

4/23/79 [3]

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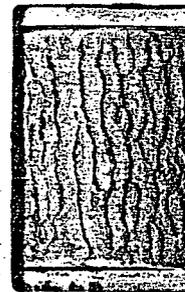
THE WHITE HOUSE
WASHINGTON
April 23, 1979

Bob Lipshutz

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

Rick Hutcheson

To BOB LINDER for handling.



	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
	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

April 13, 1979

C

MEMORANDUM FOR THE PRESIDENT

FROM:

ROBERT LIPSHUTZ *RL*

SUBJECT:

Proposed Executive Order Entitled:
"The President's Export Council"

The attached Order was originally prepared at Commerce in conjunction with the Presidential Personnel Office. It reestablishes and expands the President's Export Council.

Included on the Council will be heads of State, Treasury, Agriculture, Commerce, Labor, STR and the Ex-Im Bank, as well as six members of Congress (three from the Senate and three from the House) and 28 private citizens appointed by the President. The Chairman and Vice Chairman will be designated from among the private members.

The purpose of the Council is to serve as a national advisory body on matters of export trade. The Secretary of Commerce will provide support services to the Council.

Justice and OMB have approved the attached Order. We recommend that you sign it.

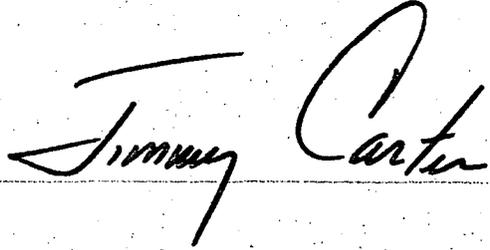
✓ Approve

_____ Disapprove

J

1-402. Executive Order No. 11753 is revoked; however, nothing in this Order shall be deemed to require new charters for the Council, including its executive and subordinate committees, which were current immediately prior to the issuance of this Order.

1-403. The Council shall terminate on December 31, 1980, unless sooner extended.

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

THE WHITE HOUSE,

1-103. The President shall designate a Chairman and a Vice Chairman from among the members appointed by the President.

1-104. The Secretary of Commerce, with the concurrence of the Chairman, shall appoint an Executive Director.

1-2. Functions.

1-201. The Council shall serve as a national advisory body on matters relating to United States export trade, including advice on the implementation of the President's National Export Policy, which was announced on September 26, 1978. It shall, through the Secretary of Commerce, report to the President on its activities and on its recommendations for expanding United States exports.

1-202. The Council should survey and evaluate the export expansion activities of the communities represented by the membership. It should identify and examine specific problems which business, industrial, and agricultural practices may cause for export trade, and examine the needs of business, industry, and agriculture to expand their efforts. The Council should recommend specific solutions to these problems and needs.

1-203. The Council may act as liaison among the communities represented by the membership; and, may provide a forum for those communities on current and emerging problems and issues in the field of export expansion. The Council should encourage the business, industrial, and agricultural communities to enter new foreign markets and to expand existing export programs.

1-204. The Council shall provide advice on Federal plans and actions that affect export expansion policies which have an impact on those communities represented by the membership.

1-205. The Council may establish, with the concurrence of the Secretary of Commerce, an executive committee and such other subordinate committees it considers necessary for the performance of its functions. The Chairman of a subordinate committee shall be designated, with the concurrence of the Secretary of Commerce, by the Chairman of the Council from among the membership of the Council. Members of subordinate committees shall be appointed by the Secretary of Commerce.

1-3. Administrative Provisions.

1-301. The Secretary of Commerce shall, to the extent permitted by law, provide the Council, including its executive and subordinate committees, with administrative and staff services, support and facilities as may be necessary for the effective performance of its functions.

1-302. Each member of the Council, including its executive and subordinate committees, who is not otherwise paid a salary by the Federal Government, shall receive no compensation from the United States by virtue of their service on the Council, but all members may receive the transportation and travel expenses, including per diem in lieu of subsistence, authorized by law (5 U.S.C. 5702 and 5703).

1-4. General Provisions.

1-401. Notwithstanding the provisions of any other Executive order, the functions of the President under the Federal Advisory Committee Act (5 U.S.C. App. I), except that of reporting annually to the Congress, which are applicable to the Council, shall be performed by the Secretary of Commerce in accordance with guidelines and procedures established by the Administrator of General Services.

EXECUTIVE ORDER

- - - - -

THE PRESIDENT'S EXPORT COUNCIL

By the authority vested in me as President by the Constitution and statutes of the United States of America, and in order to expand the membership of the President's Export Council, in accord with the provisions of the Federal Advisory Committee Act (5 U.S.C. App. I), it is hereby ordered as follows:

1-1. Establishment and Membership.

1-101. There is established the President's Export Council.

1-102. The membership of the Council shall be as follows:

(a) The heads of the following Executive agencies or their representatives:

- (1) Department of State.
- (2) Department of the Treasury.
- (3) Department of Agriculture.
- (4) Department of Commerce.
- (5) Department of Labor.
- (6) Office of the Special Representative for Trade

Negotiations.

(7) Export-Import Bank of the United States.

(b) Three members of the United States Senate, designated by the President of the Senate, and three members of the United States House of Representatives designated by the Speaker of the House.

(c) Not to exceed 28 citizens appointed by the President. These individuals shall be selected from those who are not full-time Federal officers or employees. They shall include representatives of business and industry, agriculture, and labor.

ID 791529

THE WHITE HOUSE

WASHINGTON

DATE: 16 APR 79

FOR ACTION:

INFO ONLY: THE VICE PRESIDENT

STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

ZBIG BRZEZINSKI *zm*

ARNIE MILLER

SUBJECT: LIPSHUTZ MEMO RE EXECUTIVE ORDER ENTITLED: THE
PRESIDENT'S EXPORT COUNCIL

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

ACTION REQUESTED:

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

PLEASE NOTE OTHER COMMENTS BELOW:



General
Services
Administration

National Archives
and
Records Service Washington, DC 20408

December 19, 1978

Mr. Robert D. Linder
The White House
Washington, DC 20500

Dear Mr. Linder:

Transmitted herewith is a proposed Executive order entitled

"The President's Export Council."

The proposed Executive order has been reviewed in this office
and approved for conformity with the provisions of Executive
Order 11030, as amended.

Sincerely,

FRED J. EMERY

Director
Office of the Federal Register

Enclosure

EXECUTIVE ORDER

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THE WHITE HOUSE
WASHINGTON
April 23, 1979

Jerry Rafshoon

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

Rick Hutcheson

Stu Eizenstat
Bob Lipshutz
Jody Powell
Jim McIntyre

The original has been given to Bob
Linder for mailing.

THE WHITE HOUSE

WASHINGTON

April 5, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

JERRY RAFSHOON *JR*

SUBJECT:

Advertising Council Public Service Campaign

We have made excellent progress in the last several months working with the Advertising Council on the development of an anti-inflation public service campaign.

The Council's volunteer agency, Compton Advertising of New York, has produced three advertising concepts which they are presently market-testing, and they hope to be able to get the campaign underway within two months. The ads will stress the importance of public spirited cooperation and restraint in dealing with the inflation problem and will offer a free booklet on inflation. The text of the booklet is in near final form and has been reviewed by COWPS, CEA, Labor and Commerce. My office will exercise final control over the content of any material produced.

So far, all of the creative work has been provided without cost by the volunteer advertising agency. Once we have a final product, however, the cost of full-scale promotion and distribution will total some \$600,000 and we have been asked to help provide the funds from government sources.

Needless to say, a good public service campaign can be of immense help to us. And for the cost of distribution, we will be receiving many times that in creative work by the agency and advertising space and time from the media.

We have made initial inquiries with Commerce, Labor and Agriculture as sources of joint funding. While everyone has said they will be as cooperative as possible, we are now at the stage where we need an extra push to get the money firmly committed. Otherwise, we are likely to either come up short of our goal or be delayed unnecessarily by red tape.

Your agreement to send the attached memo would therefore be a great help in moving the campaign along as quickly as possible.

THE WHITE HOUSE

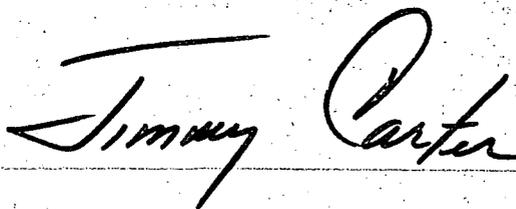
WASHINGTON

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE SECRETARY OF LABOR
THE CHAIRMAN OF THE COUNCIL OF
ECONOMIC ADVISERS
THE CHAIRMAN OF THE COUNCIL ON
WAGE AND PRICE STABILITY

The Advertising Council, Inc. is currently considering a campaign to make Americans more aware of the problem of inflation and their role in it. I support this effort. Please give your full support. This may require allocation of some of your public information funding and perhaps some use of your staff resources.

Jerry Rafshoon will coordinate this effort.

A handwritten signature in cursive script, reading "Jimmy Carter", is written over a horizontal line. The signature is written in dark ink and is positioned in the lower right quadrant of the page.

THE WHITE HOUSE
WASHINGTON

4/20/79

Mr. President:

Eizenstat and Powell concur
with Rafshoon.

Lipshutz has no objection.
His office will work with
Rafshoon and Justice to
ensure that any legal
pitfalls are avoided.

Rick

THE WHITE HOUSE
WASHINGTON

4/11/79

Mr. President:

OMB, while noting that the use of appropriated funds to support advertising and promotional efforts has often been the subject of congressional criticism, has no objection.

Lipshutz, Eizenstat and Powell have no comment.

Rick

*get
brief comments
J*

Electrostatic Copy Made
for Preservation Purposes

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND
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ACTION
FYI

<input type="checkbox"/>	ADMIN CONFID
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<input type="checkbox"/>	EYES ONLY

<input type="checkbox"/>	VICE PRESIDENT
<input checked="" type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	KRAFT
<input checked="" type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input checked="" type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON
<input type="checkbox"/>	WEXLER
<input type="checkbox"/>	BRZEZINSKI
<input checked="" type="checkbox"/>	MCINTYRE
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<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
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<input type="checkbox"/>	PRESS
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<input type="checkbox"/>	BELL
<input type="checkbox"/>	BERGLAND
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<input type="checkbox"/>	BROWN
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<input type="checkbox"/>	HARRIS
<input type="checkbox"/>	KREPS
<input type="checkbox"/>	MARSHALL
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VANCE

ID 791391

THE WHITE HOUSE

WASHINGTON

DATE: 06 APR 79

FOR ACTION: JIM MCINTYRE

attached
memo w/ Lundy

INFO ONLY: THE VICE PRESIDENT

STU EIZENSTAT

BOB LIPSHUTZ

JODY POWELL

ANNE WEXLER

SUBJECT: RAFSHOON MEMO RE ADVERTISING COUNCIL PUBLIC SERVICE
CAMPAIGN

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM MONDAY 09 APR 79 +
+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

ID 791391

THE WHITE HOUSE

WASHINGTON

DATE: 06 APR 79

FOR ACTION: JIM MCINTYRE

attached
MEMO by [unclear]

INFO ONLY: THE VICE PRESIDENT

STU EIZENSTAT

BOB LIPSHUTZ

JODY POWELL

ANNE WEXLER

SUBJECT: RAFSHOON MEMO RE ADVERTISING COUNCIL PUBLIC SERVICE
CAMPAIGN

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+ BY: 1200 PM MONDAY 09 APR 79 +
+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:



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

APR 10 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: JAMES T. MCINTYRE, JR. 

SUBJECT: Advertising Council Public Service Campaign

We have no objections to a request to the appropriate agencies to allocate some of their currently available public information funding and staff to support a public information campaign on the problems of inflation.

We note, however, that the use of appropriated funds to support advertising and promotional efforts has often been the subject of congressional criticism. Undoubtedly, some will object to the use of taxpayers' funds in a time of restrained governmental expenditures to pay for advertising and promotional material to tell taxpayers about the inflationary problems that they are currently experiencing. To reduce this problem, the material should be carefully reviewed to assure that it provides useful information to the public, and the agencies must exercise particular care to assure that expenditures are consistent with their authorization and appropriation statutes.

December 1, 1978

To Robert Keim

In recent years, the Ad Council has helped educate the American people about how the American economic system works. Millions of people, who formerly thought of our economy as something remote and unfathomable, now realize that they are an integral part of the economic system, and that their personal decisions and actions can affect the course of our economy.

Never have the personal and collective economic actions of the American people been so important as in the fight against inflation, and never has the need to educate people of that fact been more urgent.

Many Americans now recognize inflation as our most serious domestic problem. I believe that Americans are willing to play a role in fighting inflation, as long as others are going to make the same sacrifices. Our people want to feel that they can make a difference, but they know it will take a cooperative effort of government, business and labor to bring inflation under control.

An effective public service campaign can:

- Inform the public of the history and dimensions of the problem;
- Explain the role each of us plays in making the problem worse and the role we can play in helping solve it;
- Help build a national consensus for individual and collective efforts to deal with inflation;
- Restore people's faith and pride in our ability to tackle a severe national problem;
- Educate people as to how they can help encourage government, business and labor to do their part; and

-- Give people examples of the kind of decisions they can make in their daily lives which will help fight inflation.

An effective public service campaign does not have to embrace a particular solution, because there is no one solution. But it can make people far more conscious of the part they play in the inflationary spiral, and enlist them in a national effort to do what they can to end it.

While the Federal Government stands ready to assist the Ad Council in developing an anti-inflation campaign, I believe it is also important for the private sector to contribute in a significant way to this effort.

I look forward to working with you on this most important matter.

Sincerely,

Mr. Robert Keim
President
The Advertising Council, Inc.
825 Third Avenue
New York, New York 10022

THE WHITE HOUSE

WASHINGTON

April 11, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

JODY POWELL 

RE:

Rafshoon Memo on Ad Council
Public Service Campaign

I am not familiar with the substance of the ad council concepts. However, I trust Rafshoon's judgment completely. I see no problem with governmental support through agency public information operations. There is probably no more bloated and wasteful area of government through the so-called public information operations of some of our agencies (as contrasted with the lean, efficient White House operation).

I suggest that when this is announced, it be accompanied by some type of substantive announcement to avoid a WIN button story. We may get some of that anyway, but I would favor rejecting the idea for that reason.

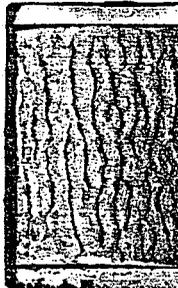
THE WHITE HOUSE
WASHINGTON

April 23, 1979

Stu Eizenstat
Jack Watson

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the President's outbox today
and is forwarded to you for
your information.

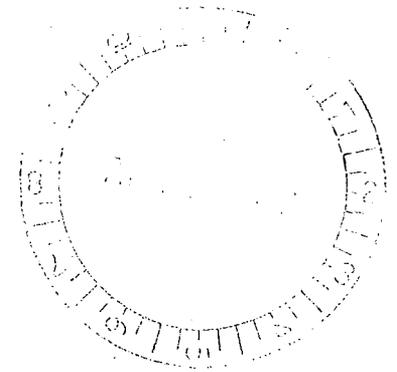
Rick Hutcheson





THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

April 10, 1979



MEMORANDUM FOR THE PRESIDENT

FROM JOSEPH A. CALIFANO, JR. *JAC*

SUBJECT: North Carolina

~~Enclosed~~ is a copy of a speech I delivered at the Atlanta University Center last Saturday morning in which I discussed our efforts to compel the University of North Carolina to eliminate the vestiges of its former dual school system. Also enclosed, in case you missed them, are copies of recent editorials from the New York Times and the Raleigh News and Observer.

There has been little progress since we announced the commencement of administrative enforcement proceedings. We have exchanged letters with counsel for UNC, but they have so far failed to offer any suggestions as to how the UNC plan might be amended to come into compliance with Title VI or to evidence any desire to negotiate. However, I think you should delay talking to Governor Hunt until we have had a chance to press the issue further with counsel for UNC. ← ok

The formal notice of the Title VI proceeding was received by UNC on April 2 and, accordingly, deferral of funds will commence on May 2. I will keep you posted as this issue progresses.

Enclosures

**Electrostatic Copy Made
for Preservation Purposes**

The News and Observer, Raleigh, N. C.
Sunday, April 8, 1979

Tar Heel Editors Speak:

Hunt should lead in UNC-HEW dispute

The Northampton News

North Carolina appears on the brink of being willing to cut off its nose to spite its face over the University of North Carolina desegregation plan dispute with the Department of Health, Education and Welfare. This would seem to be the case if Governor James B. Hunt Jr.'s plan for a \$10 million to \$20 million reserve fund to make up for possible federal funds loss is adopted.

Governor Hunt has created a tremendous record during the first half of his term. He's done more for the state in two years than any governor, at least, since Terry Sanford. The people of North Carolina seem to recognize and appreciate this. A poll last week indicated he has a 60-12 lead over Lt. Gov. Jimmy Green, if the two were to run head to head for governor next year.

Despite his tremendous records and equally tremendous popularity with the voters, we think the governor is wrong in proposing the reserve fund idea. This budgetary gimmick may prove to be popular with the voters, but it is hardly in the long run interest of North Carolina.

It would be far better for Governor Hunt to use some of his popularity to lead the state toward a more responsible solution to the UNC-HEW argument. The reserve fund idea to use state dollars to replace possible loss of federal funds smacks of George Wallace standing in the school house door. North Carolina and Governor Hunt both deserve better than that in the eyes of the nation.

If federal funds are cut off from UNC, it will be because HEW is abiding by the law of the land and a federal court mandate requiring it to enforce the requirement of federal law for desegregation and equality of education. At this stage, there is hardly anyone who does not recognize that the five traditionally black UNC campuses are substandard and in need of improvement.

Governor Hunt would be well advised to forget his reserve fund idea. The UNC leadership needs encouragement to get off its ego trip and come to grips with its need to comply with the law of the land as the other 49 states have already agreed to do. Now is a time for public leadership and not a playing to the crowds in the balcony.

Saturday, April 7, 1979

Still Separate in North Carolina

The dispute between Washington and the University of North Carolina over desegregating the state's college system has dragged on far too long. It began in 1970 when the NAACP Legal Defense Fund filed suit to force several Southern states, including North Carolina, to integrate their colleges. A Federal court ordered them to end their dual systems of higher education or face the loss of Federal funds.

Why has North Carolina, known as the South's most progressive state on racial issues, been unable to come to terms with the Department of Health, Education and Welfare while Georgia, Virginia and Florida have satisfied Washington with their desegregation plans?

North Carolina has, to be sure, made some important changes. The university's president, William Friday, points to significant increase in the enrollment of blacks, and new opportunities for them to work and teach in formerly all-white colleges. Large outlays have been made to upgrade five black colleges. But desegregation has not been achieved.

That is because the state has refused to take the steps that Federal officials contend would eventually merge the formerly all-black and all-white colleges

into one system. H. E. W. has asked that black colleges be further improved to attract white students, and that duplication of programs in the formerly all-white and all-black colleges be eliminated. That last point seems to be the major obstacle to resolving the conflict.

A case in point: the university branch in Greensboro is just two miles from the North Carolina Agricultural and Technical College. Both campuses offer programs in business administration, education, home economics and public affairs. Enrollment in these four programs totals 600 whites and 25 blacks at Greensboro and 400 blacks and five whites at A. & T. There are duplicate programs in nursing, engineering and other subjects elsewhere in the state.

According to officials at H. E. W., the elimination of duplication would require merging some programs at a single institution; in some instances the merger of entire colleges would be feasible. North Carolina officials argue that some of the changes requested by H. E. W. would cost more than the state can afford. They also protest that Washington has intruded too much into the affairs of their university system. These responses are not persuasive. If North Carolina wishes to maintain its reputation for racial progress, the way is as clear as the court's mandate.

HEW



NEWS

U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

FOR RELEASE UPON DELIVERY

APRIL 7, 1979

APPROXIMATELY 2:15 P.M., EST

CONTACT: JOHN BLAMPHIN

202/245-6343 (WORK)

301/757-6450 (HOME)

REMARKS BY

SECRETARY JOSEPH A. CALIFANO, JR.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

AT THE ATLANTA UNIVERSITY CENTER

ATLANTA, GEORGIA

THANK YOU, CHAIRMAN JORDAN.

THIS MOMENT GIVES ME AN OPPORTUNITY, IN ONE FELL SWOOP, TO CONGRATULATE A DISTINGUISHED LEADER IN AMERICAN EDUCATION, CHARLES MEREDITH; TO PAY TRIBUTE TO A REMARKABLE CONSTELLATION OF INSTITUTIONS, THE ATLANTA UNIVERSITY CENTER; AND TO SHARE WITH YOU SOME THOUGHTS OF MINE, BOTH PERSONAL AND OFFICIAL, ABOUT THE PAST AND FUTURE ROLE OF INSTITUTIONS LIKE YOURS: INSTITUTIONS THAT HAVE HELPED MILLIONS OF BLACK AMERICANS SECURE WHAT OUR CONSTITUTION CALLS "THE BLESSINGS OF LIBERTY."

I CAN THINK OF NO MORE FITTING PLACE TO TALK ABOUT SUCH THINGS. FOR THE FOUNDERS AND LEADERS OF THIS CENTER, THIS CRUCIBLE OF EDUCATION AND MORAL CONSCIENCE, HAVE OVER A CENTURY SHAPED ONE REMARKABLE ACHIEVEMENT AFTER ANOTHER.

- FIRST, FROM THE MOST MEAGER BEGINNINGS, YOU CREATED A WORLD-RENOWNED CENTER OF EXCELLENCE.

- SECOND, YOU MADE THIS CENTER A STAGING AREA FROM WHICH MARCHED FORTH, IN MARTIN LUTHER KING'S GLORIOUS METAPHOR, THOUSANDS OF DRUM MAJORS FOR JUSTICE: TRAINED LEADERS FOR THE NATION'S CHURCHES, ITS COLLEGES, ITS COURTROOMS -- AND ITS CONSCIENCE: LEADERS WHO REFUSED TO ACCEPT THE YOKE AND BURDEN OF INJUSTICE.

- FINALLY, NOT CONTENT WITH THESE ACHIEVEMENTS, YOU CREATED FOR THE NATION A MODEL CONSORTIUM IN HIGHER EDUCATION: SIX INSTITUTIONS, ALIKE IN SOME WAYS, DIFFERENT IN OTHERS, SHARING THEIR RESOURCES AND STRENGTHS -- TO BECOME A WHOLE THAT IS GREATER THAN THE SUM OF ITS PARTS.

THE MOTTO OF THIS CENTER, "STRENGTH IN DIVERSITY," SUITS THIS CENTER WELL.

BUT THAT MOTTO IS ALSO A WORTHY STATEMENT OF OUR NATIONAL IDEAL IN EDUCATION.

AND IT HAS PARTICULAR MEANING, I BELIEVE, AT A MOMENT WHEN INSTITUTIONS LIKE THIS ONE -- INSTITUTIONS WHICH SURVIVED AND CHALLENGED THE SINFULNESS OF SEGREGATION -- NOW FIND THEMSELVES CHALLENGED AS THE WALLS OF SEGREGATION COME TUMBLING DOWN.

WHEN THE HISTORIANS COME TO WRITE ABOUT THE SECOND HALF OF OUR TURBULENT CENTURY, I HAVE NO DOUBT THAT ONE OF THE MOST DRAMATIC CHAPTERS WILL CONCERN THE CRUMBLING OF THOSE WALLS IN HIGHER EDUCATION.

IN THE PAST FEW YEARS, BOTH THE NUMBER AND PERCENTAGE OF BLACK CITIZENS IN HIGHER EDUCATION HAVE INCREASED DRAMATICALLY. TODAY THE PERCENTAGE OF COLLEGE-AGE BLACK YOUTH IN HIGHER EDUCATION APPROACHES THEIR PERCENTAGE IN THE POPULATION. A BLACK HIGH SCHOOL GRADUATE HAS VIRTUALLY THE SAME LIKELIHOOD OF GOING ON TO COLLEGE AS A WHITE GRADUATE. MANY INSTITUTIONS ONCE CLOSED TO QUALIFIED BLACK STUDENTS ARE COMPETING FOR THEM.

THIS NEW BROADER ACCESS TO HIGHER EDUCATION IS CAUSE FOR CHEERING. IT IS, IN LARGE PART, THE WORK OF LEADERS LIKE VERNON JORDAN AND BENJAMIN MAYS AND CHARLES MEREDITH WHO WERE DETERMINED TO FORCE OPEN THE GATES OF EDUCATION TO BLACK STUDENTS WHO ONCE WERE SHUT OUT.

IT IS CAUSE FOR CHEERING. BUT WE MUST NOT MISTAKE PARTIAL PROGRESS FOR TOTAL FULFILLMENT.

THE SOBER FACT IS THAT FOR ALL OUR PROGRESS, FOR ALL THE ACHIEVEMENTS WE HAVE MADE IN GAINING ACCESS FOR BLACK AMERICANS TO COLLEGE AND GRADUATE AND PROFESSIONAL SCHOOLS, THE SAD VESTIGES OF DISCRIMINATION LINGER ON TO HAUNT US.

I AM REMINDED OF A STRIKING CARTOON DRAWN BY BILL MAULDIN A FEW YEARS AGO. IT SHOWS A FRAIL, SKELETAL OLD MAN -- LABELED SEGREGATION -- SITTING ON THE VERANDAH OF A DECAYING MANSION. A BLACK MAN DRIVING BY SAYS TO HIS COMPANION, "OH, YES, HE'S DEAD. HE JUST WON'T LIE DOWN."

WE ARE FINDING, IN OUR EFFORTS TO BROADEN ACCESS FOR BLACK STUDENTS TO HIGHER EDUCATION, THAT IN TOO MANY PLACES, SEGREGATION JUST WON'T LIE DOWN.

LET ME CITE JUST ONE EXAMPLE.

NINE YEARS AGO, THE NAACP LEGAL DEFENSE AND EDUCATION FUND FILED SUIT IN FEDERAL DISTRICT COURT TO COMPEL THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE TO ENFORCE DESEGREGATION IN THE COLLEGES AND UNIVERSITIES OF SEVERAL STATES.

OVER THE PAST TWO YEARS, UNDER THE TERMS OF A COURT ORDER IN THAT CASE, WE AT HEW HAVE BEEN NEGOTIATING DESEGREGATION PLANS WITH SIX STATES TO ELIMINATE THE VESTIGES OF SEGREGATION IN THEIR SYSTEMS OF HIGHER EDUCATION. WE HAVE REACHED AGREEMENT WITH FIVE STATES, INCLUDING GEORGIA. BUT WE HAVE BEEN UNABLE TO REACH AGREEMENT WITH NORTH CAROLINA.

IN NORTH CAROLINA WE FOUND A FUNDAMENTALLY SEGREGATED SYSTEM. CONSIDER THESE FACTS:

AT NORTH CAROLINA'S ELEVEN TRADITIONALLY WHITE COLLEGES AND UNIVERSITIES, ONLY SIX PERCENT OF FULL-TIME UNDERGRADUATES ARE BLACK STUDENTS.

IN THE STATE'S FIVE TRADITIONALLY BLACK SCHOOLS, ONLY FOUR PERCENT OF FULL-TIME UNDERGRADUATES ARE WHITE. MORE THAN 70 PERCENT OF THE FULL-TIME BLACK UNDERGRADUATES IN THE UNIVERSITY SYSTEM ATTEND FIVE TRADITIONALLY BLACK SCHOOLS.

AND THE DISPARITY IN RESOURCES, FACILITIES AND PROGRAMS BETWEEN THE TRADITIONALLY BLACK AND TRADITIONALLY WHITE INSTITUTIONS IN THE STATE IS DRAMATIC -- AS DRAMATIC AS THE DIFFERENCE IN ENROLLMENTS BY RACE.

BETWEEN 1974 AND 1979, FOR EXAMPLE, THE STATE OF NORTH CAROLINA APPROPRIATED AN AVERAGE OF \$24 MILLION FOR EACH TRADITIONALLY WHITE INSTITUTION -- AND ONLY \$7 MILLION FOR EACH TRADITIONALLY BLACK INSTITUTION. AND NORTH CAROLINA'S MOST RECENT MAJOR INVESTMENTS IN NEW PROGRAMS FOR ITS SYSTEM OF HIGHER EDUCATION -- \$82 MILLION FOR A NEW MEDICAL SCHOOL AND VETERINARY SCHOOL -- WERE MADE IN TRADITIONALLY WHITE INSTITUTIONS.

ONE OF THE STATE'S LEADING NEWSPAPERS PUT IT THIS WAY
IN DESCRIBING ONE TRADITIONALLY BLACK CAMPUS:

"THE LEGACY OF YEARS OF SEGREGATION...IS VISIBLE IN
COUNTLESS WAYS, ...IT CAN BE SEEN IN THE GRIM,
DEPRESSION-ERA BUILDINGS, ...IN POORLY EQUIPPED
LABORATORIES, IN THE OVERLY CROWDED LIBRARY AND IN
SPORTS FACILITIES WHICH, OFFICIALS SAY, DO NOT EQUAL
THOSE FOUND IN LOCAL PUBLIC HIGH SCHOOLS."

ANOTHER NORTH CAROLINA NEWSPAPER SAID:

"AN OBJECTIVE OBSERVER COULD HARDLY ESCAPE THE CONCLUSION
THAT THERE ARE TWO SYSTEMS; ONE CONSISTS OF HISTORICALLY
WHITE INSTITUTIONS THAT FOR YEARS HAVE GOTTEN THE BULK
OF MONEY AND VIRTUALLY ALL THE ATTRACTIVE NEW PROGRAMS.
THE OTHER CONSISTS OF HISTORICALLY BLACK INSTITUTIONS
THAT UNTIL RECENT YEARS HAVE BEEN EMBARRASSINGLY
UNDER FINANCED; THEY STILL SUFFER FROM THOSE YEARS OF
NEGLECT."

AND NORTH CAROLINA'S GOVERNOR WAS RECENTLY MOVED TO SAY, "MY HEART JUST ACHES WHEN I SEE SOME OF THOSE BUILDINGS THESE CHILDREN HAVE TO GO TO SCHOOL IN. WE HAVE A LONG WAY TO GO IN PROVIDING ADEQUATE FACILITIES AT THESE TRADITIONALLY BLACK INSTITUTIONS."

NORTH CAROLINA FAILED TO SUBMIT TO HEW A PLAN FOR ELIMINATING THE VESTIGES OF THEIR DUAL SYSTEM THAT WAS ACCEPTABLE UNDER THE COURT ORDER. CONSEQUENTLY, WE HAVE BEGUN PROCEEDINGS THAT COULD ULTIMATELY LEAD TO THE TERMINATION OF FEDERAL FUNDING REQUIRED UNDER TITLE VI OF THE CIVIL RIGHTS ACT OF 1964. I HOPE WE CAN AVOID THAT RESULT -- AND AVOID PROTRACTED LITIGATION. FOR SUCH AN OUTCOME WOULD HARM THOUSANDS OF STUDENTS.

NEITHER GOVERNOR HUNT NOR I NOR WILLIAM FRIDAY, THE DISTINGUISHED PRESIDENT OF THAT STATE'S UNIVERSITY SYSTEM, BEARS THE RESPONSIBILITY FOR WHAT HAPPENED IN THE PAST. BUT THEY AND I DO BEAR THE RESPONSIBILITY FOR BUILDING

THE FUTURE. SURELY WE CAN MUSTER THE WILL, THE COURAGE, AND THE DETERMINATION TO ERASE THE VESTIGES OF PAST INJUSTICE. SURELY WE CAN MUSTER THE LEADERSHIP TO DO THAT JOB. THE TIME IS LONG OVERDUE FOR NORTH CAROLINA TO MAKE MAJOR INVESTMENTS IN ATTRACTIVE NEW PROGRAMS FOR HISTORICALLY BLACK INSTITUTIONS. AND IT IS TIME TO ELIMINATE SOME OF THE 58 SETS OF DUPLICATIVE PROGRAMS OFFERED AT NEIGHBORING WHITE AND BLACK INSTITUTIONS--IF THAT IS WHAT IT TAKES TO REMOVE THE VESTIGES OF SEGREGATION. ONLY THEN CAN WE EASE THE HEARTACHE THAT IS GOVERNOR HUNT'S AND MINE AND THE HEARTACHE OF THOUSANDS OF YOUNG BLACKS.

LET US -- EVERYONE OF US WHO HAS RESPONSIBILITY IN THIS MATTER -- WORK TOGETHER NOW TO EASE THAT HEARTACHE

WE NEED NOT LOOK, HOWEVER, AT JUST ONE STATE AND ITS INSTITUTIONS TO SEE THAT THE VESTIGES OF SEGREGATION PERSIST IN HIGHER EDUCATION.

THE FACTS OF OPPORTUNITY DELAYED AND OPPORTUNITY DENIED ARE VISIBLE IN MANY WAYS AND MANY PLACES, IN STUDENT POPULATIONS AND ON FACULTY ROSTERS:

- IN 1977, FEWER THAN ONE OF EVERY 50 FACULTY MEMBERS AT MEDICAL SCHOOLS WAS BLACK.
- A REPORT OF THE AMERICAN ASSOCIATION OF MEDICAL COLLEGES REVEALED LAST YEAR THAT FOR THE SECOND STRAIGHT YEAR, THE NUMBER OF BLACK APPLICANTS TO MEDICAL SCHOOL HAD STOPPED GROWING AND IN FACT HAD BEGUN TO DECLINE. THE PATTERN AT LAW SCHOOLS IS SIMILAR -- LAST YEAR, THE NUMBER OF BLACK STUDENTS ENROLLED IN LAW SCHOOLS DECLINED BY NEARLY 4 PERCENT, FROM 5,500 TO 5,300.
- BETWEEN 1974 AND 1977, THE NUMBER OF PH.D.S EARNED BY BLACK SCHOLARS IN SEVERAL IMPORTANT DISCIPLINES HAS DECLINED: FROM 29 TO 20 CHEMISTRY; FROM 16 TO 10 IN MATHEMATICS, AND FROM 15 TO 11 IN ENGINEERING.

THESE MELANCHOLY FACTS MAKE IT IMPERATIVE FOR ALL OF US TO WORK TOGETHER -- IN GOVERNMENT, IN EDUCATION, AND IN THE SOCIETY AT LARGE -- TO STRIKE DOWN THE BARRIERS THAT STILL BLOCK MINORITIES FROM FULL PARTICIPATION IN HIGHER EDUCATION.

TO THAT END, PRESIDENT CARTER AND I AND THIS ADMINISTRATION ARE WORKING ON SEVERAL FRONTS TO ENSURE THAT THE FUTURE OF AMERICAN EDUCATION IS A FULLY INTEGRATED FUTURE.

THESE EFFORTS, TO BE SURE, WILL AFFECT TRADITIONALLY BLACK COLLEGES AS WELL AS WHITE ONES. BUT WE MUST NEVER PERMIT A POLICY OF INTEGRATION TO BECOME A POLICY OF OBLITERATION.

SO WE HAVE MADE A FIRM AND FUNDAMENTAL PLEDGE AS WE WORK TO ACHIEVE DESEGREGATION IN HIGHER EDUCATION: THAT THE TRADITIONALLY BLACK COLLEGES MUST NOT BEAR THE HEAVIEST BURDENS OF DESEGREGATION; THEY MUST BE STRENGTHENED, NOT WEAKENED, IN THE DESEGREGATION PROCESS.

WE WANT THESE INSTITUTIONS TO ATTRACT STUDENTS, NOT BECAUSE THEY ARE BLACK OR WHITE, BUT BECAUSE THEY ARE EXCELLENT.

THAT IS WHY WE HAVE INSISTED, IN OUR EFFORTS TO ACHIEVE DESEGREGATION IN PUBLIC SYSTEMS OF HIGHER EDUCATION, THAT THE STATES MUST COMMIT THEMSELVES TO NEW PROGRAMS, NEW FACILITIES, AND NEW QUALITY FOR THEIR TRADITIONALLY BLACK INSTITUTIONS.

AS A RESULT OF OUR EFFORTS, AT MANY OF THE NATION'S TRADITIONALLY BLACK PUBLIC COLLEGES, NEW AND ENLARGED PROGRAMS ARE UNDERWAY TO EQUALIZE FACULTY SALARIES, EXPAND LIBRARIES, BUILD NEW FACILITIES, INCREASE STUDENT SCHOLARSHIPS AND IMPROVE THE CURRICULUM.

THIS SUGGESTS WHAT WE MEAN BY STRENGTHENING TRADITIONALLY BLACK INSTITUTIONS.

WE ARE SENSITIVE -- DEEPLY SENSITIVE -- TO THE MANY QUESTIONS THAT ARISE IN THIS ERA OF CHANGE IN HIGHER EDUCATION.

FRIENDS OF INSTITUTIONS LIKE THIS ONE ARE SERIOUSLY CONCERNED ABOUT SEVERAL POSSIBILITIES.

- THEY FEAR THAT HIGHLY QUALIFIED BLACK STUDENTS WILL BE LOST TO LARGE, PREDOMINANTLY WHITE INSTITUTIONS.
- THEY FEAR THAT SOME INSTITUTIONS -- PARTICULARLY TRADITIONALLY BLACK PUBLIC COLLEGES -- WILL LOSE THEIR BEST PROGRAMS AS PROGRAM DUPLICATION IS ELIMINATED.
- THEY FEAR THAT MANY BLACK INSTITUTIONS WILL BE MERGED OUT OF EXISTENCE, OR FORCED TO GIVE UP THEIR SPECIAL TRADITIONAL CHARACTER.

THESE ARE SERIOUS QUESTIONS. IN AN ERA OF INTEGRATION, MANY INSTITUTIONS WILL INDEED FACE INTENSE COMPETITION, A CHANGING MISSION, PROFOUND QUESTIONS ABOUT THEIR FUTURE ROLE.

IT WOULD BE FOOLISH FOR YOU OR ME TO TRY TO PREDICT THE ANSWER TO THOSE QUESTIONS.

BUT WE CAN TRY TO SHAPE THE ANSWERS.

AND I BELIEVE AS A CITIZEN, AS A PUBLIC OFFICIAL, AS AN ADMIRER OF INSTITUTIONS LIKE THIS ONE THAT THE FUTURE OF THIS NATION'S TRADITIONALLY BLACK INSTITUTIONS CAN BE EVEN MORE DISTINCTIVE AND DISTINGUISHED IN THE FUTURE THAN IN THE PAST -- IF THEY DO WELL WHAT THEY HAVE DONE IN THE PAST -- AND SEEK TO GIVE NATIONWIDE REALITY TO THE IDEAL EXPRESSED IN YOUR MOTTO: STRENGTH IN DIVERSITY.

THEY CAN, FIRST OF ALL, EMPHASIZE THE ROLE OF THE TEACHER. FOR YEARS, THESE HAVE BEEN INSTITUTIONS THAT EMPHASIZED AN INTIMATE COMMUNION BETWEEN TEACHER AND STUDENT; A COMMUNION THAT EMPHASIZED THE POWER OF INDIVIDUAL EXAMPLE AND INDIVIDUAL ATTENTION. IN A WORLD OF VAST CONGLOMERATE CAMPUSES, OF MULTIVERSITIES AND MEGIVERSITIES, THAT INTIMATE COMMUNION IS A THING TO BE CHERISHED. IT IS ONE GIFT THESE INSTITUTIONS CAN BRING TO THE WORLD OF HIGHER EDUCATION.

SECOND, THESE CAMPUSES CAN CONTINUE TO BE TEMPLES OF CONCERN FOR THE DISADVANTAGED OF EVERY RACE AND CONDITION.

A RECENT SURVEY OF 41 BLACK COLLEGES FOUND THAT HALF OF THEIR STUDENTS CAME FROM FAMILIES WITH ANNUAL INCOMES BELOW \$5,000. AN AVERAGE OF 80 PERCENT OF THESE STUDENTS QUALIFIED FOR NEED-BASED FEDERAL ASSISTANCE -- AND ON SOME CAMPUSES MORE THAN 90 PERCENT QUALIFIED.

THESE CAMPUSES, IN SHORT, HAVE PROVIDED GIANT OPPORTUNITIES TO THOUSANDS OF STUDENTS WHO MIGHT OTHERWISE BE BARRED BY POVERTY FROM HIGHER EDUCATION.

FOR A CENTURY, THE TRADITIONALLY BLACK COLLEGES HAVE PLAYED THAT ROLE OUT OF NECESSITY. NOW THEY HAVE AN OPPORTUNITY TO SHOW THE NATION HOW TO CHERISH AND CALL FORTH THE POTENTIAL OF THOSE WHOM THE SYSTEM HAS NEGLECTED OR DISCRIMINATED AGAINST.

THIRD, THESE INSTITUTIONS CAN STRIVE TO BUILD QUALITY PROGRAMS THAT WILL ENABLE THEM TO ATTRACT STUDENTS FROM EVERY AGE GROUP, EVERY RACE, AND EVERY WALK OF LIFE.

THIS INSTITUTION AND ITS SISTERS HAVE ALWAYS OPENED THEIR ARMS TO ALL. THE COMPETITIVE FUTURE WILL REQUIRE THAT THEY NOT ONLY OPEN THEIR ARMS -- BUT THAT THEY ALSO REACH OUT AND GRAB: WITH WELL-DESIGNED, APPEALING PROGRAMS, AND WITH ACADEMIC OFFERINGS OF VISIBLY HIGH QUALITY.

FOURTH AND FINALLY, THE HISTORICALLY BLACK INSTITUTIONS CAN IN THE FUTURE, PROUDLY AND UNAPOLOGETICALLY CONTINUE TO BE WELLSPRINGS OF CONCERN AND RESPONSIVENESS TO THE BLACK COMMUNITY. PROUD REPOSITORIES OF THE HISTORY AND TRADITION AND SHARED EXPERIENCE OF BLACK AMERICA.

WHAT NOTRE DAME AND FORDHAM ARE TO CATHOLIC AMERICA;
WHAT BRANDEIS IS TO JEWISH AMERICA, LET MOREHOUSE AND
SPELMAN AND ITS SISTERS HERE, LET HOWARD AND DILLARD AND
OTHER INSTITUTIONS BE TO BLACK AMERICA: OPEN TO ALL,
BUT SENSITIVE TO THE SPECIAL NEEDS OF THE PEOPLE WHO FOUNDED
AND BUILT AND SUPPORTED THEM.

AS WE LOOK TOWARD THE FUTURE, THIS ADMINISTRATION
AND THE DEPARTMENT I HEAD WILL DO OUR PART -- WITH YOUR
HELP AND YOUR URGING -- TO HELP THESE INSTITUTIONS HELP
THEMSELVES:

- WE WILL CONTINUE OUR SPECIAL PROGRAMS TO IDENTIFY
AND ENCOURAGE MINORITY STUDENTS TO FULFILL THEIR
POTENTIAL IN COLLEGE AND IN GRADUATE AND PROFESSIONAL
TRAINING.

- WE WILL PURSUE OUR DESEGREGATION EFFORTS WITH ZEAL -- BUT WITH SENSITIVITY TO THE SPECIAL NEEDS AND SPECIAL CONTRIBUTIONS OF THE BLACK COLLEGES.

- WE WILL CONTINUE TO HELP STRUGGLING INSTITUTIONS MAINTAIN THEIR VIABILITY: THROUGH TITLE III OF THE HIGHER EDUCATION ACT, AND BY GIVING TECHNICAL ASSISTANCE AND MANAGEMENT HELP TO INSTITUTIONS IN NEED.

- FINALLY, WE WILL WORK WITH VIGOR TO FULFILL THE COMMITMENT MADE BY PRESIDENT CARTER IN HIS DIRECTIVE OF LAST JANUARY, TO HELP THE TRADITIONALLY BLACK INSTITUTIONS SHARE MORE FULLY AND FAIRLY IN FEDERAL PROGRAMS OF ASSISTANCE TO HIGHER EDUCATION.

I HOPE YOU WILL PERMIT ME, IN CLOSING, A PERSONAL WORD TO YOU WHO ARE STUDENTS:

I SPEAK TO YOU AS ONE WHO HAS PLAYED A ROLE IN DESIGNING, DEFENDING AND MANAGING THE EFFORTS OF THIS NATION'S GOVERNMENT TO ACHIEVE JUSTICE AND EQUAL OPPORTUNITY.

I BELIEVE IN THE PROMISE OF THOSE PROGRAMS -- AND THE PROMISE OF THIS NATION.

I HAVE SEEN, AS YOU HAVE, THE PROGRESS WE HAVE MADE SINCE MARTIN LUTHER KING BEGAN HIS PROTEST IN MONTGOMERY IN 1956; SINCE A DETERMINED BAND OF STUDENTS FROM THIS UNIVERSITY CENTER BEGAN THE SIT-INS IN EARLY 1960.

BUT I BELIEVE, AS YOU DO, THAT THE STRUGGLE MUST CONTINUE.

IN THE SIXTIES, BLACK AMERICANS FOUGHT FOR THE RIGHT TO BE SERVED AT LUNCH COUNTERS IN DEPARTMENT STORES.

IN THE SEVENTIES, THEY HAVE STRUGGLED FOR EQUAL JOB OPPORTUNITIES IN THOSE STORES.

YOUR CHALLENGE IS TO OWN THE STORES.

SO I WOULD URGE, AS THIS UNIVERSITY STRIVES TO WIDEN YOUR INTELLECTUAL HORIZONS; AS YOUR GOVERNMENT ACTS TO ENLARGE THE HORIZONS OF OPPORTUNITY FOR YOU AND YOUR FELLOW CITIZENS -- THAT YOU STRIVE TO WIDEN THE HORIZONS OF YOUR OWN IMAGINATIONS AND AMBITIONS.

I WOULD CHARGE YOU TO AIM, NOT ONLY FOR A BACHELORS' DEGREE, BUT FOR ADVANCED GRADUATE AND PROFESSIONAL TRAINING;

- AIM NOT ONLY FOR CAREERS IN BUSINESS, BUT FOR CONTROL OF BANKS AND BUSINESSES AND FINANCIAL INSTITUTIONS IN AMERICA.

- AIM NOT ONLY FOR CAREERS IN MEDICINE, BUT FOR CHAIRS ON THE NATION'S MEDICAL FACULTIES AND HOSPITAL BOARDS.

- AIM NOT ONLY FOR STATUS AS MEMBERS OF A BLACK ELITE, BUT FOR A SEAT IN ALL THE CENTERS OF NATIONAL DECISION-MAKING.

- AIM, NOT ONLY FOR PARTICIPATION IN POLITICS, BUT FOR THE PRESIDENCY OF THE UNITED STATES.

VISIONARY ADVICE? PERHAPS.

BUT I WOULD REMIND YOU OF SO MANY OTHER GRADUATES AND FACULTY OF THIS UNIVERSITY, WHO WOULD ACCEPT NO LIMITS ON THEIR DREAMS: NO LIMITS IMPOSED BY LAW, NO LIMITS IMPOSED BY CUSTOM -- AND NO LIMITS IMPOSED BY SELF-DOUBT.

THEIR NAMES RING LIKE BELLS: FROM JAMES WELDON JOHNSON TO BENJAMIN MAYS TO JULIAN BOND; FROM MARTIN LUTHER KING TO MARION WRIGHT EDELMAN TO VERNON JORDAN.

THE STRUGGLES THEY LAUNCHED ARE FAR FROM OVER.

THE NEED FOR NEW LEADERS TO FOLLOW IN THEIR FOOTSTEPS IS FAR FROM FILLED.

THE CHALLENGE OF TRAINING SUCH LEADERS FOR THE NATION SUGGESTS TO ME THAT CHARLES MEREDITH, THE ATLANTA UNIVERSITY CENTER, AND ITS SISTER INSTITUTIONS WILL CONTINUE TO PLAY A GRAND PART IN THE HISTORY THAT IS WAITING TO BE WRITTEN: THE HISTORY OF HIGHER EDUCATION, AND OF JUSTICE, IN AMERICA.

THANK YOU.

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THE WHITE HOUSE
WASHINGTON

April 23, 1979

Landon Butler

The attached was returned in
the President's outbox today
and 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
		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
		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

*done
J*

4/13/79

Mr. President --

Bob Strauss recommends that you call Fitzsimmons to thank him for his work re Teamsters.

He said "the man next to Fitzsimmons sent word that it would be a very appropriate time to thank him." "We don't have to write Fitzsimmons off for 1980; have a shot."

Landon Butler concurs with recommended telephone call.

-- Phil Wise

*Stu ✓
Kirbo ✓
Berl*

**Electrostatic Copy Made
for Preservation Purposes**

9:00 AM

THE WHITE HOUSE

WASHINGTON

April 21, 1979

C

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *JW*

SUBJECT: Agenda for the Cabinet Meeting
Monday, April 23, 1979
9:00 a.m. (Cabinet Room)

All Cabinet members are expected to attend except Harold Brown, who will be represented by Deputy Secretary Charles Duncan, and Andrew Young, who will be represented by Don McHenry.

DOMESTIC ISSUES

Multi-Lateral Trade Negotiations

You may want to ask Bob Strauss to brief the Cabinet on the status of the MTN negotiations.

Energy

- Tuesday, the House Interstate and Foreign Commerce Committee will take up your Standby Conservation Plans. The vote appears to be close. You may want Jim to brief the Cabinet on the status of the plans and the overall reaction to your energy speech.
- Mike can brief the Cabinet on the status and timing of the Windfall Profits Tax proposal.
- You might also want to comment on the Energy Legislation Task Force in light of Stu's status report to you on that subject.

Three-Mile Island Commission

Your newly-appointed Commission will meet for the first time on Wednesday, April 25. You will meet with the Commission, at the White House, before they formally convene.

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It would also be useful if you reminded the Cabinet of the need to continue their cooperation through my office as we assist Pennsylvania in dealing with the long-term effects of the accident. So far, cooperation has been splendid.

Third Budget Resolution for 1979

Jim McIntyre and Frank Moore have communicated to the Cabinet Secretaries and Agency congressional liaison staffs the Administration's position of general support for the Resolutions and asked that they coordinate all Hill contacts with the Budget Task Force. In his weekly report, Frank asked that you reinforce this request and underscore your desire to have the Administration speak with one voice.

The Economy

Charlie and Juanita can brief the Cabinet on current economic indicators.

Labor Negotiations

Ray can brief the Cabinet on the status of significant labor negotiations (Rubber Workers, Teamsters' Ratification).

Other Domestic Policy Issues you may wish to ask for brief status reports on are Alaska Lands, Hospital Cost Containment, and the Department of Education.

FOREIGN ISSUES

SALT

You may want to give the Cabinet a status report on SALT.

Middle East

Cy can brief the Cabinet on the status of next steps in the Middle East peace process. He is also prepared to comment briefly on the situation in Lebanon.

Rhodesia

Andy or Cy can discuss the Rhodesian elections and the general situation in Southern Africa.

cc: The Vice President

MCINTYRE ATTACHMENT



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

April 19, 1979

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre, Jr. *JTM*

At a meeting earlier today in my office, Frank, Stu, Anne and I decided upon a floor strategy for the First Budget Resolution. Attached for your information are an outline of the decisions and a copy of a memo we agreed to send to the Cabinet. It would be helpful to emphasize this strategy at the Cabinet meeting Monday.

Attachments

FOR EOP USE ONLY
April 19, 1979

Floor Strategy for Budget Resolution

1979

Support the Third Resolution, with the following exceptions:

- 1) Provide additional funding for food stamp benefits;
- 2) Provide funding for two Iranian ships;
- 3) Provide some start-up funding (about \$50M) for the private sector jobs initiative;
- 4) Restore funding for disaster assistance (House only);
and
- 5) Consider restoring funding for targeted fiscal assistance (see below).

1980

Support the recommendations of both Budget Committees on the floor. Differences between the House and Senate will be worked out in conference.

Oppose all floor amendments, even when they would make the resolution closer to our Budget. Actively oppose cuts to CETA and targeted fiscal assistance in the House.

Follow-up:

The Director will talk to Senator Muskie and Congressman Giaimo about the above items as soon as they return to D.C. He will also discuss full funding with Senator Muskie. Stu and Bo will talk to John McEvoy re the targeted fiscal assistance supplemental via conference call.



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

April 19, 1979

MEMORANDUM FOR THE CABINET

FROM: James T. McIntyre, Jr. *James McIntyre*

SUBJECT: Floor Action on the First
Budget Resolution for 1980

Floor action on the resolution will commence on Monday, April 23, in the Senate, and approximately one week later in the House. While we do not agree with every specific recommendation of the Budget Committees, their totals are consistent with the President's overall budget policy, and we expect that some of the detailed differences between the resolution and the President's budget can be resolved in conference. Other changes can be negotiated through the authorization and appropriations processes during this session of Congress.

The overall policy of this Administration will be to support the recommendations of both Budget Committees to their respective Houses for the 1980 budget. As a result, we will oppose amendments to the First Budget Resolution for 1980 on the floor in either House. We intend to discuss any changes to this general policy with the Budget Committee Chairmen and the Congressional Leadership, and will notify you as this occurs.

In order for the Administration to speak with a consistent position, all legislative communications concerning floor action on the resolution (including provision of funding for 1979 supplementals) should be coordinated through the Budget Task Force, which will be meeting continually during the next two weeks with Frank Moore and me.

The Task Force and I appreciate your support to date in enacting the 1980 budget, and with your continued help, we should be successful in achieving our budget goals.

THE WHITE HOUSE
WASHINGTON
4/23/79

Stripping

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

Rick Hutcheson

cc: Hamilton Jordan
Zbig Brzezinski

1612

OCCIDENTAL PETROLEUM CORPORATION

10889 WILSHIRE BOULEVARD • SUITE 1500

LOS ANGELES, CALIFORNIA 90024

(213) 879-1700 • (213) 477-0066

ARMAND HAMMER
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

April 11, 1979

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

Dear Mr. President:

I wish to congratulate you on your stand on energy and assure you that I will do everything possible to cooperate with you.

I was very pleased to see the inclusion of shale oil in your plans. As you know so well, I have devoted myself to creating this industry and believe it the only near term solution for additional liquid fuel.

A windfall profits tax will make a Shale Oil TVA concept possible and I am certain from some recent conversations with Senators that it will be a popular idea.

I was also gratified that coal is finally receiving the recognition we have so long discussed. It can have more immediate effect than any other fuel and I am certain the Commission headed by Governor Rockefeller will come up with constructive recommendations.

In regard to Mexico, the U.S. is now on the right track. Once there is a resolution over Mexican gas, I am certain that crude oil will follow right along and that purchases will be made on the U.S. economy which will help our balance of payments.

President Lopez Portillo's sister, Margarita, has invited Mrs. Hammer and I to Mexico City on April 17th for the dedication of an historic convent which we have helped to restore.

*cc: Armand Hammer
Thanks. I need
your help with
Congress.*

*Give my regards
to Pres & Mrs
Lopez Portillo*

J. Carter

The President

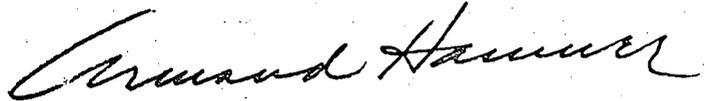
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April 11, 1979

I have been advised that the President plans to be there and that I may see he and other officials privately while I am in Mexico. If in any way, I can be helpful in problem areas of the negotiations, I will, of course, be ready to assist.

Much of our conversation and correspondence over the past two and a half years has been about energy. Yours is the most difficult of roles, but your leadership is going to make the difference as we seek some independence and self-determination. Again, I congratulate you for it and pledge my continuing support.

Respectfully,

A handwritten signature in cursive script, appearing to read "Gerald R. Ford".

AH:teb

U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

April 13, 1979

C
/

MEMORANDUM FOR THE PRESIDENT

FROM: RAY MARSHALL *Ray*
SUBJECT: The Need for Monetary Restraint

Many of your economic advisers believe the economy may be overheating and that you and your Administration should encourage a further tightening of monetary policy by the Federal Reserve Board. Chairman Miller apparently is planning to go ahead with such tightening without any prompting from the Administration. He has also rejected the possibility of selective credit controls on credit cards or auto installment purchases.

I do not favor further tightening at this time. It is not at all clear to me that the economy is overheated or that an excessive inventory buildup is taking place. The issue, however, is sufficiently cloudy that I do not recommend seeking to change Chairman Miller's view at this time. But I certainly would not put the Administration in the position of encouraging restraint. This would limit your flexibility in the near future if it turns out that instead of overheating the economy is in fact slowing at an excessive rate.

Three arguments support the view that the economy is overheated. One is the rapid growth in employment over the last 15 months. This growth, however, does not appear to have been excessive since it has not caused wage increases to accelerate. The hourly earnings index has increased at an 8.2 percent rate in the last 12 months. While this represents an acceleration of 0.3 percent from the preceding

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John W. ...

year, this modest increase can be more than accounted for by the 3.5 percentage point acceleration in price inflation that took place over the same period. I conclude that the wage data do not indicate the existence of labor shortages. The guidelines appear to be working on the wage side where wage increases are only slightly higher than anticipated when the program was described in your Economic Report.

The second argument is that investment is too strong. While investment has grown, I do not believe we want to discourage capacity building at this time. The future growth in employment requires that substantial investment be made over the next few years. Moreover, there is little if any evidence that monetary tightness will moderate investment even if we wanted to do so. A better approach, if there are bottlenecks in this sector, might be to slow down the rate of defense procurement which tends to require products from the same industries that are frequently involved in capital investment.

The third area is excessive inventory building. Manufacturing inventories grew during January and February at a rate that was 75 percent higher than it was in 1978. I believe that very little of this large increase is speculative or excessive accumulation. Much of it is due to the large increase in the prices of existing inventories. Another larger part is due to special factors in the auto industry. General Motors intentionally increased their inventories to keep up with their rising sales, because of concern over the Teamsters' strike, because Chevette production had to be substantially expanded, and in preparation for the unusual mid-year introduction of the new X-car. Anticipation of the Teamster problem clearly added to inventories elsewhere. Any remaining inventory acceleration can easily be explained by the sharp reduction in real retail sales that occurred in January and February and by the drop-off in construction in those months.

The decline in retail sales has been substantial. The March figures, which presumably included the make-up for the shortfall caused by bad weather in January and February, indicate only an 8 percent growth rate compared to the average level of retail sales in the fourth quarter of last year. Since the inflation rate was substantially above 10 percent for this period, retail sales actually fell in real terms.

I believe the inflation problem is being widely misdiagnosed. My position is described in the ~~attached~~ memo I sent the EPG. Most of the acceleration in inflation is coming from sectors which have little to do with overheating of the economy. By this I mean that an increase in unemployment would not moderate inflation in these sectors. While the Producer Price Index has increased at a rate above 14 percent for the last 3 months, items not related to energy, food and cattle, or to speculation in precious metals have increased at a rate less than 9 percent.

Charlie Schultze argues that it is easier to stimulate the economy than to slow it down, and that the risks of an overheated economy are greater than of one that is slowed excessively. Although I disagree, there is merit to these arguments.

But at this time, while the situation is so murky and the risks are so high, it is important to maintain your flexibility. A demonstrated move in either direction would restrict your freedom of action over the next few months. I think, therefore, that the best course of action would be to leave the Federal Reserve Board alone. I also think it important that we have a full debate on the causes and remedies for the economic problems we are facing to resolve our differences over the appropriate policy steps to take in the future. I hope the attached memo to the EPG will form the basis for that debate.

Attachment

ID 791528

T H E W H I T E H O U S E

WASHINGTON

DATE: 16 APR 79

FOR ACTION:

INFO ONLY:	THE VICE PRESIDENT	SECRETARY BLUMENTHAL
	HAMILTON JORDAN	JODY POWELL
	STU EIZENSTAT	JIM MCINTYRE
	CHARLIE SCHULTZE	ALFRED KAHN

SUBJECT: MARSHALL MEMO RE THE NEED FOR MONETARY RESTRAINT

+++++

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

+ BY: +

+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:



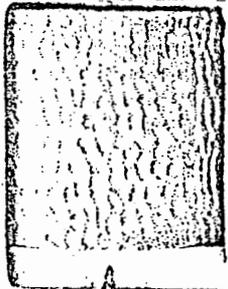
SECRETARY OF LABOR
WASHINGTON

April 10, 1979

NOTE FOR THE VICE PRESIDENT
STU EIZENSTAT
MIKE BLUMENTHAL
CHARLIE SCHULTZE
JIM McINTYRE

The attached memorandum, which was written prior to our conversations of yesterday, represents my views on the economic situation and policy-making process.

Ray
Secretary of Labor
Attachment



U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

10 APR 1979

MEMORANDUM FOR THE EPG

FROM: RAY MARSHALL

SUBJECT: Anti-inflation Program

Summary

The burden of the Administration's anti-inflation policy has fallen disproportionately on workers. This is not only true of the guidelines themselves but also includes those fiscal, monetary, regulatory, energy, and farm policies that have a major impact on prices.

Workers' interests in all these matters should be more fully recognized in the future. This memo contains specific suggestions to redress the current imbalance by taking a broader view of both the inflationary process and the nation's economic policy process.

Equity

When I first proposed the anti-inflation program last July, I recognized that working people would have to bear a substantial portion of the burden of adjustment if lower inflation rates were to be achieved. But I also thought that other parts of our society would bear an equivalent share of the burden. So far, this has not been the case. The farmers, sugar producers, oil producers, and the business sector have not borne their share of the burden. The result, we know, is

that price inflation now exceeds wage inflation by a substantial margin. This turn of events is disappointing because it is simply unfair and because a voluntary program will not work if it appears inequitable.

Objectives

Alternatives to the current anti-inflation program are quite unattractive. One is to let the air out of the current program as gracefully as possible and hope that inflation moderates. Another is to move some significant steps towards comprehensive wage and price controls. I think these are both undesirable. Rejecting these we must take steps to make the current program viable. The goal of these steps should be to assure complying workers that they have a good chance to stay even with inflation.

You will recall that as the guideline program was originally presented in October, complying workers were to come out 1-1/4 percent ahead of the inflation rate (a 7 percent wage standard and a 5-3/4 percent price target). While I grant that some of our recent price problems were unavoidable, my guess is that the current program will fail unless we can take steps to see that future inflation approaches this target. Workers will not comply for much longer with a voluntary program that shrinks their real income.

If two conditions are met, real income of the complying workers can increase:

1. Real national income must continue to grow. A recession, by definition, shrinks the real GNP to be distributed. Lower productivity growth--which a recession encourages--compounds this problem in the future.
2. The share of GNP going to other sectors--farmers, profit, government, etc.--and to non-complying workers cannot increase at the expense of the share going to complying workers. If workers can be promised a fair share of a growing GNP, they are more apt to comply with the program.

The danger I see is that we might go in exactly the opposite direction to that suggested by these principles. The worst policy we could follow this time would be to raise prices in a variety of sectors and then try to offset the resulting inflation by cooling off the economy and increasing unemployment, yet this is the policy we are on the verge of adopting.

The problem with this policy is that the half point of inflation so easily added in energy, food or medical care can be removed through general monetary and fiscal policies only at an enormous price.

I recognize we cannot be precise, but the estimates I have seen indicate that even a half point reduction in the inflation rate would require an increase in the unemployment rate of a point and a half. This would correspond to about a 4 percent decline in GNP or a cost of \$80 billion. Certainly it is cheaper to pursue policies to reduce inflation in specific sectors, and at a minimum not to increase inflation by raising specific prices, than to shut down the economy in order to pursue an expensive food or energy policy. And I think it makes sense politically not to make the general public--and workers in particular--bear the whole cost of reducing inflation while other groups are obviously profiting from highly visible price increases.

Policy Recommendations

I recommend the following:

A. Macropolicy

1. Avoid fiscal and monetary steps that will cool the economy to the point where a recession follows.
2. Begin to deemphasize the role of the deficit. Although the deficit has been a contributing factor it is not the primary cause of inflation. Over-emphasis of the deficit impedes the political education needed to cure what is essentially a political phenomenon.

B. Guidelines

3. Initiate decisive action to cut back excessive price increases. The President's recent Oklahoma and Texas speeches set the stage for more effective enforcement of the guidelines. Widespread price increases and surging profits make it clear that action is needed to restrain the price manipulation that is taking place. The price guidelines should be sharply strengthened.
4. Make every effort to hold food price increases to 7 percent. This commitment might require increases in beef imports, cessation or reduction of purchases of meat or beef by the Department of Defense, GSA, and by school lunch programs that are Federally supported. It might also include a request that all Americans forego one meat meal a week from their current diet, changes in dairy supports, and whatever else is necessary. If additional subsidies are needed to accomplish our goal, they should be accommodated in the budget. These actions will be very unpopular with the farm community. But that is the essence of the inflation problem: more income for farmers will mean less for workers and the general public.
5. Begin work on next year's guidelines. The guidelines to be applied next October should be announced this summer and a consensus needs to be developed if they are to be accepted in the private sector. In particular, labor has to know what next year's pay guideline will be. There will be mounting pressure to relax this year's guideline which could be deflected if we begin a serious discussion. For example, a two-year

increase of 15 percent for 1979 and 1980 combined might give relief to those who accepted 7 percent this year. (Also see recommendation 7 below.)

6. Begin work on next year's "incentive tax package." I believe we should resubmit real wage insurance (RWI). This time we should couple it with a price tax along the lines I have suggested before. The price tax would help pay for RWI if workers complied but firms exceeded the price standard.

C. The Policy Process

7. Looking beyond the present crisis, we must build an institutional framework within which business, labor, and other sectors of the economy can jointly address the country's major economic issues. No such arrangement exists today. Every interest group, therefore, can avoid the challenge of thinking in terms what would be best for the economy as a whole. The attached paper spells out the need for this new approach.

Let me add a personal note. The perspective of the Labor Department on economic policy is unique. At our last meeting, we agreed that joint discussions and recommendations to the President were appropriate where worker interests were of primary importance. General macro policy steps that affect the unemployment rate clearly fall into this category. If our policy were that the wage guideline should always be one percent above the inflation rate, then energy, sugar and food policies would not be so crucial to my constituency. But with a fixed wage guideline of 7 percent the higher these other prices are the lower will be the standard of living for complying workers. I think it is important that this Department contribute wholeheartedly, not just through my relations with the President, but also through full participation in the Cabinet and staff discussions on economic policy.

10 APR 1979

Department of Labor

Building a Consensus for Economic Policy

Inflation is no longer the result solely of an economic process but, rather, it has become evidence of a faulty political process. Strong actors in the economy demand an ever increasing portion of economic output. If economic output is growing less rapidly than the sum of these demands, the price level is bound to increase. If fiscal and monetary authorities then seek to restrain total GNP in nominal terms, the restriction is not borne equally throughout the economy and the more likely effect is a decline in the growth of real output rather than inflation. That is, the result of restrictive fiscal and monetary policies will have a greater effect on employment--causing a recession--than on inflation. Of course, policy makers and the body politic are unwilling to accept either the prolonged recession or high inflation. The result is stagflation with more inflation and unemployment than anyone would want.

These problems have been exacerbated in the 1970's. The oil exporting countries have demanded an increasing portion of U.S. output. There is no political means to allocate that reduction. The first reaction to the oil price increases

of 1973 was an increase in the inflation rate. The strong actors in the economy sought to offset the oil price increase by increasing their incomes but they were successful only in perpetuating inflation. As fiscal and monetary authorities set about to offset the inflation, they caused the serious 74-75 recession which reduced output by 3 or 4 times as much as the amount of GNP originally withdrawn by the OPEC nations.

A somewhat similar situation has occurred in recent years as society decided to set aside an increasing portion of economic output for environmental and health purposes. This worthwhile reduction in resources was not accompanied by a mechanism to distribute the reduced output among the rest of society. Workers in the firms affected by environmental or OSHA controls, for example, did not reduce their wage demands; nor did the companies reduce their profits targets. Instead, the additional costs were passed on in higher prices. Other strong actors in the economy reacted to those higher prices in a manner analogous to their reaction to the higher prices of oil.

Other analogies can be drawn for increases in social security taxes, the minimum wage, or other government-mandated costs. These costs are not shared but rather result in the first instance in higher prices and the phenomena described above. Finally, weather-related shortages of food stuffs create higher prices with similar results.

The higher inflation rates established by these initial shocks are only slowed as a recession forces the weaker groups within society to accept lower wages and prices. But this "improvement" is only temporary. The recession reduces the real income of groups of workers or companies. As the government moves to reestablish economic growth, the injured parties seek to make up for lost opportunities and inflation accelerates once again.

Paradoxically, as individual groups in society seek to increase their income, they only succeed in reducing the income of themselves and the rest of the United States. The country needs a political process and a set of institutions that would force powerful groups in the economy to recognize this paradox. What is involved is not a "zero sum game." Cooperation can result in more for everyone while excessive competition over income shares inevitably produces the opposite.

A number of other economies with a different approach to this problem have fared much better during the last decade. Prime examples are the Germans and Japanese. In these societies, institutional arrangements involving labor, industry, government, and the central banking system lead to a mutual effort to face economic difficulties. The Humphrey-Hawkins legislation has

attempted to create such a process in the United States, but the process currently lacks the institutions needed to make it work. The following proposal would aim to develop the necessary additions to the country's institutional arrangement.

The proposal is to establish a nonpartisan organization with business, labor, and government as full partners which would evaluate alternative economic forecasts to establish agreed-upon outcomes that are likely under alternative sets of private and public policies. The groups who would join in such discussions would include the Administration, as operator of the fiscal policy; the Federal Reserve Board, as operator of monetary policy; the Labor unions, as establishers of wage demands; business organization, such as the Business Roundtable; and organizations representing state and local governments. In addition, a technical staff would prepare alternative economic forecasts, develop agenda topics and discussion papers. The Congressional Budget Office (CBO) might serve as the central staff or alternatively the group might wish to establish its own technical staff.

Each organization would participate in the management of the new institution. A steering committee would guide the organization, setting the agenda, selecting chairpersons, etc.

The aim of the discussions, guided by the technical staff, would be to develop a consensus on what would happen to income shares, economic growth, employment, profits, investment and so on for alternative sets of "policy" variables (where policy includes wage and price behavior). Then, in the process established by the Humphrey-Hawkins legislation, the Administration and Federal Reserve would propose their respective fiscal and monetary policies on the basis of what they believe to be appropriate wage and price policies. The private groups, labor and management, would then know what wage-price policies are presumed by the fiscal and monetary authorities--and the Congress--and what results would occur if any group departs from the agreed-upon set of incomes policies.

This procedure would then have to be modified with external events. If for example, the Iranian situation leads to higher oil prices and reduces real GNP available for domestic consumption, then the whole set of policies--incomes, monetary and fiscal--might have to be adjusted. At a minimum all parties would know what would happen if they were not. This could also lead to the development of alternative policies by the government. For example, it might be decided to reduce oil consumption through voluntary or even mandatory oil conservation in order to leave the incomes otherwise unaffected by the rise in oil prices. Similarly, a bad winter reducing

food supplies could lead to a discussion whether reduced food demands should be achieved through increased prices or, alternatively, by some non-price mechanism.

The discussions would of course operate through a sharing of information rather than through a determined effort to establish any specific policies. A period of consensus building would be required before the process and the results in this country could approach the success of the Germans or Japanese.

First steps toward implementing this proposal would be a broad range of consultations with important leaders who might be sympathetic to such a concept. Development of this process will require careful selection of individual participants and a broadscale commitment to the new institution by both the executive and the Congress.



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APRIL 18, 1979

JAMES M. WALL
EDITOR

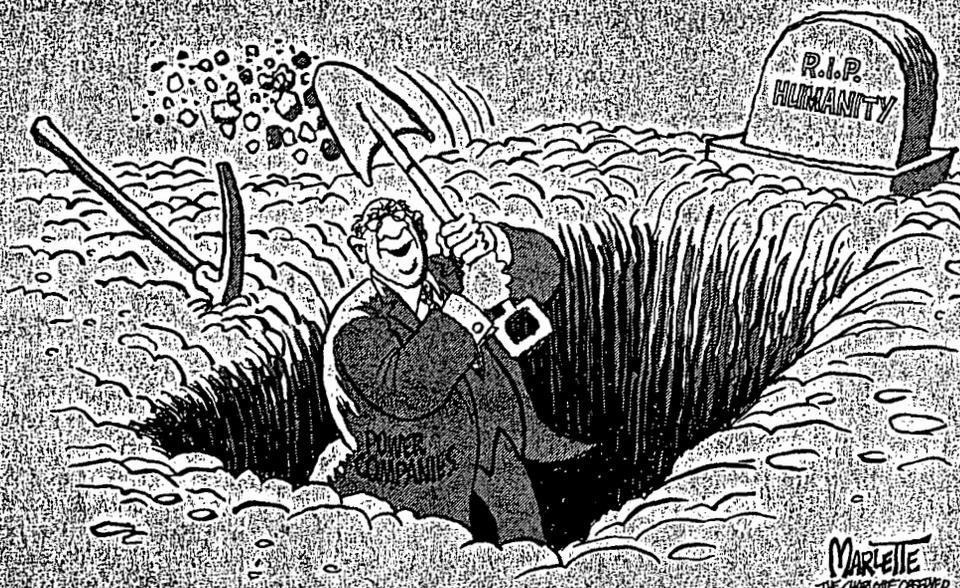
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312 - 427-5380
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