5/1/79 [2]

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THE WHITE HOUSE
WASHINGTON

5/1/79

The Vice President
Hamilton Jordan
Stu Eizenstat
Tim Kraft
Bob Lipshutz
Frank Moore
Jody Powell
Jerry Rafshoon
Jack Watson
Anne Wexler
Jim McIntyre
Alfred Khan
Hugh Carter

Re: Cabinet Summaries

The attached were returned in the President's outbox today and are forwarded to you for your personal information.

Rick Hutcheson

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EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20506

April 28, 1979

MEMORANDUM TO THE PRESIDENT
FROM: Charlie Schultze
SUBJECT: Weekly Report

George Eads appeared before the Senate Banking Committee for his confirmation hearing on Wednesday, April 25, 1979.

Energy

CEA members and staff continued their involvement in the Energy Task Force. We will continue to be involved in the development of specifications of the plan to assist the poor.

On April 25 I appeared on a panel with Secretary Schlesinger before the Joint Economic Committee's Subcommittee on Energy chaired by Senator Kennedy. Unfortunately this hearing may have generated a great deal of misinformation as to the costs of your program and especially the cost per family of decontrol. We are drafting a letter to Senator Kennedy from me to correct the Senator's calculations concerning the impact on low-income families.

International

Last year at Henry Owen's request I headed a group of seven economists from the various Summit countries who prepared a paper on overall economic policy as preparation for the Bonn Summit. Henry and his group have asked that we do the same thing this year. Lyle Gramley, a staff member, and I will be meeting with the seven-member working group in London next week to try to negotiate an agreed-upon paper for the Tokyo Summit.
MEMORANDUM TO THE PRESIDENT
FROM: Ambassador Robert S. Strauss
SUBJECT: Weekly Summary

We are pushing as hard as we can to move the MTN legislation through the Congress. Today, we concluded testimony before Ways and Means Committee and I am trying my very best to get the bill itself prepared and approved throughout the Government so it can be introduced by June 10th. While our staff is working almost round the clock, this piece of legislation will probably be a thousand pages of technicalities. Hopefully, I will never have to read one of them!

The Speaker has promised me a vote on the legislation no later than July 13th which would give us about three weeks in the Senate. I hope to beat the July 13th date. Of more importance, we've worked the Hill from top to bottom and the votes are there if we move without too much delay.

I have meetings scheduled with Cy and various others at the State Department beginning on Monday and have devoted considerable time in initial informal discussions with various individuals who have some knowledge and experience in respect to my new assignment.

The difficulties with the Japanese over the government procurement code have not lessened and I seriously doubt we will resolve it before the Ohira visit. Henry Owen and I, as well as representatives of State Department are following it very closely and there is no significant difference of opinion with respect to the course we are on.

Of more importance, with respect to the Ohira visit, you will be relieved to know that your fancy chef has called upon Helen and me to make the barbeque sauce to be used on the evening of the State Dinner. Accordingly, Helen will be preparing a few gallons -- reporting directly to me at all times under my sole and direct supervision!
TO : The President
THRU : Rick Hutcheson, Staff Secretary
FROM : Administrator of Veterans Affairs

VA Presidential Update

Senate Holds the Line - In budget resolution action completed in the early morning hours of April 27, the Senate okayed $20.5 billion in outlays for veterans programs in FY 1980. This was $674 million less than the amount requested by the Senate Committee on Veterans Affairs. Senate approved figure is only $39 million above the outlays requested in your budget. The House starts consideration of its budget resolution April 30. Its Budget Committee has recommended outlays only $49 million over the $20.5 billion approved by the Senate. The House Committee on Veterans Affairs had sought $674 million over the Budget Committee total, but will trim that request to $265 million in a floor amendment.

Pension Increase - Since VA pensions are now linked to cost of living increases in Social Security, nearly 2.6 million veterans and survivors will benefit in some measure from the 9.9% increase just announced for Social Security. VA pensioners already converted to the new pension program will receive the full 9.9% boost effective 6/1/79. Those remaining under the old program will not receive the 9.9% increase in monthly payments, but will have their income limitations increased by the 9.9% amount, and thus will not have their VA pensions reduced because of the jump in Social Security. So far, almost 400,000 VA pensioners have applied to convert to the new program, and approximately 100,000 applications have been approved. Program officials expect a total of about 600,000 applications for the new program by the end of this year.

Reduced Beef Purchases - Early indications are that we have allayed concerns by veterans organizations about VA's share of the 57 million pound beef purchase reduction announced 4/19/79. Major organizations were notified by telephone in advance of the official announcement. This was followed by hand delivery of letters of assurance from me. In a regular "hair down" meeting with eight of the largest organizations 4/27/79, the subject of fewer beef meals for our hospital patients never came up.
This week we issued rules which ban the manufacture and phase out most uses of PCBs (polychlorinated biphenyls). The action was required under the Toxic Substances Control Act. PCBs are highly toxic and also very slow to break down -- they can persist in the natural environment for well over 100 years.

There are an estimated 750 million pounds of PCBs still in use. Most of it (580 million pounds) is in use as insulating fluids in heavy-duty electrical equipment. These are closed containers from which spills are unlikely, and will be allowed to remain in use for the normal life of the equipment. Earlier phase-out would mean replacing the equipment, which would be prohibitively expensive.

Other uses, where escape into the environment is more likely, will be phased out in three to five years. Also, the rules end the use of waste oil containing PCBs for dust control on roads.

As its use is phased out, the waste PCBs will be destroyed by incineration or disposed of in approved landfills.

These new rules don't relate to the several hundred million pounds of PCBs that are now in rivers and lakes, along roadsides (as in North Carolina) and in non-secure landfills. Realistically, we are going to be confronting the problem of how to clean up those PCBs for decades to come.
April 27, 1979

MEMORANDUM TO THE PRESIDENT

Attention: Rick Hutcheson
Staff Secretary

FROM: Graciela (Grace) Olivarez
Director
Community Services Administration

SUBJECT: Weekly Report of Significant Agency Activities
(April 23 - 27, 1979)

Hydroelectric Dams for Low-Income Communities.

The Community Services Administration (CSA) has just issued the attached pamphlet, Developing Small Hydroelectric Dam Potential, to all CSA grantees as well as to local municipal and planning district officials. It represents the initial stage of CSA's participation with the Department of Energy in the development of small-scale hydroelectric potential for low-income rural communities.

Crisis Intervention Program.

CSA has allocated $190,091,290 of the $200 million appropriated for the Fiscal 1979 Crisis Intervention Program (CIP). Forty-two states and the District of Columbia have qualified for supplemental assistance totaling $163,979,473. In addition, $2.5 million was allocated for disaster relief in Illinois, Wisconsin and New Hampshire and $23.6 million was distributed under the regular program.
Principal Activities of the Department of Justice for the Week of April 23 through April 27, 1979

1. Attorney General's Speaking Engagements

The Attorney General on Thursday evening addressed a dinner in Aiken, South Carolina at which special guests were the Chief Judge of the Fourth Circuit Court of Appeals, Judges of the U.S. District Court, and Justices of the South Carolina Supreme Court; on Friday, Judge Bell participated in a seminar in Atlanta sponsored by Emory University and the Hugh O'Brien Youth Foundation; Saturday he will travel to Athens to deliver the Law Day Address at the University of Georgia School of Law and participate in the unveiling at the Law School of a portrait of former Governor Ellis Arnall; and, on Sunday night, the Attorney General will address the District Rotary Conference at Jekyll Island.

2. Nicky Barnes

In December 1977, the United States obtained convictions of Leroy "Nicky" Barnes (earlier pictured on the cover of the New York Times Sunday Magazine) and 10 of his associates on several counts involving conspiracy and substantive violations of the narcotics laws. Barnes also was convicted of managing a continuing criminal enterprise. Barnes was sentenced to life imprisonment with no opportunity for parole. Five of his associates received 30-year sentences, one got 20 years, two more 15 years, and two were sentenced to indeterminate terms under the Youth Corrections Act.

On Monday of this week, a panel of the United States Court of Appeals for the Second Circuit affirmed the convictions on all counts. The defendants undoubtedly will seek rehearing in the Second Circuit and certiorari from the Supreme Court, but it is unlikely that either will be granted. As you know, this case has been handled personally both at trial and on appeal by Bob Fiske, the U.S. Attorney for the Southern District of New York.
April 27, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall

SUBJECT: Major Departmental Activities
April 23-27

Breakdown in Rubber talks. Yesterday the Collective Bargaining Committee met to review the status of the rubber workers negotiations. An impasse had been reached and additional discussions yesterday afternoon and last night between Peter Bommarito and Uniroyal were unsuccessful. So far the companies have held firm to the guidelines and Bommarito has not been willing to change his demands. The URW will hold a policy committee meeting on Monday and probably decide to initiate a strike against Uniroyal. We are prepared to begin to monitor the impact of a strike. The FMCS will remain in contact with both parties.
April 27, 1979

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson
Staff Secretary

SUBJECT: Weekly Report

FLOODING. ASCS reports that damages from flooding in Mississippi is estimated at $750 million. Four emergency service centers have been established to assist farmers with emergency efforts.

PUERTO RICO. The Secretary, two Assistant Secretaries and staff are meeting with the Governor and Secretary of Agriculture of Puerto Rico to discuss how we can assist Puerto Rico in accelerating agriculture and rural development. A goal of the meeting is to develop plans for expanded cooperation at program staff level. We now provide over $750 million in food stamps, approximately $270 million in loan funds and over $200 million in technical assistance with grant programs.

GENERAL COUNSEL. Dan Marcus and Ruth Harkin are now on board awaiting confirmation as General Counsel and Deputy General Counsel.

JIM WILLIAMS
Acting Secretary

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MEMORANDUM FOR THE PRESIDENT

THROUGH: Rick Hufnagel, Staff Secretary

FROM: Brock Adams

SUBJECT: Significant Issues for the Week of April 23

Auto Initiative Meeting in May - I asked Phil Wise on Wednesday for a meeting with you next Monday to discuss an auto summit meeting. I forwarded a memorandum to you through the regular system on April 25. I would also like to generally receive some direction from you on several other matters which will not require any formal staffing. (Meeting confirmed at 11:30 a.m. on April 30.)

Transbus/New Design Bus Accessible to Elderly and Handicapped - In 1977 after six years of government work on "Transbus" (a new design bus to replace the aging American fleet with a more accessible, low floor, wide-door bus), we announced an Administration mandate that this was the bus of the future. All buses ordered after September 30, 1979, would have to meet this performance-type standard. The decision was acclaimed by elderly and handicapped groups. We were led to believe American and foreign manufacturers would bid. A consortium of cities (Los Angeles, Philadelphia, and Miami) ordered 530 buses with these new standards and bids are due to be opened May 2.

The three American manufacturers are AM General, General Motors, and Rohr (now Grumman-Flxible). AM General has now gone out of the bus business. Flxible has indicated they will not bid and today I received a letter from General Motors saying they will not bid. Flxible and General Motors each have a bus designed since 1975 which is better than old buses but doesn't meet the Transbus standard. Since an accessible bus is a key to the 504 handicap regulations, the news of American manufacturers refusal to bid will receive sizable public criticism. I propose to proceed with the May 2 bid openings in hope either an American manufacturer will change its mind or we will receive foreign bidders so we can carry out the program. If we do not receive an adequate bid, the Administration must move promptly to determine if this program should be modified or terminated. This information is also being sent to Stu Eizenstat and Jody Powell.
Milwaukee Railroad - As I indicated to you by telephone on Monday, Stanley Hillman, trustee of the Milwaukee Railroad, has started procedures in the Bankruptcy Court to halt operations on 7,500 of the 10,000 miles of the Milwaukee Railroad. Hillman has asked that the curtailment begin on May 8. We need some time to examine his report as well as assess the economic impacts of this action. The ICC has indicated it will attempt to maintain essential service to the Milwaukee shippers through the ICC power to direct other railroads to operate essential service at Federal expense. DOT may also have to advance working capital under the Emergency Rail Service Act to see if a core system can be maintained. I will meet with key railroad executives on May 1 and attempt to develop a joint government-industry solution.

Airport and Airway Improvement Act - On April 24 the Administration's legislation for development and improvement of the national airport system over the next five years was sent to Congress. This bill will help meet expanded operations under the Administration's airline deregulation policy and will also finance aircraft noise and safety improvements. The legislation would continue for ten years the Airport and Airway Trust Fund and shift from the taxpayers to the users of the system a greater portion of operating costs. In addition I'm meeting regularly with Marvin Cohen to coordinate aviation policy and the transition into a different era of air travel.
MEMORANDUM FOR: THE PRESIDENT
FROM: JIM SCHLESINGER
SUBJECT: Weekly Activity Report
April 21-27, 1979

1. New New Oil. We are issuing today the rule, effective on June 1, which will permit market prices for newly discovered crude oil. This represents a significant part of your plan to gradually decontrol crude oil prices.

2. Emergency Allocations for Small Refiners. The Department has issued an emergency rule amending the regulations for emergency allocations for small refiners under the crude oil Buy/Sell Program. This rule, which is effective immediately, is designed to permit the Department to address on a more equitable basis and more effectively the supply problems of small refiners in the face of restricted supplies of crude oil in the world market.

3. Letter to Governors. As a follow-up to your energy message, we will be sending a letter to the Governors requesting each state to pass legislation to prohibit cutoffs of heat and electricity during winter months.

4. Environmental Impact Statements. The Department recently published two draft environmental impact statements relating to radioactive waste management. These two environmental impact statements will represent the National Environmental Policy Act cornerstone of our nuclear waste management activities.

5. Solar Demonstrations in Federal Buildings. The Department last week held public hearings on its proposed regulations for a $69 million program for the installation of solar energy systems in federal buildings. These regulations, when finalized, will represent a major step in the implementation of a significant solar program in the National Energy Act.

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MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

Mortgage Subsidy Bonds

You asked for a brief report on the mortgage subsidy bond issue that Chairman Ullman raised with you at your meeting yesterday. He has introduced a bill that would generally prohibit the use of tax exempt bonds for mortgages on single-family houses. The bill, however, would continue to allow tax exempt bonds to provide low and moderate income rental housing.

The Ullman bill has bipartisan support from the leaders of both the Ways and Means and Banking, Finance and Urban Affairs Committees of the House. Unless it is passed, the revenue cost will be between $500 million and $1.6 billion in tax revenues in 1981 and significantly larger in the years thereafter. Hearings on Chairman Ullman's bill are scheduled for May 14-15. You will be receiving recommendations for an Administration position on this matter in the near future.

Attached are recent editorials from the Washington Post, the New York Times, and the Wall Street Journal, all of which conclude that if additional subsidies are to be given for housing, they should be provided through the front door. I concur.

W. Michael Blumenthal

Attachments
REPORT TO THE PRESIDENT

April 27, 1979

I depart for China next Friday, May 4. An objective of my trip, concurred in by State, Treasury, and NSC, is to initial a trade agreement with China. This is consistent with your and my recent discussion, the wishes of the Chinese, and your and Deng's public statement during his visit. Cy, Mike, and I further agree, however, that initialing a trade agreement must be preceded by final signing of the claims and assets agreement negotiated by Mike. We expect the Chinese to accept this precondition and also to join in agreements or joint programs in technical information, meteorology, oceanography, standards, and possibly shipping.

Commerce officials met this week with a Japanese delegation to consider some Trade Facilitation Committee (TFC) market access cases. This meeting was in response to suggestions by Bob Strauss and me to Foreign Minister Sonoda during his recent visit that we resolve some long-pending TFC cases prior to Prime Minister Ohira's visit next week. We stressed that this could demonstrate to Congress and American business that Japan is meeting its commitment to open its markets to imports. However, we were not satisfied with the progress to date, although the Japanese may yet act to resolve several cases prior to your meeting with Ohira.

We have been working closely with OMB on trade reorganization proposals scheduled to be presented to you in a decision memorandum on Monday. Although there appears to be a near consensus favoring some enhancement of trade functions in the Commerce Department, my purpose here is not to argue that case. Rather, I should like to comment on two arguments that have been advanced in the course of the discussions. They are that there should not be extensive consolidation of trade functions in Commerce because Commerce is said to be a weak department and because Commerce would handle trade matters with a protectionist bias.

Regarding the first, which is a Catch-22 argument: (1) As many of my colleagues have graciously pointed out, a great deal has been done in the last two years to make Commerce a strong agency. The criticism reflects an earlier performance record. (2) The way to achieve further strengthening is to give the Department significantly more responsibilities and a clearer mission so that it can continue to attract outstanding people and cultivate a tradition of professionalism. Our momentum needs to be sustained.

With respect to the charge of a protectionist bias: (1) The facts are exactly the opposite. Commerce's record on escape clause cases, tariffs, and GSP is a strong free trade record, stronger than that of many other departments. (2) Even if one were to accept the outmoded notion that business is the Department's "constituency," that "constituency" is itself divided on issues of trade. For example, the retail industry, which accounts for one of every six jobs in business, strongly favors free trade policies. (3) It is the Commerce Department that administers those programs that are the principal alternatives to protectionist border relief -- trade adjustment assistance for communities and firms and export development.
Finally, I urge that whatever decision you make involve significant reorganization. My sense is that not only will Congress demand it, but that only a strong plan will provide the necessary boost for the MTN and, most important, help the United States deal more effectively with our fundamental trade problems.

Juanita M. Kreps
MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren  
Gus Speth  
Jane Yarn  

SUBJECT: Weekly Status Report

Forest Management Regulations. Timber policy issues continue to be a major subject of concern. In addition to those concerns outlined in our April 11 memorandum to you, now it appears that the timber industry has persuaded the Forest Service to delete mention of standards establishing stream buffer zones and limits for clear cutting from their draft timber harvesting regulations.

For over two years the Forest Service labored to formulate regulations that would properly implement the National Forest Management Act. Until recently the Forest Service was proposing that (1) special management procedures be applied in a 100' buffer zone on either side of streams and that (2) clearcuts be limited in size to 100 acres in Alaska, 60 acres in the Douglas fir regions of the Northwest and 40 acres in the other National Forest timber harvest zones across the nation. Even these minimum provisions will be eliminated from the draft regulations.

In our April 11 memorandum, we recommended deferral of timber policy decisions until the serious political implications have been assessed. We believe that any decision to remove the two provisions mentioned above certainly requires the political implications to be fully known to you.

Wildlife and America Book. The Council released a 33-chapter book entitled Wildlife and America this week. The book, written by leading experts in various fields, is one of the most thorough and thoughtful volumes yet published on the history, problems and future of wildlife conservation in the United States. The book should provide government officials, wildlife resource managers and interested citizens with the kind of theoretical and practical information they need to preserve American wildlife for the benefit of this and future generations. A limited hardbound edition is attached for you.
MEMORANDUM FOR: The President
Attention: Rick Hutcheson, Staff Secretary

Subject: Weekly Report of Major Departmental Activities

New Housing Financing Program Implemented. On April 24 I formally announced implementation of the Graduated Payment Mortgage-backed Securities Program, which is to be administered by the Government National Mortgage Association (GNMA). Under this program securities backed by FHA-insured graduated payment mortgages will be issued by qualified private mortgage lenders and guaranteed by GNMA. On the first day of implementation some 250 commitment applications representing $1.8 billion in securities were approved. This amount can be expected to finance more than 40,000 home purchases in the next few months.

HUD and ACT'79. This Department will participate actively in the neighborhood self-help fair which opens today on the Washington Mall. Our contributions will include exhibits, information booths and panel discussions on the role of neighborhood groups in revitalizing cities, urban homesteading, solar energy, new town development and the National Urban Policy. The fair focuses on technologies to increase self-reliance for the individual, the family and the community.

Independent Living for the Mentally Ill. As part of this Administration's commitment to the handicapped, HUD has expanded the deinstitutionalization program for chronically mentally ill that was initiated by this Department and announced by the First Lady last year. Governors of the 50 states, of all U.S. possessions and of the Commonwealth of Puerto Rico, and the Mayor of the District of Columbia have been invited to submit letters of intent stating their interest in applying for funding this year. Some 59 projects in 14 states were funded last year, and we expect to support at least 100 projects in this second round of competition.

Block Grant Formula Study Goes to Congress. I have transmitted to the Congress a study of the Community Development Block Grant formula which was prepared by our Office of Policy Development and Research. This study was mandated by the Housing and Community Development Act of 1977 and measures the responsiveness of the current dual formula, as well as various alternative formulas for responding to community development needs. The study also uses Annual Housing Survey data to test whether formula variables such as old and overcrowded housing are good indicators of urban blight.

Housing Management for Hispanics. Preparations are underway for conducting the second of two training sessions in housing management for Hispanics. A total of 68 Hispanics from different areas of the country participated in the first session last March, and the same group will receive additional training in May. Developed for HUD by the National Center for Housing Management, the program consists of instructional, placement and career development elements that provide for the upward mobility of Hispanic staff in housing management. The project reflects HUD's continuing commitment to upgrading the quality of housing for racial and ethnic minorities.

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Patricia Roberts Harris
Close the Back Door on Housing Subsidies

Pssst! Wanna mortgage, cheap?

That seductive whisper is about to be amplified to a shout, as one community after another discovers the latest back-door Federal subsidy: tax-exempt housing bonds. By using their right to issue tax-exempt bonds, localities can make mortgages available for single-family housing at 7 or 8 percent rather than the 9 or 10 percent now demanded by banks.

There is, of course, a catch. Eligible home buyers benefit — but for every dollar saved, far more than a dollar is lost in reduced income tax revenue, higher costs for other public borrowing and higher interest for other housing mortgages. Congress must ban, or at least severely limit, tax-exempt mortgage bonds. If not, the income tax base will be further eroded and local government will be saddled with additional financial problems.

State agencies have been using tax-exempt bonds since 1970 to reduce the cost of lower- and middle-income housing, mostly by financing the construction of rental apartments. But last summer, Chicago borrowed money and loaned it to families seeking regular home mortgages. The concept is proving irresistible to local officials who want to please voters and attract new construction. The Congressional Budget Office expects that such public financing of single-family housing will reach $3 billion in 1979 and as much as $35 billion by 1984.

Some of the money will be used to rehabilitate inner-city dwellings for people who can't afford to buy new ones. Most state legislatures, however, let local governments decide who can benefit. And if the past year's experience is any test, much of it will subsidize middle- and upper-income housing. The losers, alas, can be identified more precisely than the winners:

- Taxpayers. For every billion dollars of tax-exempt housing bonds outstanding, the Congressional Budget Office estimates Federal tax revenues will decrease by $22 million a year. In 1979, the total loss is likely to be $250 million; by 1984, perhaps as much as $2.1 billion will leak out through the new loophole, mainly to affluent buyers who need it least.

- State and local government. Higher interest rates will be needed to persuade investors to buy the new housing bonds — without diminishing their purchases of other tax-exempt securities. George Peterson of the Urban Institute puts the added cost to public borrowers between $119 million and $207 million in 1978. The figure would be much higher later.

- Other mortgagees. For similar reasons, interest rates for ordinary mortgages — and for lower-income apartments — would go up. Borrowers would have to persuade investors to hold greater quantities of mortgage-backed securities.

- There are many ways to keep the real estate tax exemption from becoming so big a loophole. Congress might put a ceiling on the income of eligible mortgagees and also a limit on the maximum home purchase price. Or it might force higher-income families to choose between the new tax-exempt bonds and the traditional tax break offered to homeowners — the right to deduct mortgage interest from their taxable incomes. Revenue lost by opening one loophole thus might be partially recouped by closing another.

While such approaches are reasonable, they still allow the tax system to be used as a back door to Federal subsidy. Unlike ordinary Federal expenditures, these “tax expenditures” need not be regularly reviewed by Congress and thus become a hidden drain on Government revenues.

There are good reasons to spend Federal dollars on housing. But it would be far better to prohibit tax gimmicks for housing altogether and let those who most need Federal subsidies come right up to the front door.
Mortgages From City Hall

The latest thing in home financing is called the "locally issued, tax-exempt, single-family mortgage revenue bond." It means a local government borrows money and then lends it to people who want to buy houses. If that seems odd—local governments are usually not thought of as being in the mortgage business—it is. But after Chicago loaned $100 million to house buyers last August, the idea swept the country. In the following eight months, no fewer than 50 local governments in 12 states, including Maryland, borrowed $1.5 billion for this purpose.

On its face this seems an attractive arrangement. It opens the housing market to people who would otherwise be shut out, because the down payments required are lower and so are the interest rates. (The rates average about 8 percent instead of the 10 percent now common on regular mortgages.) The arrangement permits local governments to help some citizens in these ways without forcing them to spend tax dollars. And it helps at least some of a community's banks and/or S&Ls—those through which the money is channeled and which impose a charge for servicing the mortgages. Nor does it even undermine a community's credit very much since most localities make, let us say, $31,000?

Perfection, you say. Well, no. Once you cut through the numbers and the pretty rhetoric, what you have is simply a gimmick for eluding federal income-tax laws and churning out money for bond brokers. The mortgages carry lower interest rates because local (and state) governments can borrow money cheaper than anyone else. They can do so because the interest they pay is tax-exempt. The gimmick works as long as the spread between the interest rate on tax-exempt and non-tax-exempt bonds is large enough to attract big investors and to cover the service charge local institutions collect on the mortgages.

This might be all right, if the loans were aimed exclusively at low-income families who could not otherwise afford decent housing. (That, apparently, was the purpose for which Congress sanctioned such bonds in 1968.) But in most communities, they aren't. Generally, families with incomes up to $30,000 qualify, although in Chicago the magic cutoff number is $40,000 and in Anchorage, Alaska, $60,000. Nationally, that $30,000 figure would make more than 80 percent of all families eligible.

If government is going to make cheap loans available to a small portion of that 80 percent, can it resist the inevitable political pressure to make such loans available to all? Chicago borrowed another $150 million this spring after its first $100 million had been exhausted in only 35 days. And if government is going to create this new housing subsidy for 80 percent of American families, why must it discriminate against the other 20 percent, especially those who make, let us say, $31,000?

It is remarkable to see Wall Street pushing so hard for this gimmick, which is the brainchild of E. F. Hutton & Co., Inc. Carried to its logical, which is to say political, conclusion, it would put local governments in full competition with private enterprise—the banks and savings and loans. Those institutions could not win in such a competition because of the income-tax quirk and might well be replaced eventually by local governments as the source of almost all mortgage money.
The would-be home-owners started lining up outside New Orleans banks at 4 a.m. the other day, waiting to apply for mortgages at interest rates a full two percentage points below the going rates. The bargain-basement funding was provided by a municipal issue of single-family mortgage bonds, currently the hottest fad on the municipal bond market.

Since E.F. Hutton Co. persuaded Chicago to try the first $100 million issue last July, the outstanding volume of these bonds has increased ten-fold. At least 22 localities in eight states had issued them by the end of the year, and more and more jurisdictions are hurrying into the act. Before this goes much further, however, states would be well advised to imitate the example of the Louisiana Bond Commission, which after the New Orleans sale declared a moratorium on further such bond issues in the state.

The Bond Commission, alarmed by the explosion of these issues, wanted some time to sort out their implications. And well it might. The success of the $35 million New Orleans issue had prompted suburban parties to prepare their own, and a proposal had surfaced for a $50 million state-wide program. The popularity of these bonds has little to do with their intrinsic merit. The politicians like them because the lower interest rate provides a much-welcomed subsidy for middle-class voters. Banks like them because they can commit these funds to higher risk loans, thus satisfying the federal "anti-redlining" provisions of the Community Reinvestment Act without endangering their own assets. In states like Louisiana that inflict upon themselves "usury limits" below the national average of mortgage interest rates, these bonds help maintain some trickle of money for mortgage loans.

The bond market has been receptive to these suspect new bonds ironically because of federal regulation. Controversial Treasury regulations have been successful in eliminating "advance refunding" bonds, thus cutting the supply of municipal bonds by some 15%, so the new issues have been sucked up by the undiminished demand. Bond counselors and underwriters have interposed no objection, since their profits depend on maintaining the volume of business.

All this activity has drowned out the serious criticism of these bonds, but these cities, counties and bond-issuing authorities will continue to ignore the doubters at their own peril. The use of government borrowing for single-family mortgages carries all the flaws, and more, that we believe afflict such borrowing for multi-family mortgages, such as New York's Mitchell-Lama fiasco.

The single-family bonds and multi-family bonds could face the same dilemma. They could all go strictly for safe loans, in which case they compete with banks and S&Ls for middle-class clients. But in that case they dole out a subsidy arbitrarily and for no apparent social good. Or the loans can target higher-risk, low-income families. In that case, the rate of defaults will be higher, and local taxpayers will wind up with the bill. (The city could also try to shift the loss to the unwary bondholder, but such a short-sighted move would hurt their credit across the board.)

The ultimate losers may be not only cities like Chicago and New Orleans, however, but all the governments benefiting from the tax-exempt bond market. One way or another, the tide of mortgage bonds will tend to destroy the advantage of tax-exempt interest rates, either by vastly increasing the risks of tax exemptions or by flooding the market, or both. Although some federal figures are beginning to raise the alarm, there may be strategists in the Treasury who would prefer to let this fad get even further out of control. Municipal issuers have been preparing legislation to limit Treasury's power to regulate municipal bonds, and Treasury's hand in Congress can only be strengthened by the lack of self control displayed in the municipal governments' home mortgage bond orgy.

If municipal issuers wish to preserve their fiscal autonomy, they will have to show more ability to police themselves. It's time for state and local bond overseers and professional groups like the Municipal Finance Officers Association and the Public Securities Association to follow the lead of the Louisiana Bond Commission and put dampers on the home mortgage bond boom.
MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report of HEW Activities

- **Social Security Payment Increase**: We announced yesterday the single largest automatic cost-of-living increase in benefits in the history of the Social Security program. The 9.9 percent increase in benefits (effective in July) will cost the Social Security trust funds an estimated $10.2 billion in fiscal year 1980 alone. The SSI increase will cost an estimated additional $415 million from general revenues. We are using this dramatic increase in cost to emphasize the need to support your anti-inflation program.

- **Hospital Cost Containment**: As you know, a hospital cost containment bill, very similar to the Administration's, was reported by the Health Subcommittee of Ways and Means (Rangel) this week. If it appears we have the votes needed to report the bill in the full Ways and Means Committee, Al Ullman has indicated his willingness to mark up cost containment on May 7 and 8. We are working closely with Frank Moore's staff and the White House cost containment task force in our efforts to round up the votes. It appears likely that the Health Subcommittee of Human Resources will mark up its version of cost containment the latter part of next week. Finance, which had been scheduled to mark up on May 2, has postponed it until May 8, 9 and 10.

- **Domestic Violence**: We today announced the establishment of an Office on Domestic Violence which will carry out your directive to review all Federal programs in this area. This office will also be the central point for coordination of HEW research and social services related to domestic violence.
Alcoholism: On Tuesday, I will address the National Council on Alcoholism. I will announce a major initiative focused on women, youth, fetal alcohol syndrome and occupational programs including an expanded HEW employee assistance program. Additionally, several of our efforts will be aimed at the problems identified in Captain Joseph Persch's recent speech, a copy of which you sent me, before the National Alcoholism Forum.

Joseph A. Califano, Jr.
DEVELOPING SMALL HYDROELECTRIC DAM POTENTIAL

Community Services Administration
Frank Moore

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

Rick Hutcheson
cc:  The Vice President
     Hamilton Jordan
     Stu Eizenstat
     Jack Watson

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For Staffing
For Information

From President's Outbox
Log in/to President today
Immediate Turnaround
No Deadline
Last day for action -

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Eyes only

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Cruiikshank
Fallows
First Lady
Gammill
Harden
Hutcheson
Jagoda
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Mitchell
Moe
Peterson
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Press
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Voorde
Warren
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MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE

SUBJECT: Weekly Legislative Report

I. DOMESTIC POLICY ISSUES

1. Energy

Decontrol - On Tuesday, in House Commerce, Moffett is expected to offer an amendment to the DOE Authorization Bill to forestall decontrol. His approach will probably be to remove funding authority. Even though it is likely that Chairman Staggers and Subcommittee Chair Dingell will go with Moffett, we have a good chance of getting the necessary votes to defeat the amendment. Our preliminary vote count shows all 15 Republicans and 3 Democrats firmly with us. We need four more from a group of ten who are either leaning with us or are undecided.

WHCL, DPS and DOE are working closely and will ask you to make a call(s) if we don't have the necessary 22 votes by Monday.

Contingency Plans

Thermostat controls - reported out of House Commerce (23-9).

Advertising lighting restrictions - reported out of House Commerce without approval (voice vote).

Weekend Closings - Defeated in House Commerce (15-26); Senate Energy and Natural Resources will consider on Monday.

Standby Rationing - Defeated in House Commerce (19-23). The Committee is expected to reconsider on Tuesday. As I indicated on Friday, it is winnable. Since the vote Wirth has moved in our direction. Over the weekend DOE is working on Santini and Devine. Stu is trying again with Waxman and we will ask you to call Murphy on Monday.
Last Thursday Senate Energy and Natural Resources approved the plan (9-8). On Thursday Johnston and Domehici also suggested an alternative proposal which may be considered this Monday. In brief, it would place the burden on the states to achieve federally mandated energy conservation targets. States would be permitted to design their own Energy Savings Plans to be reviewed by DOE. If not approved or if unworkable, a Federal Implementation Plan would go into effect. DOE, OMB and DPS are reviewing the proposal.

Windfall Profits Tax

Now that the legislative "specs" have been transmitted to Congress attention is being focused on obtaining votes. We have set up three teams to brief all Ways and Means Committee members by May 4. We hope to have a preliminary vote count by the end of this week. Before Secretary Blumenthal's testimony on May 9 the teams are also scheduled to brief members of the Democratic Policy and Steering Committee.

Finance Committee members are scheduled to be contacted between May 7-18.

2. Budget

Senate

After a 15-hour session that ended at 1:00 Thursday morning, the Senate voted 65-20 to approve its version of the First Budget Resolution for 1980. This resolution would balance the budget in 1981 by deferring any tax cuts until 1982.

The Senate totals for 1980 are quite close to ours. This is, in part, coincidental since they used CBO economic assumptions, which priced the policies associated with our budget at a deficit about $9 billion higher than we did.

In its action on the resolution, the Senate approved five amendments:

1. A Magnuson amendment (54-30; supported by us) to add $400 million in 1979 BA for food stamps -- we asked for a $600 million increase;
2. A Robert Byrd amendment (supported by us) to add $500 million in 1979 BA for disaster funding;

3. A Metzenbaum amendment (68-21; opposed by us) to add $100 million in 1980 BA for elderly feeding programs;

4. A Kennedy-Chiles amendment (49-36; opposed by us) to disallow $300 million per year in 1980-1982 social security outlay savings which had been assumed by the Committee;

5. A Roth amendment (83-0) to cut $400 million in 1980 BA across-the-board for non-Defense civilian travel and moviemaking.

The Senate rejected a number of amendments, including a Proxmire amendment to cut $29 billion, a Roth amendment to cut $10 billion (mostly from entitlement programs) and to reduce taxes, and a Lugar amendment to cut food stamps in 1980. As we understand it, the Senate resolution does not specifically provide funding for Iranian ships in 1979, although this is a subject of some confusion. There was a colloquy indicating that the inclusion of ships in the totals is more properly a concern of the authorizing and Appropriations Committees.

The decision to have the Budget Task Force support the Committee in fighting most amendments to the 1980 budget has paid off in helping us to secure the increases to disaster assistance and food stamps we wanted for 1979. In contrast to his usual posture to oppose all amendments, Senator Muskie actively supported our position on Senator Magnuson's food stamp amendment. Senator Magnuson was also helpful on what is a very touchy issue for him.

The Senators who supported an amendment to add $200 million for targeted fiscal assistance for 1979 did not offer it because they believed it would be defeated. Senator Bradley initiated a colloquy with Senator Muskie on the possibility of enacting targeted fiscal assistance under the totals in the first resolution and on the likelihood of including this program in the second resolution. Senator Muskie responded that the Senate Budget Committee is not a "line-item" Committee, but made no specific commitments about action later this year.
House

Floor consideration is scheduled for the first three days of this week.

Last week we discussed the development of a package amendment for the 1979 supplementals with Budget Committee staff. This amendment would include money for Iranian ships, food stamps, targeted fiscal assistance, and disaster relief in the amount of $2.5-3 billion in BA. Paul Simon is likely to carry the amendment. At this point we are somewhat concerned that he may seek to add to our recommended package. If we can hold the package together and persuade Simon not to add to it, we hope its approval will remove pressure to add to the 1980 resolution.

The Vice President will meet with about 75 House Members on Monday morning to urge them to support the package and to oppose expected amendments to cut CETA and targeted fiscal assistance.

3. The Department of Education

In the House, the Government Operations Committee mark-up on the bill is scheduled for Wednesday. Our count indicates 18 for, 16 against, and 5 undecided. Through a wide variety of Administration and interest group contacts, we continue to talk with Committee members, especially those "targeted" as swing votes: Fountain, Levitas, Kindness, Butler, Williams, Snowe, and Grisham. We have planned a meeting for you with several of these members on Tuesday at 10:00 a.m. Lobbying by opponents has intensified particularly in the House. Al Barkan (AFL-CIO), John Rhodes, and others are personally calling members.

The most significant amendment that we will have to face in Committee will be to delete the transfer of the DoD overseas dependent schools. Last year a similar amendment was defeated by a single vote.

The Senate resumed floor consideration of the bill on Thursday after completing action on the budget resolution. Final action is expected this Monday. This week major amendments by Moynihan, Morgan, and Schmidt were defeated by comfortable margins. On Monday the most significant amendment will be offered by Helms; we believe it may deal with both civil rights enforcement mechanisms and required parental approval of sex education materials. We expect to be able to defeat this amendment and secure final passage.
4. **Clinch River Breeder Reactor**

Despite the setback by the House Science and Technology Committee, Chairman Fuqua and George Brown intend to take the amendment to the floor and to make a full scale effort there. However, we will need the full support of the Speaker if we are to succeed.

5. **Alaska National Interest Lands**

The Alaska Lands legislation is likely to be considered in House Rules Committee on Tuesday, and is tentatively scheduled for Floor action on Thursday and Friday.

The Udall/Anderson bill still has a broad base of support in the House founded in Udall's wide vote margin last year (277-31), but the heavy lobbying efforts of the other side (particularly U.S. Borax, the State, the U.S. Chamber, and the Oil Industry) have already eroded that support somewhat, and threaten to further weaken our position.

6. **Davis-Bacon**

Hearings are scheduled next week before the Housing Subcommittee in the Senate to make a record with respect to the Davis-Bacon Act, particularly as it relates to housing. Secretary Marshall and Secretary Harris will appear together on a panel in defense of the Davis-Bacon. This appears to be the anti-labor issue of the year for the right wing. DOL reports that we will probably see numerous attempts during the course of the year to try to appeal or amend the Davis-Bacon Act.

7. **Sugar**

The House Committee on Agriculture Thursday voted 29-9 to report the sugar legislation. The compromise finally reached sets the support price at 15.8-cents in 1979 with a 5-cent payment directly to producers. The compromise includes a $50,000 payment limitation per producer. The bill now goes to the House Ways and Means Committee for consideration.

8. **SBA**

Two meetings were held last week at the Speaker's request in an effort to break the impasse that has developed over the SBA reauthorization bill. Bill Cable and Bo Cutter
met with the Speaker, Giaimo, Bolling, Neal Smith (Chairman of Small Business Committee) Sonny Montgomery, Jim Wright, and other members from disaster stricken states.

We made an offer to (1) be flexible on interest rates for personal property and business; and (2) add 200 permanent positions to FmHA if the House would (1) place farmer disaster lending in FmHA and (2) impose a "credit elsewhere" test on all SBA loans.

OMB is putting the offer in writing, and we are to meet again Monday. The Speaker and Bolling feel the White House has been very responsive, but Smith is holding firm. We hope to reach an agreement Monday so a bill can move quickly.

9. EDA Reauthorization

On Wednesday, the House Subcommittee on Economic Development concluded hearings on the EDA bill. Congressman Roe has not yet agreed to introduce the Administration's bill by request. I will talk with him this weekend. If he does not introduce our bill by Tuesday we will find other sponsors.

We are uncertain as to what Roe's real game plan is -- but feel that the time has come to try to force his hand.

10. Hospital Cost Containment

Senate

The Senate Finance Committee will resume mark-up May 8. Human Resources may mark-up the bill this week. We have the votes in Human Resources and the substance of our bill should be reported relatively intact.

House

The House Ways and Means Health subcommittee reported to the full committee an amended version of the Administration's legislation. The adopted amendments were all relatively minor with the exception of Rangel's "anti-dumping" (of low-income patients) amendment which we supported. Chairman Ullman has reiterated his intention to schedule HCC as soon as possible. It is conceivable that full committee consideration could begin as early as May 7.
The Health Subcommittee of Commerce has hearings scheduled for April 30 and May 7. The Subcommittee will hear public witnesses and may want a "debate" on May 7 between the Administration and private economists opposing the bill.

The Health Subcommittee in particular has been troublesome, although we won our first vote in a long and torturous markup of the health planning legislation this week. Prior to that vote, a conservative coalition, led by Satterfield and Stockman, had prevailed on several key votes. The markup of Health Planning legislation has made it abundantly clear that the composition of the Health Subcommittee has changed dramatically--from a moderate-to-liberal panel in the 95th Congress to a conservative, ideologically-divided subcommittee in the 96th Congress.

11. Amtrak

Both the Transportation Subcommittee of House Commerce and the full Senate Commerce Committee are expected to act on the Amtrak authorization and resolutions vetoing the restructuring plan this week. Votes on the resolutions of disapproval are expected to be followed by mark-ups on the authorization. The vote counts are increasingly close.

An attempt to add money for Amtrak to the First Budget Resolution in the Senate failed last week.
II. FOREIGN POLICY ISSUES

In last week's report we listed a series of foreign policy issues on which we anticipate Congressional action over the next several weeks. Below is a status report and legislative assessment for each of those issues.

1. Middle East Peace Package

The Senate Foreign Relations Committee reported favorably the full supplemental in support of the Middle East peace treaties on Thursday. The House Foreign Affairs Committee will continue their hearings next week, but probably will not mark-up the bill until May 10.

The Israel loan terms are the only real issue. After a lengthy behind-the-scenes skirmish among the Senate Appropriations, Foreign Relations and Budget Committees, it was concluded that present budget procedures prevent any improvement of the terms for the loan to Israel. Consequently, with AIPAC's consent and the grudging agreement of Senators Stone, Sarbanes and others, the SFRC settled for an amendment which will require you to report to Congress on the ability of Israel and Egypt to repay the loans. The amendment provides that either improved terms or additional assistance may be made available if the present terms prove too onerous for either country. We can easily live with this amendment.

The House has not yet given up. Congressman Solarz believes there is a way for the Federal Financing Bank to offer loans with interest rates lower than the cost of money to the Treasury. In any event we will oppose any effort to alter the terms of the loan to Israel. We expect both authorizations to be available for floor action by mid-May.

There may still be some problems in the appropriations process. Senator Inouye has agreed in principle to appropriate the entire $1.4 billion in an FY'79 supplemental. Representative Clarence Long on the other hand, intends to stretch the appropriations into FY'80 and FY'81. We are working to try to get him to change his position.
2. **Panama Implementing Legislation**

Despite pessimistic press reports the modified open rule adopted Thursday by the Rules Committee on the Panama implementing legislation -- making a debilitating George Hansen bill out of order -- will improve our chances for gaining House approval of Jack Murphy's Merchant Marine Committee bill. The leadership has not yet decided on a date for floor action. It is not likely before the week of May 14.

Though flawed, the Murphy bill is the best one to come to the floor from our standpoint. The amendments to the Administration's bill adopted by the Post Office and Judiciary Committees would cause more problems than similar provisions of the Murphy bill. Zablocki's discussions with Murphy over the Title I war-time powers provision have thus far produced no give on Murphy's part. These discussions will continue with the hope that Murphy will accept a Zablocki amendment on the floor which will put Title I more in line with the spirit of the treaty.

We also intend to try to correct our problems with the bill in the Senate Armed Services Committee. Senator Stennis has given the chore of managing the bill to a reluctant Senator Levin. Levin is now in Panama for briefings.

3. **Rhodesia**

Conservatives in both the House and Senate appear to have decided to hold off on a sanction-lifting amendment at least until the second week of May. Senator Helm's staff has indicated they will wait until May 7 to give you time to make your determination under Case-Javits before offering such an amendment. The House conservatives are likely to await your determination and any Senate action.

4. **Uganda**

Following Idi Amin's departure from the scene, we have been working quietly with both the House and Senate to get the AID prohibitions on Uganda deleted from FY '79 authorizing and appropriating legislation. Senators Church and McGovern and Congressmen Solarz, Bonker and Pease are taking the lead, and plan to introduce the necessary repealers shortly. We are pushing expeditious consideration so as to be able to respond to humanitarian requests from the new government in Kampala.
Congress is also considering the repeal of the trade embargo on Uganda it imposed last year. This would have more symbolic than real value as you have the authority to lift the embargo by determining that Uganda is no longer a gross violator of human rights.

5. Turkey Supplemental Authorizations

Our FY'79 supplemental request for $100 million in SSA for Turkey has run into trouble in the SFRC. Sarbanes opposed our attempt to attach authorizing language to the Mideast Peace Package. However, he has agreed to let us attach the language to the FY'80 Foreign Assistance Bill which will be marked up next week. We are also attempting to add $50 million in MAP for Turkey in FY'80 to this bill. Sarbanes will then argue, probably effectively, that $100 million is enough, and that $50 million in MAP is unacceptable.

In the House, we are attempting to add the $100 million to the Mideast Peace Package which Zablocki will mark-up next week. He is reluctant to do this because of pressure from Brademas. At present it looks as if we will get the $100 million in SSA, but lose the $50 million MAP.

6. Jackson-Vanik - As per your instructions we will begin consultations on MFN for Russia and China on Monday. I discussed the details of the proposal with Secretary Vance Friday.

7. IDCA Reorganization

IDCA reorganization is now pending in both houses. The Senate Governmental Affairs Committee will hold hearings early next week. We have agreed to amend the proposal to strengthen the role of the IDCA Director in U.S. participation in the Multinational Development Bank.

8. Peace Corps

Next week Senator Church may attempt to move the Peace Corps into IDCA. Vice President Mondale will talk to Church on Monday in an effort to persuade him to drop his amendment. Meanwhile, WHCL will work with SFRC staff to substitute language calling for a Senate study of ACTION reorganization. Although we may be able to hold off an amendment in the SFRC next week, the sentiment to break up ACTION in the Congress is very strong. Our only hope is to buy enough time to let Dick Celeste make the necessary changes in Peace Corps to satisfy opponents. Our chances are slim.
9. **Foreign Assistance**

On the whole we have done surprisingly well on the Foreign Assistance Authorization considering the budget-cutting mood on the Hill.

The SFRC will mark-up the Administration's Bill on May 1. We are working hard to prevent cuts, but we are concerned that problems we faced last year, i.e., restrictions on indirect aid, commodity and country restrictions will come up again in the Senate as well as in Conference in June. Of course we expect our greatest problems will come during the appropriations process. The Long Subcommittee will begin mark-up on May 16, and Inouye will begin marking up in July.

At the same time we are paying close attention to the Multilateral Development Bank Authorizations so as to prevent restrictions; SFRC begins mark-up next week, followed by House Banking Committee mark-up May 7.

10. **MTN** - The MTN Task Force legislative subgroup will canvass the entire House on MTN by mid-May when the Trade bill is expected to be submitted to Congress. During this time the Ad Hoc Trade Group (Wilbur Mills, et al) will work on the key House committees.

11. **Export Administration Act** - The Bingham Subcommittee of Foreign Affairs completed mark-up on Thursday. Our efforts to repeal the McKinney anti-oil export amendment failed -- in fact the subcommittee strengthened the language somewhat, even after Commerce and DOE had briefed all subcommittee members on our policy.

On Friday, State, DOE, Commerce and NSC met to discuss possibilities this week in the full committee. Their conclusion was that prospects in the House are very dim and that we should intensify our educational efforts in the Senate where our chances should be better.

The Senate Banking, Housing and Urban Affairs Committee is scheduled to begin mark-up on May 7.
III. MISCELLANEOUS

Budget

Several labor-civil rights groups are working on package add-on amendments, which could jeopardize the House Budget Resolution on the floor. Also, we have word that both the Black Caucus and the New York House delegation have voted to oppose the Resolution.

Bureau of Engraving and Printing - Treasury reports that for the past eight months, the Bureau has been the subject of an investigation by both the Inspector General and the Senate Permanent Subcommittee on Investigations. The Inspector General's investigation resulted in a criminal referral to the Justice Department in December and the matter is presently being pursued by a Grand Jury.

The Senate investigation is tentatively scheduled to be the subject of hearings on May 1, 2 and 3. The hearings will principally focus on activities at the Bureau under Director James Conlon who retired at the end of June, 1977. The Subcommittee has requested, however, that Under Secretary Anderson and several other Treasury representatives testify regarding what the present Treasury administration has done to correct the management problems at BEP and what plans they have for improving the Bureau.
The program for the House of Representatives for the week of April 30, 1979, is as follows:

MONDAY
April 30
HOUSE MEETS AT NOON
Suspensions (No Bills)

H. Con. Res. 107 -- The Congressional Budget for the United States Government, FY '80
(GENERAL DEBATE)

TUESDAY
May 1
HOUSE MEETS AT NOON
Private Calendar
Suspensions (No Bills)

H. Con. Res. 107 -- The Congressional Budget for the United States Government, FY '80
(CONTINUE CONSIDERATION)

WEDNESDAY
May 2
HOUSE MEETS AT 3 p.m.

H. Con Res. 107 -- The Congressional Budget for the United States Government, FY '80
(CONTINUE CONSIDERATION)

THURSDAY
May 3
HOUSE MEETS AT 11 a.m.

(COMPLETE CONSIDERATION)

FRIDAY
May 4
HOUSE MEETS AT 11 a.m.

(COMPLETE CONSIDERATION)

THE HOUSE WILL ADJOURN BY 3 p.m. ON FRIDAY AND BY 5:30 p.m. ON ALL OTHER DAYS EXCEPT WEDNESDAY.
After some additional thought about the Speaker's attitude this morning and in talking with his staff and other Members of the Leadership, I think he is going to be more difficult. He simply does not like our legislative program or the balanced budget. We can close the loop between the Speaker and his Committee chairmen by going up to brief him and his staff on the various Administration initiatives. Bill Cable and I plan to meet with the Speaker or his staff soon to discuss the possibility of setting up a weekly meeting with Bill and me (and possibly someone from Stu's staff) to take the place of Irv Sprague's meeting with the Steering and Policy Committee.
MEMORANDUM FOR THE PRESIDENT

In response to your note of Friday, April 27, I am enclosing my speech this morning announcing the new HEW initiative on alcoholism.

Joseph A. Califano, Jr.
REMARKS BY
SECRETARY JOSEPH A. CALIFANO, JR.
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
TO THE
NATIONAL COUNCIL ON ALCOHOLISM

Sheraton Park Hotel
Washington, D. C.

May 1, 1979
Thank you, Mr. Steinhauser.

I am glad to be here -- to salute this annual forum of the National Council on Alcoholism on its 35th anniversary: This gathering of devoted people who have done so much to save and salvage lives.

And I welcome this opportunity to outline a major new administration initiative in the field of alcoholism.

I bring you greetings from President Carter -- and a commitment from him. The national government has come only lately to this field. The government can never be -- and should never be -- more than a partner, giving help and support to you. But we intend to be a more effective partner.

It is time to prove to the American people that alcoholism is not only a treatable disease, but a beatable disease.

As a beginning, we are declaring a new day of excellence for the National Institute of Alcohol Abuse.
AND ALCOHOLISM -- WHOSE NEW LEADER WAS SWORN IN JUST LAST WEEK: JOHN R. DELUCA OF NEW YORK.

AND WE ARE LAUNCHING TODAY A RANGE OF NEW EFFORTS TO SUPPORT YOUR CAUSE. FOR THE COMING YEAR, WE HAVE REQUESTED 22 MILLION NEW DOLLARS FOR TRAINING, PREVENTION AND TREATMENT IN THE FIELD OF ALCOHOLISM. THIS IS THE LARGEST INCREASE REQUESTED IN ANY PRESIDENT'S BUDGET SINCE THE LAUNCHING OF OUR NIAAA PROGRAMS.

IT IS FITTING THAT WE LAUNCH THIS NEW INITIATIVE IN THE MIDST OF HEW'S YEAR OF PREVENTION: A YEAR IN WHICH WE ARE WORKING TO FOCUS HEW PROGRAMS, AND THE ATTENTION OF THE NATION, ON THE VALUE OF EARLY DETECTION AND PROMPT TREATMENT; ON REACHING PROBLEMS BEFORE THEY EXPLODE INTO CRISIS; ON EDUCATING PEOPLE ABOUT WHAT THEY CAN DO TO KEEP THEMSELVES HEALTHY.
THAT IS THE PHILOSOPHY BEHIND OUR NEW EFFORT TO IMMUNIZE 90 PERCENT OF THE NATION'S CHILDREN AGAINST THE MAJOR PREVENTABLE CHILDHOOD DISEASES BY THE END OF THIS YEAR. THAT IS THE PHILOSOPHY BEHIND OUR INTENSIFIED SMOKING-AND-HEALTH PROGRAM, WHICH IS ALREADY SHOWING RESULTS.

AND THAT IS THE PHILOSOPHY BEHIND THE INITIATIVE I AM ANNOUNCING TODAY IN THE FIELD OF ALCOHOLISM AND ALCOHOL ABUSE.

THE STEPS WE WILL TAKE ARE BASED ON THREE FUNDAMENTAL PRINCIPLES:

• FIRST, THAT ALCOHOLISM IS A DISEASE -- AND A TREATABLE DISEASE;

• SECOND, THAT THIS DISEASE TOUCHES ALL OF US IN SOME WAY;

• AND THIRD, THAT THERE IS A ROLE FOR EVERY SECTOR OF OUR SOCIETY IN THE EFFORT TO CONQUER THIS DISEASE.
YOU WHO HAVE TOILED SO LONG, WITH LIMITED RESOURCES;
YOU WHO HAVE SEEN SO MUCH HUMAN TRAGEDY CAN TAKE SATISFACTION
IN KNOWING THAT YOUR EFFORTS HAVE BORNE FRUIT:

THE VEIL OF SHAME AND DENIAL THAT ONCE HUNG OVER
THE DISEASE OF ALCOHOLISM IS LIFTING. MORE
AND MORE COURAGEOUS AMERICANS -- FROM BETTY FORD
TO WILBUR MILLS TO HAROLD HUGHES -- ARE STANDING
UP AND SAYING, "I HAVE SUFFERED FROM THIS DISEASE,
AND I AM RECOVERING." SOME OF THESE LEADERS
ARE WITH US HERE TODAY: MR. MILLS; THE OSCAR-
WINNING ACTRESS MERCEDES McCAMBRIDGE; AND THE
GREAT HERO OF THE BROOKLYN DODGERS, DON NEWCOMBE.

FOR THE FIRST TIME IN MORE THAN HALF A CENTURY,
THE DEATH RATE FROM CIRRHOSIS HAS GONE DOWN.
THIS ACHIEVEMENT IS A TRIBUTE TO YOUR WORK IN
PREVENTION, IN EARLY INTERVENTION AND TREATMENT,
AND IN FOSTERING PUBLIC UNDERSTANDING OF
ALCOHOLISM.
The alcohol beverage industry is actually supporting and joining in the effort to warn people about alcohol abuse:

- Since 1972, the Distilled Spirits Council—DISCUS—has conducted paid advertising campaigns in the major media to encourage responsible use of their product. And DISCUS has spent more than $9 million in the past ten years for research into alcoholism and alcohol abuse.

- The United States Brewers Association has committed itself to a new nationwide educational program with the theme "Think Twice about Drinking." Its message is directed at teenagers—"If you are underage, don't drink our beer."
THE WINE INSTITUTE HAS ADOPTED AN OCCUPATIONAL ALCOHOLISM PROGRAM TO PROVIDE HELP TO ITS OWN EMPLOYEES, AND AN ADVERTISING CODE TO PROMOTE MODERATION AND DISCOURAGE ABUSE.

I HAVE MET WITH INDUSTRY REPRESENTATIVES AND THEY HAVE PLEDGED TO DO EVEN MORE IN THE FUTURE. THIS REFLECTS A SPIRIT OF PUBLIC RESPONSIBILITY THAT I WANT TO APPLAUD AND ENCOURAGE TODAY.

THESE FACTS ARE SIGNS OF HOPE. THEY SUGGEST THAT YOUR MESSAGE IS GETTING THROUGH.

THE KEYNOTE OF YOUR MOVEMENT--AND OF MY REMARKS TODAY--IS NOT PROHIBITION, BUT PRUDENCE. THE ENEMY IS NOT DRINKING, BUT PROBLEM DRINKING; ALCOHOLISM AND ALCOHOL ABUSE--EXCESSIVE OR INAPPROPRIATE DRINKING THAT CAUSES PROBLEMS IN HEALTH, AT WORK, ON THE HIGHWAY, WITH THE LAW AND WITHIN FAMILIES.

WE HAVE, AS A NATION, MADE ENORMOUS PROGRESS. BUT WE HAVE A LONG, LONG WAY TO GO IF WE ARE TO EASE THE PAIN AND GRIEF THAT PROBLEM DRINKING CAUSES:
THE TOLL OF ALCOHOL-RELATED DEATHS IS AWESOME. ACROSS THE NATION EACH YEAR, NEARLY 100,000 PEOPLE DIE FROM CAUSES RELATED TO PROBLEM DRINKING. AND THIS NUMBER DOES NOT COUNT DEATHS FROM OTHER DISEASES IN WHICH ALCOHOL MAY BE INVOLVED.

THE NUMBER OF THESE DEATHS AND THE FACT THAT SO MANY ARE CLEARLY PREVENTABLE MAKES PROBLEM DRINKING, AFTER SMOKING, PREVENTABLE PUBLIC HEALTH ENEMY NUMBER TWO IN AMERICA.

CERTAINLY NO OTHER DISEASE EXACTS SUCH A FEARFUL ECONOMIC COST: TENS OF BILLIONS OF DOLLARS IN DIRECT HEALTH-CARE COSTS; IN LOST PRODUCTIVITY AND UNEMPLOYMENT; IN AUTO ACCIDENTS, VIOLENT CRIMES, FIRES AND SOCIAL-SERVICE COSTS. INFORMED ESTIMATES PUT THE ECONOMIC COST OF PROBLEM DRINKING AT MORE THAN $40 BILLION EACH YEAR.*

WE ALL PICK UP THE TAB FOR THE THREE MARTINI LUNCH--AND THE TAB IS $40 BILLION.

These are the numbers we have; we believe that many of them may in fact be too low. Indeed, one of the first things we want to do in the effort I will outline today is to get better information: to ask the right questions about alcoholism—and to get more sophisticated data.

But most importantly, we know that the cost of this disease in human suffering is incalculable: in homes disrupted, in careers derailed, in children abused and traumatized. Each of us knows only too well of a family torn apart, a teenager crippled in a car crash, a life wrecked by problem drinking.

We can, of course, have an impact on these tragic numbers only if we make headway against another problem: the problem of public understanding and public awareness. For here, too, although we have made great progress, more remains to be done.
There are still too many people afraid to seek treatment; too many who do not yet know the damage that alcohol abuse can cause -- and too many who put themselves at risk. There are still too many who mistakenly feel that alcoholism is not a treatable disease, but an embarrassing weakness, to be agonized over in secret.

It is a persistent myth that the typical problem drinker is a middle-aged man headed for Skid Row, like the disintegrating figure immortalized by Ray Milland in "The Lost Weekend."

In fact there is no typical problem drinker.

The problem drinker is a woman, too: a woman whose outward life may seem perfect, even privileged -- but who feels overwhelmed; who endures the disease of alcoholism alone, in secret.
THE PROBLEM DRINKER IS THE CLEAN-CUT TEENAGER IN YOUR NEIGHBORHOOD WHO MAY ONLY DRINK OCCASIONALLY, ON WEEKENDS, AT PARTIES: BUT WHO DRINKS TOO MUCH -- AND THEN DRIVES.

IT IS A MYTH THAT PROBLEM DRINKERS BELONG ONLY TO CERTAIN CLASSES OR RACES OR INCOME GROUPS; THAT THE PROBLEM IS "OUT THERE," IN THE GHETTO OR ON THE BOWERY.

IN FACT THE PROBLEM DRINKER MAY BE ANYONE: FAMOUS EXECUTIVE OR FACTORY FOREMAN; COMMUNITY LEADER OR CLERGYMAN; THE TRIAL LAWYER WHO DRINKS "FOR CONFIDENCE;" THE SURGEON WHO WON'T ADMIT THAT HIS DRINKING IS GETTING OUT OF HAND.
AND THE PROBLEM DRINKER'S PROBLEM IS OFTEN NOT SIMPLY ALCOHOL. IT IS A DEADLY COCKTAIL OF ALCOHOL, TRANQUILIZERS AND BARBITURATES.

CONSIDER THESE FACTS ABOUT PROBLEM DRINKING IN AMERICA:

THE NINE PERCENT OF OUR POPULATION WHO DRINK MOST HEAVILY CONSUME 60 PERCENT OF THE ALCOHOL.

THERE ARE, IT IS ESTIMATED, NINE TO TEN MILLION ADULT PROBLEM DRINKERS AMONG US: MORE THAN TWO MILLION OF THEM WOMEN; A SIGNIFICANT NUMBER OF THEM ELDERLY.

LAST YEAR, IN ADDITION, MORE THAN THREE MILLION TEENAGERS HAD PROBLEMS RESULTING FROM DRINKING.
At least one third of all hospital admissions are related to problem drinking. And the percentage may be higher. Indeed, in some areas alcohol abuse is the leading cause of hospital admissions.

Seven percent of the nation's adult population are problem drinkers. That percentage, applied in the world of our daily experience, means that the problem is everywhere: If a company has 1,000 employees, it means 70 of its workers may have drinking problems.

So, the problem is not "out there;" it is in our midst. It touches virtually every American neighborhood, every office, and every family. This problem does not just live on Skid Row, it lives on Main Street.

It is a myth, finally, that problem drinking is a dead end, an insoluble dilemma.

Quite the contrary: The American people need to know that alcoholism is a disease that can be successfully treated.

If we face it squarely.
IF WE FOCUS PROPERLY ALL OUR DIVERSE RESOURCES: FEDERAL PROGRAMS, STATE AND LOCAL EFFORTS, AND THE WORK OF MILLIONS OF VOLUNTEERS.

IF WE CARE ENOUGH.

FOR THE PAST TWELVE MONTHS, WE AT HEW HAVE BEEN AT WORK TO DEVELOP A MAJOR NEW INITIATIVE IN THIS FIELD: TO BRING NEW ENERGY, NEW RESOURCES, AND NEW DIRECTION TO ALL OUR EFFORTS AGAINST ALCOHOLISM. TODAY I CAN ANNOUNCE TO YOU THE MAJOR ELEMENTS OF THAT INITIATIVE.

I. SPECIAL TARGET PROBLEMS AND POPULATIONS

FIRST: WE WILL LAUNCH NEW EFFORTS AIMED AT SPECIFIC POPULATION GROUPS AND PROBLEM AREAS.

ALCOHOL ABUSE IS A SERIOUS DANGER TO TEENAGERS. THE NUMBER OF HIGH SCHOOL STUDENTS WHO ADMIT BEING INTOXICATED AT LEAST ONCE A MONTH NEARLY DOUBLED BETWEEN 1966 AND 1975, FROM 10 TO 19 PERCENT.
Alcohol-related accidents are the leading cause of deaths in the 15 to 24 year age group; they account for more than 8,000 deaths per year. In addition, more than 40,000 young people are hurt every year in drinking and driving accidents -- many of them crippled, paralyzed, or otherwise disabled for life.

To deal with problem drinking among teenagers and young people:

- We are requesting a fourfold budget increase in fiscal 1980 from $2.8 million to $12.5 million for education, prevention, treatment and research.

- We will develop and fund five comprehensive alcoholism prevention projects, targeted at 750,000 young people, with the help of the Boy Scouts, Girl Scouts, Catholic Youth Organizations, and others.
In cooperation with the Department of Transportation, the national media, and with the help of the alcohol beverage industry, we will launch an information campaign to encourage sensible attitudes toward drinking among the 40 million young people age 15 to 24. This program will emphasize auto safety; we must reduce the carnage on this nation’s highways.

We will also focus special attention on the growing problem of alcoholism among women.
In my visits to alcohol treatment projects around the nation, it has struck me that too few programs have focused on women: upon treatment, prevention, training and research for the special alcohol problems of women.

To remedy this situation, we are tripling the funds devoted to women. For fiscal 1980, we are requesting $11.85 million.

- To increase research into alcohol problems among women;

- To expand our support for treatment programs;

- To launch a nationwide program of outreach and education about women and alcoholism, involving industry, labor, voluntary agencies and national women’s organizations.
WE WILL DEVOTE NEW RESOURCES TO A TRAGIC OFFSHOOT OF ALCOHOL ABUSE: FETAL ALCOHOL SYNDROME, THE THIRD LEADING CAUSE OF BIRTH DEFECTS -- AND THE NUMBER ONE PREVENTABLE CAUSE OF SUCH DEFECTS. LAST YEAR, ONE IN EVERY 2000 BABIES BORN HAD A PHYSICAL OR MENTAL IMPAIRMENT CAUSED BY A MOTHER'S ALCOHOL INTAKE DURING PREGNANCY.

- WE WILL STEP UP OUR SUPPORT FOR RESEARCH INTO THIS PROBLEM.

- WE WILL EXPAND OUR EFFORTS TO REACH POTENTIAL PARENTS -- ESPECIALLY THE 48 MILLION AMERICAN WOMEN OF CHILDBEARING AGE -- WITH WARNINGS ABOUT THE DANGERS OF ALCOHOL FOR UNBORN BABIES.

- TO INSURE THAT PEOPLE KNOW THAT SOME MEDICINES CONTAIN CONSIDERABLE ALCOHOL, THE FDA WILL LAUNCH PROCEEDINGS NEXT MONTH TO DETERMINE WHETHER WARNING LABELS TO PREGNANT WOMEN AND OTHERS SHOULD BE REQUIRED ON DRUGS WHICH CONTAIN SIGNIFICANT AMOUNTS OF ALCOHOL.

II. IMPROVING THE HEALTH CARE SYSTEM

SECOND: WE WILL USE OUR RESOURCES AND OUR LEADERSHIP TO CHANGE THE NATION'S HEALTH CARE SYSTEM: TO HELP IT DO A BETTER JOB, FROM BEGINNING TO END, IN DEALING WITH THIS PUBLIC HEALTH PROBLEM.

- WE NEED TO STEP UP OUR EFFORTS TO MAKE TREATMENT OF ALCOHOLISM A STANDARD FEATURE OF THE HEALTH CARE CURRICULUM. WE WILL DEVOTE $2 MILLION TO 15 SPECIAL NEW PROGRAMS IN MEDICAL SCHOOLS FOR TEACHING FUTURE DOCTORS HOW TO TREAT ALCOHOLISM. AND WE WILL SEEK WAYS TO IMPROVE CONTINUING EDUCATION IN THE FIELD OF ALCOHOLISM FOR HEALTH CARE WORKERS.
WE WILL REQUIRE ALL FEDERALLY-QUALIFIED HEALTH MAINTENANCE ORGANIZATIONS TO PROVIDE DIAGNOSTIC AND REFERRAL SERVICES ON AN INPATIENT OR OUTPATIENT BASIS TO THEIR MEMBERS WHO ARE ALCOHOLICS OR ALCOHOL ABUSERS.

AT PRESENT, UNDER MEDICARE AND MEDICAID, ALCOHOLISM SERVICES EITHER ARE NOT COVERED, OR ARE PROVIDED ONLY IN COSTLY, ACUTE CARE SETTINGS LIKE HOSPITAL WARDS. I HAVE THEREFORE DIRECTED THE HEALTH CARE FINANCING ADMINISTRATION TO REVIEW ITS POLICIES. HCFA WILL DEVOTE $1 MILLION TO DEMONSTRATION PROJECTS TO PROVIDE ALCOHOLISM SERVICES IN NEW, LESS EXPENSIVE AND MORE EFFECTIVE WAYS. AND HCFA WILL REVIEW MEDICARE AND MEDICAID RULES IN AN ATTEMPT TO COVER SUCH SERVICES ON A BROADER BASIS.
We will work also with private health insurance companies -- to encourage them to offer broader coverage of alcoholism treatment. Some of the leading companies in the health insurance field are already moving on this front. I recently spoke about this with the President of the Equitable Life Assurance Society, which has just expanded its coverage of alcohol-related problems. Aetna Life and Casualty has also been an innovator in this area. I commend these companies for their vision and their good business sense -- for together we have learned that better coverage helps direct people to the most appropriate treatment centers, where often they can get the earliest, most effective, least costly help.
We must learn what combination of skills and training makes for the best alcohol counselors and other workers in this field. Accordingly, we will launch a new research program to answer that question. When we have done that, we will seek a major commitment of resources for what this field so urgently needs: training programs to develop skilled professionals.

III New Efforts to Deal with Combination Abuse

Third: We will take major new steps to protect the public against the special dangers of combining alcohol with other drugs. In our heavily-medicated society, in which millions of prescriptions for tranquilizers, barbiturates, and pain relievers are dispensed each year, people are not always aware just what drugs they are taking; too often doctors may not take time to consider all the different drugs their patients are taking; sometimes sleeping pills, tranquilizers, Darvon or others are given to an alcoholic patient -- and all too soon, a combination abuser is created.
So we are increasingly concerned about the dangers of alcohol used in combination with certain other drugs, especially sedatives and tranquilizers. This "combination abuse" can kill—and does kill—thousands of people each year.

To deal with combination abuse:

- The Surgeon General will issue a special advisory to all physicians in the nation warning them of the dangers of combination use of alcohol and certain drugs. We will urge them to limit the amount of drugs dispensed with each prescription, and to monitor carefully prescriptions to patients who may have alcohol problems.

- I have asked the Food and Drug Administration to provide me, within 60 days, with a list of those commonly prescribed drugs that may present health hazards when used with alcohol, and for which new label warnings may be needed. Among those common drugs are sedatives such as barbiturates and tranquilizers like Valium and Librium.
THE FOOD AND DRUG ADMINISTRATION WILL PUBLISH
WARNINGS ON THE DANGERS OF COMBINING ALCOHOL
WITH SPECIFIC DRUGS IN ITS DRUG BULLETIN
WHICH IS WIDELY READ AMONG HEALTH PROFESSIONALS;
IT WILL ALSO PUBLISH SUCH INFORMATION IN THE
BROADLY-CIRCULATED FDA CONSUMER MAGAZINE.

IV  WORK-BASED ALCOHOLISM PROGRAMS

FOURTH: WE HAVE LEARNED THAT ONE OF THE MOST
EFFECTIVE SETTINGS FOR IDENTIFYING AND TREATING PROBLEM
DRINKERS IS AT WORK. DRINKING PROBLEMS SURFACE EARLY IN
THE FORM OF PROBLEMS AT WORK -- AND MOST EMPLOYEES TAKE
PRIDE IN THEIR WORK AND WANT TO KEEP THEIR JOBS. YET
THESE PROGRAMS ARE AVAILABLE TO LESS THAN 20 PERCENT OF
THE NATION'S WORKERS. SO THE THIRD MAJOR ELEMENT OF OUR
NEW INITIATIVE WILL BE WORK-BASED ALCOHOLISM PROGRAMS.
We will begin by putting our own house in order here in the Federal government. We intend to make HEW's own Employee Assistance Program a model by increasing support for it sixfold, from $250,000 to $1.45 million. And we will help other government agencies build better programs of their own. I am writing to Cabinet Secretaries and other agency heads to enlist their support for these programs, and we are establishing a special unit at NIAAA to assist them in these efforts.
We are taking the lead in helping the private sector extend the reach of employee alcoholism programs. I am sending a letter to the heads of the nation's 500 largest corporations and to the leaders of the major unions, encouraging them to follow the outstanding leadership of George Meany and Jim Roche, whom you will honor today, in their efforts to establish or improve the nation's work-based alcoholism programs.

I am also writing to the nation's governors, urging those without employee alcoholism programs to establish them, and asking those who have programs to take a personal interest in improving them. I am writing a similar letter to the mayors of our 40 largest cities.

And we will convene this fall a National Conference on Occupational Alcoholism Programs, to which we are inviting a wide range of public and private employers, labor leaders and voluntary agency leaders. The Conference will provide a forum for the exchange of ideas and techniques.
IN ALL THESE WAYS AND MANY MORE AS TIME GOES ON, WE ARE SHARPENING OUR EFFORTS TO HELP YOU TO HELP OTHERS. IN THIS EFFORT, THE INSCRIPTION ON THE SEAL OF HEW HAS ESPECIALLY POIGNANT MEANING: IT TRANSLATES, "HOPE IS THE ANCHOR OF LIFE."

IN EVERY ONE OF THESE EFFORTS, I AM ACUTELY AWARE OF HOW LITTLE GOVERNMENT CAN DO — AND HOW MUCH YOU CAN DO. GOVERNMENT, AFTER ALL, CAN ONLY LEND SUPPORT TO YOU AND YOUR COLLEAGUES: ESPECIALLY TO HUNDREDS OF THOUSANDS OF VOLUNTEERS, MANY OF THEM RECOVERED ALCOHOLICS THEMSELVES, WHO ARE WORKING HEROICALLY TO CONTAIN THIS DISEASE.

I AM AWARE ALSO THAT THE MAJORITY OF RECOVERED ALCOHOLICS HAVE BEEN LED BACK TO HEALTH BY AN ORGANIZATION CALLED ALCOHOLICS ANONYMOUS. AA, ALANON AND ALATEEN HAVE EXTENDED HOPE AND HELP TO MILLIONS OF AMERICANS, AND THEY DESERVE OUR THANKS.
Our role is to support, not supplant, your efforts. But we in government can do a great deal to help. We can support programs of research that lead to more effective treatment and prevention efforts. We can lend assistance to programs at the state and local level. We can provide a clearing-house for information and ideas. We can help train the people -- the counselors and other professionals -- who are needed so desperately to work in this field.

We can do it -- and we are going to do it.

It is to give you that assurance -- and to give you, on behalf of the nation, our heartfelt thanks -- that I have come here today.

Thank you.

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Mr. President:

Hugh Carter would like to see you for 10 minutes this week to finalize your choice for the new military aide.

✔ approve  ☐ disapprove

Phil
TO: THE PRESIDENT
FROM: GRETHELEN POSTON
SUBJECT: SCENARIO FOR LAW DAY RECEPTION ON TUESDAY, MAY 1, 1979 AT 2:30 PM

2:30 PM
Guests arrive East Room.

2:50 PM
Platform principles - Attorney General Bell, Chief Justice Burger and President of the American Bar Association, Shephard Tate proceed to Red Room.

2:53 PM
After guests are gathered, Attorney General Bell, Chief Justice Burger and Shephard Tate proceed to East Room on to platform.

2:55 PM
Attorney General Bell welcome guests.

3:00 PM
THE PRESIDENT is announced into the East Room and proceeds to the platform.

REMARKS

Press coverage

Chief Justice Burger delivers brief remarks.

Shephard Tate delivers brief remarks

THE PRESIDENT departs

Guests enter State Dining Room for Reception.
THE WHITE HOUSE
WASHINGTON

April 27, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT
FRANK WHITE

SUBJECT: Law Day -- Dropby Briefing Paper

Some time ago the Attorney General recommended that you hold a reception for the Nation's leading judges and bar officials. Bob Lipshutz and I strongly endorsed that recommendation and suggested that it would be appropriate to hold it on Law Day, May 1. You subsequently approved the recommendation and specified that you wanted to invite all the judges you have appointed.

In close collaboration with the Justice Department, Bob Lipshutz and Anne Wexler, we have issued approximately 350 invitations to all elements of the legal community:

- The Supreme Court
- The Judicial Conference (Chief Circuit Judges and District Judges)
- all judges you have appointed
- Judicial Nominating Commission Chairpersons
- all elements of the organized bar (ABA, Black, Hispanic and women's bar groups)
- Senate Majority Leader and Senate Judiciary Committee
- House Speaker and House Judiciary Committee
- State Chief Justices (8)
- State Attorneys General (8)
o Law Professors and Law School Deans
o Legal Defense Funds and public interest lawyers of all persuasions including Black, Hispanic, Indian and women's rights groups; environmental groups; Legal Services Corporation
o private practitioners
o some Cabinet Secretaries and some agency General Counsels

The reception is scheduled for 2:30 p.m. You are scheduled to arrive at 3:00 p.m. We have planned a short program not exceeding 15 minutes in which you would speak for 8-10 minutes followed by brief remarks by Chief Justice Burger and Shephard Tate, President of the ABA. The Attorney General will welcome the group and act as moderator. After the ceremony, we hope you will greet the guests as they leave the East Room for refreshments in the Red Room.

The reception will be of great symbolic importance to the legal community. Attached is a short speech which stresses the importance of law in society, itemizes your major law-related initiatives and emphasizes your determination to create a more representative judiciary.
Bar Groups

American Bar Association

S. Shepherd Tate, Esq.
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John D. Shepherd, Esq.
One Merchantile Center
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Dean Tyler Jenks
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National Bar Association

Junius W. Williams
President
National Bar Association
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Robert L. Harris
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Women Lawyers Associations

Ms. Miriam Newman
President
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Wilhemina Rolark
National Association of Black Women Lawyers
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American Law Institute

Norris Darrel
Chairman
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New York, New York 10004

The Honorable R. Ammi Cutter
President
62 Sparks Street
Cambridge, Massachusetts 02138

Herbert Wechsler
Director
435 West 116th Street
New York, New York 10027

National Conference of Commissioners on Uniformed State Laws

George C. Keely, Esq.
1600 Colorado National Bank
950 17th Street
Denver, Colorado 80202
State Chief Justices

The Honorable James Duke Cameron
Chief Justice
Supreme Court of Arizona
Chairman, Conference of Chief Justices

The Honorable Lawrence W. I'Anson
Chief Justice, Supreme Court of Virginia and
Vice Chairman, Conference of Chief Justices
Virginia Federal Savings and Loan Building
600 Crawford Street
Portsmouth, Virginia 23704

The Honorable Robert J. Sheran
Chief Justice, Supreme Court of Minnesota and
Second Vice Chairman, Conference of Chief Justices
State Capitol Building
St. Paul, Minnesota 55155

The Honorable H. E. Nichols
Chief Justice
Supreme Court of Georgia
514 State Judicial Building
40 Capitol Square
Atlanta, Georgia 30334

The Honorable Edward F. Hennessey
Chief Justice
Supreme Judicial Court of Massachusetts
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Boston, Massachusetts 02108

The Honorable Mary S. Coleman
Chief Justice
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The Honorable Robert F. Utter
Chief Justice
Supreme Court of Washington
Temple of Justice
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Supreme Court of Rhode Island and Chairman
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Mr. Jag C. Uppal  
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The Honorable William S. Richardson  
Chief Justice  
Supreme Court of Hawaii  
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The Honorable Chauncey H. Browning  
Attorney General  
State of West Virginia  
State Capitol  
Charleston, West Virginia 25305

The Honorable J. D. MacFarlane  
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The Honorable M. Jerome Diamond  
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State of Vermont  
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Montpelier, Vermont 05602

The Honorable Theodore L. Sendak  
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The Honorable Charles Graddick  
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Professor Preble Stoltz
Boalt Hall School of Law
University of California, Berkeley
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THE WHITE HOUSE
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5/1/79

Jack Watson
Stu Eizenstat

The attached note to Secretary Andrus was returned in the President's outbox today and is forwarded to you for your information. The original has been mailed to the Secretary.

Rick Hutcheson
THE WHITE HOUSE
WASHINGTON

5-1-79

To Chip Andrews,

From experience, I am concerned about permitting timber harvest immediately adjacent to streams. Erosion occurs, and the parts of trees tend to enter the stream beds. Would you look into this, please?

[Signature]

Jimmy
THE WHITE HOUSE
WASHINGTON

Law Day 1979

Ch. J. Burger, A.G. Bell, Prest. HRe
Mrs. Sup. Ct., Cab, Corp, friend

All segments. Legal system
Thinness of fed. judge
Large Corp > poor

Environ., discrm.

Not lawyer. Concerned with justice
Vim - highest goal of govt.
Const. all Conf. - law equality.

Freedoms - but blacks, women,
Probs - recent years, distrust

Not GA. L.A. Bar
Still problems - costs, delays
Candidate - choice of judge

Efficiency, Quality - representative

Hill

△ - for the better?
Share responsibility.
congressional breakfast 5/1/79

THE WHITE HOUSE
WASHINGTON

5-1-79

Congress was?

Standby not eating - Santini, Murphy
Byrd, Dept Ed
Broader, Kasten, Finklen
D-2 Speaker help

Hosp COST Spyk, Gubbrudt, Danny, Lott
Wright, Rocke, Teffen, Gilman
Bradman, Denny, Hefley
Giron, de treaty, private to Byrd
Alaska oil swap
China visit

Windfall Tax - Energy - SALT
After Panama - DIS
Budget - D-2 - Hansen, Ed
Ways & Means - MTW - Not Hefley
Small Business

Electrostatic Copy Made
for Preservation Purposes
drop by briefing for advertising council
5/1/79

Energy, SALT, Employment, flexi time, keep on beautening, Red Cross, Savings bond

Electrostatic Copy Made for Preservation Purposes
Stennis

Stennis

5/1/79

lunch with senator stennis

SALT

MX

Monitor Soviet载体

New type. solid. North test

Judge - Sinder

Panama

CDW - 220

Plan ships - 79 or 80

Sandra

Draft

Herman

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