability in the foreign exchange value of the dollar will not be achieved until the world economy attains a greater coordination of macroeconomic policies designed to accomplish a worldwide convergence of growth and inflation rates -- the divergence of these rates during the past year or so having been an important factor responsible for the dollar's decline. However, the required coordination must be based on a universal commitment to higher growth worldwide in order to combat the problem of world stagnation. Because of mounting demand pressures, the United States must pursue policies to slow its real growth. Thus, the lead in the direction of greater economic growth must come from the surplus countries, particularly, Japan and Germany.

At the Bonn Summit in July, 1978, the United States was able to extract from Germany and Japan promises that they would pursue more expansionary policies as their part of the bargain; for its part, the United States promised to slow its inflation rate and to adopt a more forceful energy policy.

Unfortunately, the major industrialized countries have not delivered on the promises they made at Bonn. The U.S. inflation rate has worsened; Germany's growth rate is less than was expected; and Prime Minister elect Ohira has made it clear that he cannot keep the promises for greater stimulus made by his predecessor, Prime Minister Fukuda.

The restrictive macroeconomic policies now being pursued by the United States, in conjunction with the absence of any significant demand stimulus measures on the part of Germany and Japan, virtually guarantee that growth in the world economy will continue to be sluggish in 1979, and perhaps more sluggish than that experienced in the last two years. As a result, there will be some narrowing of the growth differentials between the major industrialized countries, and perhaps even some slight narrowing of the inflation differentials. This will have the effect of reducing some of the payments imbalances between countries which in turn will take a bit of the pressure off the dollar.

However, there is one decidedly negative feature associated with this policy outlook: The world's leading nations will get the "economic fundamentals" in line by causing the world economy to stagnate further still. In our view, this kind of policy strategy is wrong. If we are to avoid the monstrous costs of a stagnating world economy, and the kind of destructive protectionist measures which economic stagnation invites, the major industrialized countries must pursue policies that are not only coordinated but pro-growth.

3) We must reduce our current account deficit, not by artificially restricting imports, but by expanding our exports. To this end, the Administration must continue to give high priority to the establishment of the proper governmental climate for export expansion. Those U.S. governmental regulations that serve to inhibit our export potential need to be scrutinized more carefully, and where possible, such barriers should be eliminated. We cannot let barriers imposed by U.S. government regulations negate the new-found opportunities for United States exports caused by a depreciated dollar and increased economic growth abroad.

4) In order to resolve the long-run structural problem of the dollar -- to wit, that the dollar plays a role in world currency markets that is out of line with the current position of the United States in the world economy -- we must begin to supplement the reserve role of the dollar with that of other currencies. Unfortunately, the United States still clings to the idea that the dollar's key currency role must not be diluted. We have thrown cold water on proposals for a new parallel key currency that can partially substitute for the dollar, as recently as at the meeting of the Interim Committee of the IMF in Mexico City last May. The basic reforms for the establishment of a Substitution Account were outlined by the IMF executive directors in their 1972 report and by the Committee of Twenty in 1974. However, as a result of the formal abandonment of the system of fixed exchange rates at Jamaica in 1976, the reform proposal to establish a Substitution Account was jettisoned.

The instabilities evident in the foreign exchange markets in the past year demonstrate the need for structural reform of the international monetary system. We must once again reconsider the establishment of a Substitution Account in the IMF whereby foreign central banks not wishing to hold so many dollars may turn in some limited portion of their unwanted dollars for Special Drawing Rights (SDRs) or some other currency composite. The establishment of such a Substitution Account would not, of course, "solve" the problems plaguing the dollar; but it would aid in the removal of one source of foreign exchange market instability. The availability of a Substitution Account would provide these foreign official institutions the opportunity to diversify their portfolios and increase their willingness to absorb private unloadings of dollars in the interest of exchange market stability. The Substitution Account would facilitate the unloading of private dollars without the usual crisis atmosphere that at present characterizes such actions. Moreover, a willingness on the part of the United States to accept a lesser role for the dollar would convince world leaders that we are willing to shoulder greater responsibility in international monetary affairs since the existence of a Substitution Account would virtually guarantee that the United States would no longer be able to meet its international obligations exclusively through the issuance of dollars. A Substitution Account would, therefore, eliminate what the late General De Gaulle called "this exorbitant privilege." The willingness of the United States to discuss the establishment of such a Substitution Account would at the very least, make it difficult for foreign financial authorities to claim it is they who are being forced to finance indefinitely our balance-of-payments deficits. In this way, it would have the beneficial effect of causing the surplus countries of Germany, Japan and Switzerland to shoulder greater responsibilities to ensure a smoothly functioning international payments system. In addition, any international monetary plan should seek to take account of the presence of the vast private holdings of dollars now outside the United States which are unlikely to be reached directly by the Substitution Account Plan.

At the moment, there is no viable alternative to the dollar in the world economy. No single other country wants its currency to assume that role. The world financial leaders must regain control of that process in order to avoid unnecessary monetary and trade dislocations to ensure a smooth evolution to a new system. The structural changes that we have proposed will make the international monetary system more responsive to the financial realities of world currency markets. The unavailability of an alternative to the dollar is itself a threat to the smooth functioning of our international payments system.

THE WHITE HOUSE

WASHINGTON  
March 2, 1979

*In future,  
include the  
notes  
J*

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *HC*

SUBJECT: Weekly Mail Report (Per Your Request)

Below are statistics on Presidential and First Family:

<u>INCOMING</u>	<u>WEEK ENDING 2/23</u>	<u>WEEK ENDING 3/2</u>
Presidential	22,470	29,910
First Lady	1,210	1,450
Amy	330	420
<u>Other First Family</u>	<u>45</u>	<u>70</u>
TOTAL	24,055	31,850

BACKLOG

Presidential	9,390	3,460
First Lady	340	230
Amy	0	0
<u>Other</u>	<u>0</u>	<u>0</u>
TOTAL	9,730	3,690

DISTRIBUTION OF PRESIDENTIAL MAIL ANALYZED

Agency Referrals	13%	11%
WH Correspondence	48%	50%
Unanswerable Mail	16%	17%
White House Staff	4%	4%
Greetings Requests	18%	18%
<u>Other</u>	<u>1%</u>	<u>0</u>
TOTAL	100%	100%

NOT INCLUDED ABOVE

Form Letters	0	467
Form Post Cards	0	14,039
Mail Addressed to White House Staff	10,065	16,195

cc: Senior Staff

FOR ACTION  
FYI

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ARONSON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FIRST LADY

HARDEN

HERNANDEZ

HUTCHESON

KAHN

LINDER

MARTIN

MILLER

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

WARREN

WEDDINGTON

WISE

VOORDE

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necessary

MAJOR ISSUES IN  
CURRENT PRESIDENTIAL ADULT MAIL  
Week Ending 3/2/79

ISSUES	PRO	CON	COMMENT ONLY	NUMBER LETTERS
Support for National Health Plan	67%	32%	1%	910
Support for FAA Proposals to Expand Air Traffic Control System	0	100%	0	891
Support for Budget Cutbacks for FY 1980	0	100%	0	756
Comments re: Energy Situation (1)	0	0	100%	468
Support for Proposed IRS Guidelines for Determining Tax-exempt Status of Private Schools	0	100%	0	305
Support for Protest against Chinese Forces in Vietnam	79%	7%	14%	305
Support for Deregulation of Trucking Industry	1%	99%	0	297
Support for Pelly Amendment to Fishermen's Protective Act of 1967	99%	0	1%	295
Support for Recognition of People's Republic of China	3%	92%	5%	230
Support for Israel (2)	78%	22%	0	175
Support for U.S. Intervention on Behalf of Sergeant Kraus in Iran	89%	1%	10%	<u>161</u>
			Total	4,793

(See Notes Attached)

7

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

*done*  
*J*

ACTION

March 3, 1979

MEMORANDUM FOR: THE PRESIDENT  
FROM: HENRY OWEN *HO*  
SUBJECT: Your Lunch with Trudeau

Jim Schlesinger just phoned to make two points:

1. He would appreciate a read-out on your luncheon conversation before he dines with Trudeau this evening, so that he can be guided by what has passed between you and the Prime Minister. He will be in his office until 2:30 this afternoon before going to the airport to catch the shuttle for New York. If you could either phone him or give Zbig a run-down on the meeting so that Zbig can phone him, he would be most grateful.

2. The Canadians have indicated a willingness to increase domestic crude oil production, so that instead of pressing Trudeau on this point, you should indicate pleasure that they are moving in the right direction.

**Electrostatic Copy Made  
for Preservation Purposes**

f

THE WHITE HOUSE  
WASHINGTON

05 Mar 79

Frank Moore

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

Rick Hutcheson

The Vice President  
Hamilton Jordan  
Stu Eizenstat  
Jack Watson

ADMINISTRATIVELY  
CONFIDENTIAL



FOR ACTION

FYI

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	FOR INFORMATION
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✓	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION

✓	VICE PRESIDENT
✓	JORDAN
✓	EIZENSTAT
	KRAFT
	LIPSHUTZ
✓	MOORE
	POWELL
	RAFSHOON
✓	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE
	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARONSON
	BUTLER
	H. CARTER
	CLOUGH
	CRUIKSHANK
	FIRST LADY
	HARDEN
	HERNANDEZ
	HUTCHESON
	KAHN
	LINDER
	MARTIN
	MILLER
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SANDERS
	WARREN
	WEDDINGTON
	WISE
	VOORDE
✓	ADMIN. CONFIDEN.
	CONFIDENTIAL
	SECRET
	EYES ONLY

*return eng to  
me to read*

THE WHITE HOUSE  
WASHINGTON

March 3, 1979

cc: Frank  
J

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE  
SUBJECT: Weekly Legislative Report

I. DOMESTIC ISSUES

1. Real Wage Insurance -- The Democratic Caucus of the Ways and Means Committee met Thursday afternoon, but failed to decide on a markup schedule for RWI. The Joint Committee on Taxation presented the Committee with economic estimates that indicate our bill could cost \$7.5 to 15 billion given 8.5 to 10% inflation.

The Committee agreed to recommend a \$2.5 billion figure to the Budget Committee, but they want us to design a plan with this \$2.5 billion pricetag given "realistic economic" assumptions.

Stu, Schultze, Kahn, Treasury and WHCL will be meeting early next week to try to work something out with the Democrats.

As we reported on Friday you may still need to meet with the Committee Democrats sometime next week.

2. Alaska National Interest Lands -- The full House Interior Committee met Wednesday, February 28 and adopted by a 22-21 vote the Huckaby Substitute Alaska Lands Bill. This bill is based on last year's end of the session ad hoc compromise and is unacceptable to the Administration.

The Republicans voted in bloc for the Huckaby Bill and were joined by Democratic Congressmen Rahall, Austin Murphy, Kazen, Santini, Mathis, and Runnels.

Chairman Udall has suggested it would be helpful to him if the Administration started indicating quietly that the Huckaby Bill is unacceptable.

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approach

ok

3. Hospital Cost Containment -- There was a flurry of activity on the Hill this past week relating to HCC.

Senator Kennedy's Health Subcommittee has hurriedly scheduled a hearing on Hospital Cost Containment for March 9th (and a subsequent hearing for March 15th) apparently in an effort to preempt the issue in the Senate. Secretary Califano and Kahn will both testify on the 9th.

The Finance Committee's Health Subcommittee announced last month that it will hold its first HCC hearing on March 13th and plans to mark-up the bill the following week.

Present plans call for the unveiling of our HCC bill on Monday at the WH ceremony, and we hope that the bill will be introduced immediately by Senator Nelson and perhaps 8 or 10 co-sponsors.

4. Omnibus Water Resources Bill -- Chairman "Bizz" Johnson, Subcommittee Chairman Ray Roberts, and Subcommittee Chairman Mike Gravel met Thursday to discuss water resources authorizing legislation for this Congress. Although no one from the Administration was present in this meeting, reports from the Budget Task Force indicate that Chairman Johnson cautioned both Congressman Roberts and Senator Gravel to "go slow" and to "take it easy". He urged that they come up with a bill that the Administration could support and it was important that they "not go off the reservation early".

Senator Gravel is reported to have said, "The Administration needs votes on SALT, Taiwan, and two or three other issues so we can put anything we want in this bill." Congressman Roberts agreed with Senator Gravel when the Senator indicated that this should "load the bill up". Chairman Johnson disagreed. However, they did decide there would be a bill.

5. Sugar -- The Administration's sugar support position was met with warm enthusiasm by the House Agriculture Committee Thursday morning, despite a surface resistance from some Members who are still insisting 17¢ support is needed.

Privately there is strong consensus for the Administration's support level, thanks to Chairman Foley's strong support.

*delay  
one  
day*

*I won't  
be  
bluffed*

Other Members must, of course, publicly speak for a higher level, but the Committee should vote out the Administration's bill. At the next and last hearing, however, on March 6, there will be hostile witnesses, but this shouldn't change the committee line-up appreciably. With its relatively high wage rates, labor is remaining silent -- so far.

*no yielding*  
Senate Finance Committee will probably have a hearing, mark-up and report out the Church bill (17¢) all in the same day, possibly the week of March 12. USDA reports that House Ways and Means is expected to move next week. WHCL however, feels that there is a good chance that if the Administration bill passes the House, the Senate may pass it immediately.

We could be in conference as early as mid-April, but May is more likely.

6. Department of Education -- The bill was introduced in the House this week by Jack Brooks and 72 co-sponsors. Brooks may begin the hearings within the next 3-4 weeks -- following Senate Committee mark-up -- which should be completed by mid-March.

The transfer of science education programs from NSF seems to be the only single program shift that is controversial. WHCL is making headway on this point through conversations with Fugua and others. WHCL plans to meet with Senator Glenn next week on the same issue.

In the Senate, a preliminary count shows us as having 60 for, 5 against, 35 undecided. We are currently counting in the House.

Interest group activity has centered on higher education groups, private schools, Governors and state legislators. We have been successful in neutralizing some opposition and in turning others around.

7. Department of Natural Resources/Economic Development -- In general, the congressional reaction to both proposals has been positive. Most of those opposing an EDA move reacted favorably and seemed pleased with your decision to enhance EDA. Congressman Roe, Johnson and others issued press releases praising your decision. The negative reaction that we encountered (e.g., Ribicoff, Hollings, Melcher, Foley) was pretty much what we expected. Ashley seemed very disappointed, but gave no indication that he plans to stir up trouble. Nor was there any negative comment from Black Caucus Members over the "loss" of the Development Bank.

With respect to DNR, Foley stated his intention to fight the plan, but was cautioned by the Speaker to exercise restraint. Brooks seems generally pleased with your decisions and did not seem as opposed to the Forest Service transfer as he once was.

Most Senators appreciated the process of consultation we went through prior to announcement of your reorganization decisions. Senator Cranston has indicated he will support DNR. Senator Johnston was so delighted at the exclusion of water that he may support DNR as well. Senator Eagleton was pleased that you decided to reduce the cumulative impact of both plans on the Agriculture Department. Senator Jackson is reasonably supportive but sees the Forest Service transfer as a major fight.

The most immediate problem we face is Senator Ribicoff and his intense opposition to the use of reorganization authority to create DNR. While we are exploring possible areas of compromise with his staff, a resolution of this issue will probably require a meeting between yourself and Senator Ribicoff.

We must start immediately on our campaign to sell DNR. The task force will be organized this week. Anne Wexler's office must start working on elements of the timber industry now.

8. Human Resources Committee -- The Human Resources Committee recommended a reduction of about \$150 million from the current services level in impact aid. To have a recommendation from an education authorization committee to reduce an education program in the budget resolution is unprecedented. The Committee recommended an "inflation factor" for most of the programs in its jurisdiction. Staff reports from the Education and Labor Committee indicate that this is likely to happen when the Committee marks up its budget recommendations within the next couple of weeks.

Among the major add-ons in Human Resources were \$68 million over our budget recommendation for Headstart and a \$35 million recommendation to begin a new child care program sponsored by Alan Cranston and others.

9. Emergency Standby Plans -- Three standby emergency conservation plans and a standby gasoline rationing plan were transmitted to the Congress on March 1. In accordance with the Energy Policy and Conservation Act of 1975, both Houses must pass approval resolutions within a 60-calendar day period.

The legislation also grants highly privileged status to these simple resolutions. Anyone who introduces a resolution has the right 20 days later to call it up in the House. Also, if anything but a simple resolution is reported from committee it loses the expedited consideration and protections from amendment granted by the statute.

10. Trucking De-Regulation -- The Kennedy-Cannon jurisdictional dispute over Kennedy's anti-trust bill continues. DOT reports that Senator Cannon, in a move to bolster his case that the whole issue falls within the exclusive domain of his Commerce Committee, has scheduled a one-day hearing on the truck issue in late March. WHCL, however, understands that Cannon and Kennedy are meeting privately to explore compromise approaches; any such compromise (for example, an agreement for joint referral) would be a gratuitous gesture by Cannon, who would prevail in a showdown Senate floor vote.

11. Food Stamp Cap -- We may be in serious trouble if our effort to remove the \$6.1 billion authorization ceiling for the Food Stamp Program for Fiscal 1980 fails. Current estimates of food stamp outlays for the coming year now run closer to \$6.9 billion, due principally to sharply rising food costs and secondarily to expected slight increases in unemployment.

The first obstacle will be Tuesday's meeting of the Senate Agriculture Committee, which is scheduled to vote on its March 15 recommendations to the Senate Budget Committee. If the First Budget Resolution fails to include more than \$6.1 billion, it would be extremely difficult to get a waiver to raise the authorization above that amount.

The Republican Policy Committee has made it a partisan issue and the head count is extremely close. Chairman Talmadge is likely to be the key.

12. AMTRAK -- The Surface Transportation Subcommittee of Senate Commerce will open hearings on the Amtrak restructuring plan Monday. The issue is expected to draw many Senators to the hearing room.

A head count shows a 10-4-3 majority in support of the Administration's recommendations. Full Committee Chairman Cannon, Subcommittee Chairman Long and Ranking Minority Member Senator Packwood all support the plan. Senator Schmitt of New Mexico is an ardent foe of the proposal. Senator Exon is also opposed.

While we expect that the Congress will not overturn the Amtrak route structure proposal, we do anticipate that the House Commerce Committee (Congressman Staggers) will vote to require certain routes be continued, such as the train from Washington to New Orleans and from Chicago to Florida. If the Southern Crescent was continued, DOT's budget would have to be increased by \$15 million in 1980. If the Chicago train was added, it would increase the budget by another \$15 billion in 1980. OMB does not believe the Amtrak budget could absorb these additional costs.

Secretary Adams has had some difficulty in gaining the complete cooperation of Amtrak President Alan Boyd and other members of the Board of Directors. To a degree, inconsistent signals have been sent to the Hill by Amtrak regarding the reasons for the cutbacks -- reasons which may provide grounds for some Members of Congress to try to add back individual trains deleted by the Adams proposal.

13. Targeted Fiscal Assistance -- On Monday, March 5, the Vice President will announce to the League of Cities that the Administration is sending the Targeted Fiscal Assistance legislation to the Congress on Tuesday, March 6. He will also meet with various big city mayors on Monday in an effort to gain support for the Administration's position.

Senator Moynihan will introduce our bill in the Senate Tuesday. We are still seeking Senator Bill Bradley's sponsorship. Thus far, he has only agreed to hold early hearings in the Finance Subcommittee on Revenue Sharing and Intergovernmental Impact.

Senator Long reacted favorably to the Administration's bill and we hope that he will aid in moving it through the committee as quickly as possible.

WHCL and Treasury CL have met with Congressman Rodino who has agreed to work with Congressman Bill Moorhead and Jack Brooks.

14. Appropriations - Budget

DOT -- We have won a significant skirmish in this year's battle of the budget. The Transportation Subcommittee of the House Appropriations will recommend to the full Committee that the transportation category in the first Budget Resolution be set at the level of your budget.

This represents a major shift in strategy by the Subcommittee. The budget resolution category totals act as a ceiling, as no Appropriations Subcommittees wish to be vulnerable to charges that they have exceeded the budget resolution when they bring their bills to the House floor. Previously, the Transportation Subcommittee always asked for and received a high ceiling to allow lots of room for maneuvering between your budget and the budget resolution.

Supplemental -- OMB has identified several of the pending supplemental requests which require urgent enactment by the Congress. These include the supplemental for CWPS, the recently emerging SBA disaster supplemental, and several other items.

The House Appropriations Committee and the House Leadership are reluctant to move on the supplementals since the second budget resolution approved last September does not provide sufficient room to accommodate these funds. This means that a Budget Committee waiver would be necessary, and the Members do not want to ask for one unless they are convinced of the necessity for immediate action.

OMB has suggested that Kahn meet with the committee staff to increase their understanding of the urgency of the CWPS request.

HEW Rescissions -- Despite active lobbying by the nurses, the entire \$74.3 million of human resources rescissions approved by the subcommittee was sustained by the full committee.

Action on the rescission bill now moves to the Senate. We expect the subcommittees to poll their Members early in the week, and the full committee to mark-up sometime after Wednesday. Senator Magnuson has indicated to Jim McIntyre that he will be supportive, and the Budget Task Force has been in touch with his staff to provide information and to make the relevant HEW experts available to talk to Members.

## II. FOREIGN POLICY ISSUES

1. Middle East Peace Process -- There is intense Hill interest in your effort to save the peace process. A mixture of grave concern that the process may be nearing an end and fear that Israel will be blamed seem to be muting somewhat the criticism of the Administration's role. Senator Javits did issue a press statement criticizing you for not being tough enough on the Israelis and the Egyptians, but State feels that he was probably trying to send an indirect message to the Israelis. Prime Minister Begin seems to be gaining little acceptance for his interpretation of the latest Camp David round, at least among those whom State has briefed.

Friends of Israel on the Hill are watching the summit closely for any hints of what they consider to be untoward pressure on Israel. They are advancing the view that U.S. assurances on Israeli security must be made explicit if we are to overcome the Israeli Cabinet's fear that signing a peace treaty would begin an irreversible process and would constitute giving up "tangibles" in exchange for an uncertain contract.

The Israeli Embassy has contacted the Senate Foreign Relations and House Foreign Affairs Committees to arrange meetings with Prime Minister Begin on Monday. We will want to keep supporters of Israel informed of the discussions as they proceed. This will tend to minimize contradictory interpretations.

2. Panama Treaty Enabling Legislation -- Chairmen Hanley of the House Post Office and Civil Service Committee and Murphy of the House Merchant Marine and Fisheries Committee led separate trips to Panama during the period February 15-25. Both committees held hearings in the Canal Zone on specific aspects of implementing legislation. Both trips went well in that most of the Representatives came away with a feeling of the urgency of obtaining legislation which satisfies basic requirements for a smooth treaty implementation. Even some treaty opponents saw that need.

The single fly in the ointment was supplied by Panamanian officials who took positions with the Murphy Committee which were contrary to earlier understandings between our Governments (e.g., they claimed the right to tax companies retroactively in the Zone). This problem resurfaced when Ambassador Ambler Moss was testifying before Murphy in Washington last February 26. Murphy and his colleagues asked Ambassador Moss to provide

written clarification of these apparent differences. Murphy and Bauman warned that unless the differences can be eliminated, there would be no need to proceed with the legislation, since the understanding reflected in the treaties would be unmasked as more apparent than real. Ambassador Moss is confident that the problems can be resolved satisfactorily with Panama.

Post Office and Civil Service will hold follow-up hearings in mid-March to determine early retirement benefits to Canal employees, which many Members regard as too generous as provided in our bill.

3. Taiwan Legislation -- The HFAC completed mark-up on Tuesday, February 27, and the Bill was reported out of Committee on Wednesday, February 28. It is scheduled to go to Rules on Tuesday, March 6, and could come to the floor on Thursday, March 8. Senate floor action could begin Wednesday, March 7.

WHCL, State and Defense are conducting a complete head-count in the Senate and a partial head-count in the House this weekend. Speaker O'Neill has indicated that he will form a special task force if necessary, but he will hold off until we have a firmer count in the House.

Although there are problems with both bills, they can only get worse through floor amendment. We therefore anticipate supporting the Chairmen, but alerting them that we will need to clean up the legislation in conference.

The failure of Senator Hollings to permit reprogramming to fund the American Institute adds a real note of urgency to floor action. Until passage of the Bill, or unless Hollings relents following Senate action, the Institute on Taiwan will be unable to function.

4. Rhodesia -- The SFRC has scheduled hearings on Rhodesia for March 5 and 7. Ambassador Young and Assistant Secretary Moose will testify.

In addition to airing all aspects of the Rhodesia situation, the Committee will be considering two concurrent resolutions. The first, co-sponsored by Senators Schweiker and DeConcini calls on you to lift sanctions against Rhodesia within 10 days of the scheduled April 20 elections. The second, co-sponsored by Senators McGovern and Hayakawa, would send congressionally chosen elections experts to Rhodesia to observe the April 20 elections and report on whether they meet the standards set forth in the Case-Javits Amendment of last year.

In a related development, the State Department is on the verge of refusing, for the second time, a visa request from White Rhodesian Foreign Minister P. K. Van der Byl. Senator Helms' staff, which is pushing the request, has threatened dire consequences in the event of a refusal.

5. Export Control Policy -- The Senate Banking Committee will hold hearings Monday and Tuesday, March 5 and 6, on U.S. export control policy and the extension of the Export Administration Act. Secretaries Vance and Kreps will testify. Senator Stevenson is concerned about minimizing drag on exports from controls imposed for foreign policy purposes.

He strongly supports an "even-handed" approach for China and the USSR on MFN and has introduced a bill which would amend Jackson-Vanik by altering the assurances requirement to a Presidential finding and extending the MFN waiver from one to five years. He will undoubtedly ask for the Administration's position at the hearing.

6. NATO Posture Hearings -- On Tuesday, General Haig testified before the House Armed Services Committee on NATO posture readiness. His assessment of the capabilities of US and Soviet fighting forces left the committee with the definite impression that we no longer enjoy military superiority. He also stated his opinion that there is an urgent need for legislation providing registration and classification for a draft.

### III. MISCELLANEOUS

Senate Meetings -- WHCL has initiated meetings with a number of Senators up for reelection in 1980 to discuss issues that could be of importance to their reelection efforts. We hope to get an early idea of projects they will be pushing, to discourage them where the project is impossible or inadvisable, and to explore in more detail those which appear feasible. We also use the meetings to give them early notice of policy issues that will be of concern to them. We hope to avoid many policy conflicts with this class of Senators by allowing them time to adjust their positions early in their campaigns.

*Bob  
idea*

Senator Cranston's office will give us quiet advice about politics in California, but the Senator will not declare his support for a Presidential candidate until after the national convention. The Senator has enlisted the active support of several key political figures in California, and they, in turn, have committed not to be

involved in Governor Brown's Presidential campaign. However, Senator Cranston wants to disassociate himself in the public's eye from the National Party structure and will not publicly endorse any candidate until after the convention.

West Virginia Highway Funds -- It is rumored that Senator Byrd is planning to make a rare appearance at FHWA hearings before the Transportation Subcommittee of Senate Appropriations to press his interest in West Virginia's portion of Interstate Highway funds. The Congressional Budget Office's estimate of next year's transportation needs exceed the President's budget by five to six hundred million dollars.

Political Intelligence -- Secretary Bergland addressed last weekend's Idaho State Democratic Party's Jefferson-Jackson Day Dinner in Boise and felt it was a plus for the Administration. He reported that Senator Church's strong praise for you was the most positive and articulate he's heard in some time. Church stressed the need for cool and rational responses to international crises, and rejected "hotheaded" solutions.

Luncheon Successful -- Congressman and Mrs. "Bizz" Johnson are reported to have been completely won over by your luncheon with them this week. Mrs. Johnson said that she was "so proud to have the Carters as our President and First Lady". They also very much appreciated the fact that you knew they lunched together several times a week.

Telecommunications -- In the Public Broadcasting area, the release last week, under the Freedom of Information Act, of White House documents relating to "political interferences" with the Corporation for Public Broadcasting through 1974 has prompted a number of news stories and editorials, and Senator Goldwater has charged a Carter Administration cover-up, involving Barry Jagoda and the T.V. coverage of the Teng gala at the Kennedy Center paid for by ARCO.

## HEARINGS

Significant hearings involving Administration officials  
this week include:

<u>Date</u>	<u>Witness</u>	<u>Committee</u>	<u>Subject</u>
3/6 Tues	Civiletti, DAG Webster, FBI Dogin, LEAA	Senate Approp	DOJ Approp
	Secretary Vance	Senate Banking	Export Control Policy
	Gilligan, AID	House Approp	Overview of Foreign Aid
	Secretary Schlesinger	House Approp	FY 80 Budget Overviews
3/9 Fri	Gilligan, AID	House Budget	Foreign Aid Overview
	Secretary Califano Kahn	Senate Human Resources	Hospital Cost Containment

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HARRIS

KREPS

MARSHALL

SCHLESINGER

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ARONSON

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PETERSON

PETTIGREW

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THE WHITE HOUSE  
WASHINGTON

3/5/79

FOR THE RECORD

GIVEN TO BOB LINDER FOR APPROPRIATE  
HANDLING.

ID 79 0890

THE WHITE HOUSE  
WASHINGTON

3/6/79

Mr. President:

TWO SIGNATURES REQUESTED

on the attached Hospital  
Cost Containment Message,  
which has been cleared by  
DPS and the speechwriters.

Your talking points for  
the 11:00 ~~AM~~ announcement  
are attached to the  
briefing paper.

Rick

TO THE CONGRESS OF THE UNITED STATES:

Inflation is America's most serious domestic problem. It affects every individual and every institution in the country, and it damages the health not only of our economy but of our society. The American people are demanding prompt action against inflation from their elected representatives -- action that is strong, prompt, and effective.

One of the most important components of inflation is the soaring cost of hospital care, which continues to outpace inflation in the rest of the economy. A decade ago, the average cost of a hospital stay was \$533. In just the past two years, the average cost of a hospital stay has increased by \$317 to \$1634 a day -- an increase of almost 24 percent.

Hospital cost inflation is uniquely severe. It is also uniquely controllable. It offers us one of our best opportunities to bring down the rate of overall inflation. This year, once again, I ask the Congress to join me in grasping that opportunity by enacting a tough program of hospital cost containment.

The Senate passed a Hospital Cost Containment bill last year, but the House did not complete action on it. The legislation I am transmitting to the Congress today is similar to the bill that passed the Senate last year. It responds to Congressional concerns that were raised during consideration of last year's bill, and it is strong enough to do the job.

The Hospital Cost Containment Act of 1979 will be one of the clearest tests of Congress' seriousness in dealing with the problem of inflation. Through this one piece of legislation, we can, at a stroke, reduce inflation, cut the Federal budget, and save billions of dollars of unnecessary public and private spending.

The legislation I am transmitting today will save \$3.7 billion in fiscal year 1980. It will save \$1.4 billion in the

Federal budget, over \$420 million in state and local budgets, and almost \$1.9 billion in private health insurance and payments by individuals. Altogether, the potential savings that could result from this measure amount to some \$53 billion over the next five years.

Because most hospital bills are paid by public or private insurance programs, the impact of hospital inflation is sometimes disguised. But that impact is painfully real for every American.

When hospital costs rise, so do health insurance premiums. This means that workers take home smaller paychecks. It means that businesses are forced to charge higher prices. For example, over \$140 of the cost of every automobile manufactured in this country goes to pay for health insurance premiums.

When hospital costs rise, so do health budgets of Federal, state and local governments. From 1969 to 1979, Federal government expenditures for hospital care rose by 330 percent. State and local government expenditures for hospital care rose by 140 percent. Sooner or later every taxpayer pays more to finance these increases.

When hospital costs rise, the elderly -- who need more hospital services -- are particularly hard hit. The Medicare hospital deductible paid by the elderly has almost quadrupled -- from \$44 in 1969 to \$160 in 1979. If hospital cost inflation is not restrained, the deductible will reach \$260 in 1984.

The inflationary rise in hospital costs is not inevitable. While there have been dramatic and desirable improvements in the quality of hospital services, much of the increase in hospital expenses has been unnecessary. No one's health is improved by the existence of thousands of unfilled hospital beds, by hospital stays that are unnecessarily long, by surgery and x-ray tests that are unneeded and sometimes harmful, by wasteful supply purchasing practices, by inefficient energy use, or by pointless duplication of expensive facilities and equipment. But these wasteful practices cost billions.

In the past, hospitals have had little incentive to be efficient. The hospital sector is fundamentally different from any other sector in our economy. Normal buyer-seller relationships and normal market forces do not exist. The consumer of services -- the patient -- rarely pays the bill directly. Nor does the patient decide what services he or she will receive in the hospital. The person who makes those decisions -- the physician -- does not pay the bill either, and therefore has little or no incentive to see that services are provided in an efficient manner. Often, doctors do not even know the costs of the tests and x-rays they order.

There is a growing determination throughout the country to make hospitals efficient. Nine states -- Colorado, Connecticut, Maryland, Massachusetts, New Jersey, New York, Rhode Island, Washington, and Wisconsin -- have enacted mandatory cost containment programs. Hospitals in these states, which include many of the most renowned medical institutions in the world, have reduced cost increases substantially while continuing to provide care of high quality.

The legislation I am transmitting today would ensure that every hospital in this country has the incentive to be efficient. It establishes a reasonable goal for hospital cost inflation. It sets mandatory limits only for those hospitals which have been unable to meet this goal. Specifically, the Hospital Cost Containment Act of 1979 will:

- Establish an annual goal for the rate of hospital cost increases. This goal would reflect actual increases in the price of goods and services hospitals use, changes in population, and improvements in hospital services. In the event that the hospital industry does not, as a whole, meet the national goal, mandatory reimbursement limits on individual hospitals, also based in part upon the actual costs of goods and services, would go into effect on January 1, 1980.

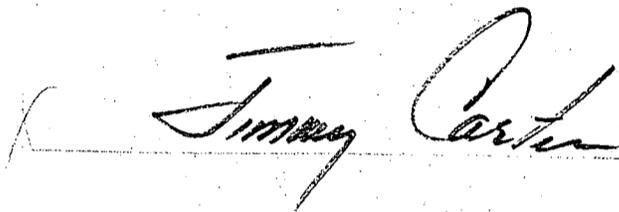
- Exempt hospitals which individually meet the voluntary goal, have fewer than 4,000 admissions annually, are less than 3 years old, or have 75 percent of their patients enrolled in federally qualified health maintenance organizations.
- Exempt all hospitals in a state if the state on average met the voluntary goal or had an approved mandatory cost containment program.
- Provide for a system of bonuses and penalties to hospitals, depending on their efficiency relative to other hospitals of similar type and location.
- Include an adjustment for wage increases provided to nonsupervisory personnel in hospitals.

The Hospital Cost Containment Act of 1979 is reasonable and realistic. It permits a period of time for voluntary action, with mandatory limits only if voluntary action fails to meet the reasonable goals established in the bill. Under current assumptions the national goal will be 9.7 percent in 1979; it will be adjusted to reflect the actual increases in the price of goods and services hospitals use. In 1977, one-third of the nation's hospitals -- from all regions and of all types -- had cost increases of 9.7 percent or less.

Even if triggered, the stand-by mandatory program holds regulation to a minimum. It does not interfere with the day-to-day management decisions of hospital administrators and physicians. Rather, the program establishes an overall limit on the rate of increase in reimbursements, permitting doctors and hospital administrators to allocate their own resources efficiently, responding to local needs and patient care concerns. The program changes the incentives under which hospitals have functioned, from a system in which hospitals receive guaranteed reimbursement for their services, whether efficiently provided or not, to one in which hospitals are rewarded or penalized for their actual efficiency and productivity.

Congress has debated hospital cost containment for almost two years. There is now no reason for delay. I call upon the Congress to demonstrate its commitment to the fight against inflation by promptly enacting the Hospital Cost Containment Act of 1979.

THE WHITE HOUSE,

A handwritten signature in cursive script, reading "Jimmy Carter", is written over a horizontal line. The signature is positioned to the right of the center of the page.

THE WHITE HOUSE

WASHINGTON

March 5, 1979

Q  
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MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *F.M./BR*

For your information

The Speaker has extended and Miss Lillian has accepted an invitation for a private luncheon with the Speaker on Thursday, March 15.

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THE WHITE HOUSE  
WASHINGTON

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THE WHITE HOUSE

WASHINGTON

March 4, 1979

MEETING WITH ENVIRONMENTALISTS

Monday, March 5, 1979

11:30 a.m., (30 minutes)

The Cabinet Room

FROM: Stu Eizenstat *Stu*  
Kathy Fletcher

I. PURPOSE

You have agreed to meet periodically with environmental leaders. Your last meeting was in May, 1978. This is the third such meeting and the agenda has been largely left to the participants, although the major issues have been discussed with White House staff prior to the meeting.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: The group includes major environmental organizations and additional organizations which have not before attended such meetings. The group also includes seven organizations who recently requested a meeting to discuss their concerns about the regulatory review process. Since the last meeting, you have also received three joint memoranda from the conservation community to which you have responded and a fourth which has just been received. Approximately 25 organizations will be represented. Tom Kimball of the National Wildlife Federation will open the meeting for the group and introduce the other speakers.

B. Participants: See attached list. Staff will include Stu Eizenstat, Charles Warren and Dick Pettigrew.

C. Press Plan: White House photo opportunity and two-minute press pool while you make your welcoming remarks. (Tentative-being coordinated with Jody.)

### III. TALKING POINTS

- o I'm always glad to meet with this group because I feel we have been working together on a number of important but difficult issues.
- o Since we last met, a number of important issues have arisen in the environmental area, and I value this opportunity to discuss them with you. Just last week I announced my intention to create a Department of Natural Resources. This will be a tough one, which I hope your organizations will support vigorously. For the first time we will have a major Cabinet agency responsible for wise resource management on a comprehensive basis. In addition, although the Alaska legislation appears to be encountering difficulties in the Congress, I took a number of actions last December to insure that Alaskan lands remain protected. I am still hopeful that a good Alaska lands bill will pass the Congress this year, however. The Alaska lands issue is my highest environmental priority and if you will work with me I think we can prevail. In addition, a number of regulatory issues have come up which I know are of concern to you.
- o I am especially grateful for this opportunity to reaffirm my very strong personal commitment to the health, safety, and environmental laws that many of you worked hard to enact. My first step toward that end was to appoint the most committed, most competent group of regulatory agency heads ever to grace any Administration. I think they have done a tremendous job--both to carry out their programs, and to win broader public acceptance by increasing efficiency, openness, and cutting out unnecessary regulatory burdens.
- o I have made it clear to my agency heads and everyone in the administration, that it is they, and they alone who are responsible for running their programs and making the decisions. Some regulatory issues, as you know, have broad impacts on the concerns of more than one agency. I encourage consultation among interested agencies within the administration. That is healthy, that is good government, and it helps to assure we get the best decisions. In the end the decisions are to be made by the responsible agency, but they should be the most cost-effective decisions possible. The only exception to that rule would be the unusual case in which I personally would feel compelled to exercise my responsibility in the national interest.
- o We have launched a number of initiatives to improve the regulatory process, such as Executive Order 12044, on

which a number of you commented, favorably in many respects, when it was first proposed, and our efforts to encourage financial assistance for citizen groups to participate in agency proceedings. Both of these programs will be incorporated in the regulatory reform bill I plan to send to Congress soon. My staff will continue consulting with you as we develop it, and I hope you will support it. We will have to work together to stop dangerous regulatory reform ideas from passing--like the legislative veto.

- o I'd like to mention another environmental issue which is usually thought of as a national security issue--SALT. The fundamental purpose of SALT is to enhance our national security by making nuclear war less likely. A nuclear war would wreak unimaginable damage to this planet, for generations to come. SALT II will provide for equal strategic nuclear forces for the U.S. and the Soviet Union, and will hold those forces to a lower level, as opposed to an unending, spiralling arms race. As the SALT debate unfolds, I hope that environmentalists will not avoid this issue. I understand that many of your organizations attended a SALT briefing at ACDA. I commend you for taking an interest in what does not at first glance seem to be an environmental issue, and I hope you will stand with us in the ratification debate.
- o These meetings are designed for you to raise issues to me and I'd like to turn to Tom Kimball to lead off.

#### IV. SUGGESTED RESPONSES TO ISSUES THE GROUP IS LIKELY TO RAISE

- o Regulatory Reform. The group is likely to be critical of Jody Powell's remarks inviting resignations of EPA officials; they are likely to mention ozone, strip mining and other regulations of examples where, because of inaccurate press reports, they believe White House intervention has caused weakening of regulations; they are likely to express apprehension about draft Administration legislation concerning regulatory reform--again, largely because recent reports have mischaracterized the contents of the draft.

Suggested Response: I am deeply committed to regulatory reform in order to make our regulatory programs more effective. In general I think you share this goal, although I understand your fear that emphasis on the economic impact of regulations may weaken our efforts to improve the environment and protect public health.

Doug Costle, Charlie Schultze, Fred Kahn, and the other members of my Administration share my determination to enforce environmental laws. Early in my Administration I issued Executive Order 12044 on regulatory reform which was widely reviewed and favorably received, including by many of your organizations, before it was issued. That executive order is leading to greater public participation as well as to better analysis of the economic impacts of regulations before they are issued and to consideration of alternative approaches to achieving the environmentally desired result.

The legislation under consideration by the Administration will codify the executive order. It will improve the process of issuing regulations, but it doesn't change the substantive standards in the laws. It enhances the responsibility of agency heads for good regulatory decisions. I think the result of process improvements of this type will be positive. Environmental regulations will stand up better in our society and in the Congress if they are based on a process which weighs the economic and inflationary consequences before they are issued. We need not compromise our environmental goals in the process, but I do believe this type of effort is necessary for the long-term success of the environmental quality effort.

I understand that a new draft of the bill has been mailed to most of you and other groups over the past week-end, and my staff will be consulting with you.

- o Suggested response on ozone and strip mining rules: I have not been involved in those matters, but I do know that both Doug Costle and Cec Andrus have devoted large amounts of their personal time and attention to reaching their own judgment as to what is necessary to assure decent air quality in our cities and to prevent strip mining operations from savaging landscapes.
  
- o Reorganization: The group probably will not have a unified position on the Department of Natural Resources proposal. In general, they are disappointed that water resources agencies planning functions are not included in the DNR.

Suggested Response: I think that the Department of Natural Resources proposal will improve natural resources management, and I hope that you will support it vigorously. It doesn't go as far as I would have liked, especially in the water resources area, but it's going to be a tough fight as it is. The Forest Service and NOAA are both major agencies and their inclusion in a Department of Natural Resources will for the first time establish in the Federal government an agency with comprehensive resource management concerns, and I think the environment will benefit. I hope you will work closely with Secretary Andrus and Dick Pettigrew on this.

- o RARE II: Environmental organizations feel that in many States the Agriculture Department's RARE II recommendations tilt in favor of non-wilderness designations. They also feel that the process is being rushed through and that non-wilderness uses will be instituted immediately, while wilderness designations require legislation which may take years.

Suggested Response: The RARE II process is not yet complete. Secretary Bergland is gathering comments from public officials and others through March 15. He will be refining his proposals before they are sent to the White House. It is important that the RARE II decisions lead to as much certainty as possible for future planning. If there are specific serious problems which you have with the proposals, now is the time for you to make those views known to Secretary Bergland either directly or through your elected officials. When our wilderness proposals are transmitted to the Congress, the Forest Service will manage the areas to preserve them even if Congress does not enact them promptly. At the same time, under the statutes and regulations of the Forest Service, areas recommended for non-wilderness will be managed for multiple uses. I don't think the process and uncertainty should drag on. As you know, not all of these areas are intended for timber or mining; some are recommended for non-wilderness recreation uses or other multiple uses. Some areas will be recommended for further planning. Resolving land uses on millions of acres of Federal lands is not an easy task and no one group will be satisfied with the outcome. But it is my hope that the final recommendations will reflect the best balance among competing demands.

- o Water Policy and Water Projects: In addition to their concerns about reorganization, the group feels that water project funding in the FY80 Budget does not reflect the "austerity" theme; they are also particularly concerned about recent revelations about the Tennessee-

Tombigee project and will probably ask you to reassess your support of the project. They are particularly upset that the Corps of Engineers has refused to release a report which apparently contains information indicating that the project's benefits have been inflated.

Suggested Response: The FY1980 Budget continues the projects previously agreed to between the Administration and the Congress and proposes a limited number of new starts which meet the Administration's criteria for soundness. I think the appropriations battle of last year was healthy and that much progress has been made in this area. I do not think an escalation of that battle would be appropriate this year and I believe that the FY1980 Budget is consistent with a tight Budget. I am aware that the Tennessee-Tombigbee project is enormously controversial. I do not think it would be appropriate for me to say anything that might be interpreted as interfering with the litigation now in progress but I will ask my staff to brief me fully on any new developments and to determine whether the consultant's report to the Corps can be made public.

- o Urban Highways: The group may criticize the Administration's transportation priorities, including continuing approvals of urban highways, proposals to consolidate highway and transit administration, and limitation on the 1980 budget for mass transit.

Suggested Response: The Administration has tried to be responsive to environmentalists' concerns. For example, in a tight budget year we added back a \$150 million proposed cut in transit operating assistance for big cities. Even though highway spending levels are set by Congress and most specific projects must be requested by governors and mayors, we have imposed an "alternative analysis" requirement on highways similar to what is required of transit projects. This analysis seeks to find the most cost effective and least environmentally damaging ways of implementing highway needs. The consolidated highway - transit administration would, we hope, give mayors greater flexibility in planning for and using federal resources.

## PARTICIPANTS

James Barnes, International Project, Center for Law and Social Policy  
William Butler, Acting Executive Director and General Counsel, Environmental Defense Fund  
Richard N. Denney, Executive Director, The Wildlife Society  
Stephen P. Duggan, Chairman, Board of Trustees, Natural Resources Defense Council  
Louise Dunlap, Executive Vice President, Environmental Policy Center  
Marion Edey, Executive Director, League of Conservation Voters  
Patricia Ann Forkan, Vice President for Program, The Humane Society of the United States  
John Grandy, Executive Vice President, Defenders of Wildlife  
Thomas L. Kimball, Executive Vice President, National Wildlife Federation  
John R. Lorenz, Executive Director, Izaak Walton League  
Patrick Noonan, President, The Nature Conservancy  
Dorothy K. Powers, Energy Chair, League of Women Voters  
Lewis Regenstein, Vice President, Fund for Animals  
Ralph Pomerance, Jr., Legislative Director, Friends of the Earth  
Daniel Poole, President, Wildlife Management Institute  
William K. Reilly, President, The Conservation Foundation  
Anthony Wayne Smith, President, National Parks and Conservation Association  
Theodore Snyder, President, The Sierra Club  
Elvis Stahr, President, National Audubon Society  
Richard Stroud, Executive Vice President, Sport Fishing Institute  
Carl Sullivan, Executive Director, American Fisheries Society  
Russell Train, President World Wildlife Fund of the U. S.  
William Turnage, Executive Director, The Wilderness Society  
Craig Van Note, Executive Vice President, Monitor  
Dale Whitesell, Executive Vice President, Ducks Unlimited  
David Zwick, President, Clean Water Action Project

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*Dorothy Powers #865 mil Solar  
CER report re dissemination  
need 25% solar*

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meeting with environmentalists

3/5/79

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*Stat Res Dept*

*D 2*

*Regulatory*

*Non Prolif ← SALT*

*RAK II 3/11-*

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Tom Kimbrell

D2 - H2O prog. Endangered -

Reg review - Bill Butler  
single out envir -  
late comments

industry 2 inputs

TVA air - ozone. Pb

X crypts or open mtgs.

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H2O - Marion Eady

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Arledial McCree Cook

Cost sharing

Sewage grants - excessive

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Endangered species - plants, etc.

Predator control

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Whales - 105 Art 65

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