

5/24/79

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THE PRESIDENT'S SCHEDULE

Thursday - May 24, 1979

- 8:00 Breakfast with Economic Advisers. (Mr. Alfred
(60 min.) Kahn) - The Cabinet Room.
- 9:00 Dr. Zbigniew Brzezinski - The Oval Office.
- 9:45 Mr. Frank Moore - The Oval Office.
- 11:30 Drop-By Swearing-In Ceremony for the Chairman
(15 min.) and Members of the Export Council. (Mr. Tim Kraft).
The Roosevelt Room.
- 11:50 Commander Paul Reason and Family. (Mr. Marty Beaman).
(5 min.) The Oval Office.
- 12:00 Lunch with Vice President Walter F. Mondale.
(60 min.) The Oval Office.
- 1:15 Mr. Peter Shapiro, Essex County, New Jersey, Executive.
(10 min.) (Mr. Jack Watson) - The Oval Office.
- 2:45 Drop-By Briefing on SALT for Community Leaders.
(15 min.) (Ms. Anne Wexler) - The East Room.
- 3:15 Meeting with Budget Group/National Health Insurance.
(2 hrs.) (Mr. James McIntyre) - The Cabinet Room.

National History

THE WHITE HOUSE
WASHINGTON

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RSC:

This memo is long, but I had such strong feelings about Secretary Califano's appearance before the Senate Subcommittee this morning on the Mental Health Systems Act, I felt you had to know the facts.

Kathy

Jimmy

Any suggestions?

*We had a long meeting w/ the
representatives of M Health and
I think we had them con-
vinced to support
us. Don't let
this go*

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

May 24, 1979

*Stu
hold personally
J*

TO: RSC
FROM: Kathy *KV*
RE: Hearing on the Mental Health Systems Act

I am going to get a transcript of Secretary Califano's appearance before the Senate Subcommittee on Health and Scientific Research this morning so that you can read his full statement, but I have very serious concerns about the way the Administration's only witness at this hearing defended the Mental Health Systems Act and I wanted to alert you right away. We need to react quickly and devise a strategy to correct this situation.

In my judgment he did a very poor job. Not only did he seem to be ill-informed about many of the basic issues involved in improving mental health services, but he also lost many opportunities to aggressively defend the bill, to take credit for Administration accomplishments in this area in the past year, and to clarify some concerns that constituent groups have about the way the bill is presently drafted.

For example, in response to a question about what had been done administratively in the past year to correct some of the problems of fragmentation and lack of coordination of services for the chronically mentally ill, he said that very little had been done because solutions lay in legislative changes and he had little authority to correct the problems. He did not take credit for the HEW/HUD initiative or even having convened a task force of all the agencies within HEW to study the Commission report and figure out ways to implement some of its recommendations administratively.

In response to a question about what HEW was doing to increase minority representation in mental health personnel, he said first that HEW, through its programs to support medical education did give aid to black schools like Howard and Meharry Medical College. When pressed further on this point, he said he would have to find out what was going on and submit information for the record.

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MAY 24 1979

When asked about what HEW could do to encourage closer links between health, mental health and other social services for the chronic patient, he said, "not very much," that it was really a problem for the states and communities to deal with. While I guess I understand the point he was trying to make -- that at the operational level, states and communities have to work more closely together -- clearly HEW can provide leadership and, as the bill proposes, technical assistance to move this process along.

When asked whether an evaluation had been done about what happens to Community Mental Health Centers after their 8-year federal funding expires and whether there was a reduction of services, he said he didn't have an answer, that he would have an analysis done and submit it for the record. There is, of course, in the bill, a section which provides some support for centers after they graduate, to help them continue services like consultation and education, which are not reimbursible and which are often the first to be dropped when federal funding expires.

When asked whether real costs were reduced when patients were moved from an in-patient to an out-patient setting, he again stated he would have to submit information for the record.

And finally, when asked whether there was really enough money set aside for implementation in the first year, he made the point that it was a modest amount, but that it was just a beginning. He then went on to draw the analogy that the Model Cities program started with only \$10 million the first year and grew to a half a billion dollars in the second year.

I realize the Secretary has many other responsibilities, but his performance was such a discredit to you and to everyone who has worked so hard on the Commission and this legislation, that I feel you should know about it.

In addition, the differences that I heard from the Mental Health Association and the National Council on Community Mental Health Centers are not so great that they cannot be worked out. Had the Secretary made a more forceful presentation, we would now be in a much stronger position to negotiate compromises with these groups.

As it is now, it appears as though we don't really know what we're talking about, which I feel certain you will find as distressing as I do.

I plan to talk at length with Tom in the next day or two about what we might do to correct this and would appreciate any thoughts you might have.

THE WHITE HOUSE
WASHINGTON

24 May 79

Frank Moore

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

Rick Hutcheson

2280

THE WHITE HOUSE

WASHINGTON

May 23, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
FRANK MOORE *F.M. Moore*

SUBJECT: Personal Letters to Congressmen
and Senators on Welfare Reform

Attached for your review and signature are brief notes from you to Congressmen Ullman, Corman, Perkins, Hawkins, and Conable -- the full committee and subcommittee chairmen and the ranking Republican on Ways and Means, and Senators Kennedy, Moynihan, Javits, Long, Williams, Nelson and Bellmon. These notes, in addition to the strong Message, will be an important signal of your interest.

May 23, 1979

To Senator Henry Bellmon

This note is to thank you for your continuing interest in welfare reform proposals and to ask you to take a careful look at the legislation I am sending to the Congress. I hope that we will be able to work together on this critical issue.

Sincerely,

JIMMY

The Honorable Henry L. Bellmon
United States Senate
Washington, D.C. 20510

JC/FM/EJS/djk

May 23, 1979

To Senator Ted Kennedy

I am very pleased that you will be involved in the welfare reform effort in this Congress. I hope you will give careful consideration to the two bills I am submitting, which I believe provide an opportunity to make critically important progress in this Congress.

I look forward to working with you.

Sincerely,

JIMMY

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

JC/wws--

May 23, 1979

To Senator Jack Javits

Thank you for your leadership in the past and your support this year for welfare reform legislation. I understand that the legislation you introduced shares many basic principles with my own. I look forward to working closely with you on this issue.

Sincerely,

JIMMY

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

JC/wws--

May 23, 1979

To Senator Pete Williams

I want to thank you for your help with the jobs legislation in our welfare reform proposals. I look forward to working with you and your committee in seeking its enactment.

Sincerely,

JIMMY

The Honorable Harrison A. Williams, Jr.
United States Senate
Washington, D.C. 20510

JC/wws--

May 23, 1979

To Senator Pat Moynihan

Thank you for your continued interest in welfare reform and for your helpful counsel. I know you will give these proposals careful consideration. I believe that they provide an opportunity to make important progress in this Congress. I hope to have your active support. I look forward to working with you.

Sincerely,

JIMMY

The Honorable Daniel Patrick Moynihan
United States Senate
Washington, D.C. 20510

JC/wws--

THE WHITE HOUSE
WASHINGTON
24 May 79

The First Lady

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

Rick Hutcheson

2274

Ruth C. Stapleton

Holovita Route 1 Argyle, Texas 76226

May 21, 1979

Ros
J

President Jimmy Carter
THE WHITE HOUSE
Washington, D.C.

Dear President Carter,

Ruth has requested that I send a copy of this feature article
which appeared in a supplement to THE HOUSTON CHRONICLE on
Sunday, April 1, 1979.

Sincerely,



Steve Carpenter
ADMINISTRATIVE ASSISTANT
to Mrs. Stapleton

TODAY IS S

Ruth Carter Stapleton:

Lighting

up lives.

THE WHITE HOUSE
WASHINGTON

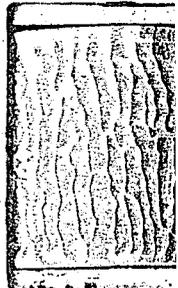
24 May 79

Secretary Blumenthal

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

Rick Hutcheson

Frank Moore
Zbig Brzezinski



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	FOR INFORMATION
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	VICE PRESIDENT
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	CLOUGH
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	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
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	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
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	STRAUSS
	VANCE

THE WHITE HOUSE
WASHINGTON

5/24/79

Mr. President:

Dan Tate notes that the consideration of these treaties could present a problem on SALT. He suggests that you get Sen. Byrd's advice.

Henry Owen has no comment. Bernie Aronson's office has reviewed the attached text.

Rick/Bill



THE SECRETARY OF THE TREASURY
WASHINGTON

ACTION

May 21, 1979

**Electrostatic Copy Made
for Preservation Purposes**

MEMORANDUM FOR THE PRESIDENT

Subject: Ratification of Tax Treaties by the Senate

There are eight tax treaties pending before the Senate for ratification: six income tax treaties and two estate tax treaties. Some of these treaties have been in the Foreign Relations Committee for more than two years. The failure of the Committee to report out the tax treaties for Senate action is causing hardship for some U.S. taxpayers, as well as dismay for our treaty partners.

Persistent efforts to discuss this matter with Senator Church have proved unavailing because of his extremely busy schedule. Senator Javits, the ranking minority member of the Committee, has indicated support for our desire to have the Committee schedule hearings on the treaties without further delay. He has suggested that the most effective way to persuade the Committee to schedule hearings promptly would be for you to express to the Committee your interest in an expedited review of the treaties. This would seem to be even more significant with the completion of SALT II. If the treaties are not considered prior to preoccupation with SALT II, substantial further delays will ensue.

We have discussed Senator Javits' suggestion with Stu Eizenstat and have prepared a letter for your signature to Senator Church, stating your interest in securing prompt review of the treaties and your support for their approval.

I recommend that you send this letter to Senator Church or raise this matter with him orally.

WMB

W. Michael Blumenthal

Attachment

There is a parliamentary problem. In order to prevent a filibuster on it, SALT II has to be the first reported out. Check accuracy of this J

THE WHITE HOUSE

WASHINGTON

To Chairman Frank Church

I am writing to request your assistance in expediting Senate review of the tax treaties that are pending before the Committee on Foreign Relations. It is important that these treaties be reviewed by the Committee at an early date and reported out to the full Senate for its advice and consent to their ratification.

I recognize that the Committee on Foreign Relations has a heavy workload right now, and that it is charged with responsibility for issues of major concern to our international relations. Sometimes the technical nature of tax treaties results in their not being assigned a high priority. As you well know, tax treaties contribute significantly to U.S. economic relations with other countries, and delays in acting on them can cause hardship to U.S. taxpayers and dismay to our treaty partners.

I strongly support the tax treaties which are before the Committee and urge that you make every effort to review them at an early date. I hope that consideration be given to taking up the tax treaties prior to the beginning of work on SALT II, if at all possible. As always, I greatly appreciate your cooperation and assistance on this matter.

Sincerely,

X _____

The Honorable Frank Church
Chairman
Foreign Relations Committee
United States Senate
Washington, D.C. 20510

cc: The Honorable Robert C. Byrd

ID 792166

THE WHITE HOUSE

WASHINGTON

DATE: 22 MAY 79

FOR ACTION: FRANK MOORE (LES FRANCIS)

ZBIG BRZEZINSKI

BERNIE ARONSON

very retyped

W. Brzezinski

-H. Owen -nc

INFO ONLY: THE VICE PRESIDENT

STU EIZENSTAT

SUBJECT: BLUMENTHAL MEMO RE RATIFICATION OF TAX TREATIES BY THE
SENATE

+++++

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

+ BY: 1200 PM THURSDAY 24 MAY 79 +

+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

Ratification of Tax Treaty by the
Senate --

Dan Tate:

The President must be made aware
that consideration of these treaties
could present a problem on SALT.
Senator Byrd's advice should be
sought.

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ACTION
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<input type="checkbox"/>	VANCE

THE WHITE HOUSE

WASHINGTON

Dear Mr. Chairman:

I am writing to request your assistance in expediting Senate review of the tax treaties that are pending before the Committee on Foreign Relations. I consider it important that these treaties be reviewed by the Committee at an early date and reported out to the full Senate for its advice and consent to their ratification.

I recognize that the Committee on Foreign Relations has a heavy workload, and that it is charged with responsibility for issues of major concern to our international relations. Sometimes the inherent technicality of tax treaties might result in their not being assigned a high priority. Tax treaties do contribute to U.S. economic relations with other countries, however, and delays in acting on them can cause hardship to U.S. taxpayers as well as dismay to our treaty partners.

I would like to make clear that I support the tax treaties which are before the Committee and urge that you make every effort to review them at an early date. I would encourage that consideration be given to taking up the tax treaties prior to the beginning of work on SALT II, if at all possible.

Sincerely,

The Honorable
Frank Church
Chairman, Foreign Relations Committee
United States Senate
Washington, D.C. 20510

cc: The Honorable
Robert C. Byrd
Majority Leader
United States Senate
Washington, D.C. 20510

ID 792166

THE WHITE HOUSE

WASHINGTON

DATE: 22 MAY 79

FOR ACTION: FRANK MOORE (LES FRANCIS) ZBIG BRZEZINSKI

BERNIE ARONSON

INFO ONLY: THE VICE PRESIDENT STU EIZENSTAT

SUBJECT: BLUMENTHAL MEMO RE RATIFICATION OF TAX TREATIES BY THE
SENATE

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM THURSDAY 24 MAY 79 +
+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

Please see redraft attached. B.A. 5/23/79

THE WHITE HOUSE

WASHINGTON

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I strongly support the tax treaties which are before the Committee and urge that you make every effort to review them at an early date. I hope that consideration be given to taking up the tax treaties prior to the beginning of work on SALT II, if at all possible. As always, I greatly appreciate your cooperation and assistance on this matter.

Sincerely,

The Honorable Frank Church
Chairman
Foreign Relations Committee
United States Senate
Washington, D.C. 20510

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THE WHITE HOUSE

WASHINGTON

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~~I would like to make clear that I~~ ^{strongly} support the tax treaties which are before the Committee and urge that you make every effort to review them at an early date. I ~~would~~ ^{would} hope ~~encourage~~ that consideration be given to taking up the tax treaties prior to the beginning of work on SALT II, if at all possible.

^{As always,} I appreciate your cooperation and assistance, ^{on this matter} Sincerely, ^{gently}

The Honorable
Frank Church
Chairman, Foreign Relations Committee
United States Senate
Washington, D.C. 20510

cc: The Honorable
Robert C. Byrd
Majority Leader
United States Senate
Washington, D.C. 20510



THE SECRETARY OF THE TREASURY

ACTION

WASHINGTON

May 21, 1979

MEMORANDUM FOR THE PRESIDENT

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I recommend that you send this letter to Senator Church or raise this matter with him orally.

W. Michael Blumenthal

Attachment

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Sincerely,

The Honorable Frank Church
Chairman
Foreign Relations Committee
United States Senate
Washington, D.C. 20510

cc: The Honorable Robert C. Byrd
Majority Leader
United States Senate
Washington, DC 20510

THE WHITE HOUSE

WASHINGTON

24 May 79

Tim Kraft
ARnie Miller

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

Rick Hutcheson

2229

FOR ACTION
FYI

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THE WHITE HOUSE

WASHINGTON

May 23, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT *TK*
ARNIE MILLER *AAA*

C

SUBJECT:

Federal Trade Commission

On March 6, you accepted the resignation of Elizabeth Hanford Dole. This vacancy must be filled by a non-Democrat for a term expiring September 25, 1980. This is the last FTC appointment during your first term.

Two of the Commission's five members were appointed by you. Chairman Mike Pertschuk, a strong consumerist, was formerly staff director of the Senate Commerce Committee. Robert Pitofsky, an antitrust lawyer, was an FTC staffer.

Patricia Price Bailey, 42, is presently an attorney in the General Counsel's Office at the Merit Systems Protection Board. In 1977, she served as Special Assistant to Mike Egan at the Justice Department, where her responsibilities included identifying and recruiting women candidates for judicial appointments. Ms. Bailey is bright, hard working, and a team player. She is a moderate who is supported by both business and consumer groups.

Ms. Bailey is an active feminist and currently serves as Vice Chair of the National Women's Political Caucus. Although a number of other women candidates were considered, Ms. Bailey has been unanimously endorsed by women's groups. She also has strong bipartisan support in the Senate.

Ms. Bailey has been very active in the Republican Party. She was a regional coordinator for President Ford in the general election. Her husband, Doug Bailey, is a prominent (basically Republican) political consultant. He played a major role in Ford's campaign. However, since the election she has actively supported the policies of this Administration.

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We join Attorney General Bell, Mike Pertschuk and Sarah Weddington in the following recommendation. Frank Moore concurs.

RECOMMENDATION

Nominate Patricia Price Bailey, of Washington, D.C., to be a Commissioner on the Federal Trade Commission, for the term expiring September 25, 1980.

✓ approve _____ disapprove

A handwritten signature, possibly "J", is written over the "disapprove" line.

**Electrostatic Copy Made
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COMMENTS ON PATRICIA PRICE BAILEY

Jose A. Cabranes, Chairman of the Board of Directors,
Puerto Rican Legal Defense & Education Fund, Inc.

"Ms. Bailey is well qualified for appointment to the Federal Trade Commission. She has had a distinguished academic career and she has had important and valuable experience in the executive and legislative branches. Her record in public affairs has merited the enthusiastic support of minority group members, including the nation's organized Hispanic community. Ms. Bailey has demonstrated a genuine concern for the interests of Hispanic Americans and we know that that concern would be amply reflected in her service as a Commissioner, especially in consumer protection matters which are of vital interest to our community. The Fund would welcome her appointment."

Mike Pertschuk, Chairman, Federal Trade Commission

"I am very enthusiastic about and supportive of Pat's candidacy for appointment to the FTC. She has a quick, first rate mind, and is very good at dealing with people. She will be very helpful on the Hill and in developing sound FTC policy."

William H. Winn, International President, Retail Clerk's
International Union

"Although I don't know Pat Bailey well, I have come to the conclusion that you would be hard pressed to find a superior candidate. I have reviewed her background and would add that I am highly impressed with her character, intelligence, and philosophy."

Mildred Jeffrey, National Chair, National Women's Political
Caucus

"I have worked closely with Pat on several projects. Her analytical skills are excellent. She is able to deal with complex issues and can quickly determine the root of a problem. Pat also has the unusual capability of then being able to propose a logical and clearly-defined solution. This is not just a personal endorsement. I am confident it represents the virtually unanimous view of the Caucus membership. As a Caucus member she has exhibited her ability as an effective political leader and a thoughtful and experienced attorney. Pat is an extraordinary person. Rarely have we felt more certain or unanimously enthusiastic about a candidate's qualifications for a position as important as Commissioner of the FTC."

THE WHITE HOUSE
WASHINGTON

5/23/79

Mr. President:

Tim Kraft has forwarded the attached letter for your signature. A nomination document will follow shortly.

Rick

orig
given to
TK

THE WHITE HOUSE
WASHINGTON

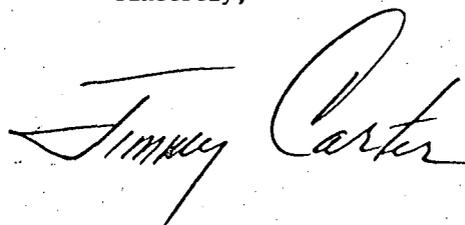
To John M. Deutch

I am most pleased that you have agreed to accept the nomination as Under Secretary of Energy and know that you agree with me that the solution of our energy problems is crucial to the continued well-being of our Nation.

I have the utmost confidence in your abilities to implement my and Secretary Schlesinger's policies in managing the Nation's energy research and development programs, including those in conservation, solar energy, fossil fuel utilization (especially coal), and nuclear energy and that we share common policy views in these most important areas.

You have my thanks for a job well done in the past both as the Director of Energy Research and the Acting Assistant Secretary for Energy Technology in the Department of Energy, as well as my continuing support in carrying out your new and important responsibilities. Please do not hesitate to call on me whenever necessary.

Sincerely,



Mr. John M. Deutch
6 Belfry Terrace
Lexington, Massachusetts 02173

11:30 AM

THE WHITE HOUSE
WASHINGTON

May 23, 1979

Meeting with Members of the
President's Export Council

Roosevelt Room 11:30 AM (15")

by: Tim Kraft
Arnie Miller 

I. PURPOSE:

To greet the members of the President's Export Council. The reconstitution of the Council was one of the measures outlined in your Export Policy Statement of last September. The appointment of the new Council members will be announced on Thursday, May 24, by the White House Press Office.

II. PARTICIPANTS, BACKGROUND, PRESS:

A. PARTICIPANTS: A list of those attending the meeting is attached at Tab A.

B. BACKGROUND: Prior to your arrival at the meeting, the Vice President will swear in the members of the Council. You are asked to stop by at 11:30 a.m. to make brief remarks, particularly on the importance of export expansion to realizing gains from the Multilateral Trade agreement. (Talking Points are attached at Tab B).

C. PRESS: White House Press Pool/WH Photographer

III. TALKING POINTS: See attached at Tab B.

**Electrostatic Copy Made
for Preservation Purposes**

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ATTENDEES

MEETING OF THE PRESIDENT'S EXPORT COUNCIL

May 24, 1979

Non-Government Members

Reginald Jones is the Chairman of the President's Export Council. Mr. Jones is Chairman of the Board and Chief Executive Officer of General Electric Company.

Paul Hall is the Vice Chairman of the President's Export Council. Mr. Hall is President of Seafarers International of North America Union.

John W. Barringer is the Assistant to the President of L. T. Barringer & Company of Memphis, Tennessee.

John Wood Brooks is the Chairman of the Board for Celanese Corporation.

George D. Busbee is the Governor of the State of Georgia.

Emile R. Bussiere is an Attorney at Law. Mr. Bussiere was appointed as a Member of the President's Export Council in May, 1978.

Wilson P. Cannon, Jr. is the Chairman of the Board and Chief Executive Officer of the Bank of Hawaii.

D. L. Commons is the Chief Executive Officer of Natomas Company in San Francisco.

Robert Dickey III is the Chairman and President of Dravo Corporation.

John Norman Efferson is the Chancellor for Agricultural Sciences and Rural Development of Louisiana State University.

Kenneth Allen Gibson is the Mayor of Newark, New Jersey.

Harry E. Gould, Jr. is the Chairman of the Board and Chief Executive Officer of Gould Paper Corporation.

Pat Greathouse is Vice President of the United Auto Workers.

P. Scott Linder is the Chief Executive Officer of Linder Industrial Machinery Company.

J. Paul Lyet is the Chairman of the Board of Sperry Rand Corporation.

Joyce Dannen Miller is the Vice President of Amalgamated Clothing & Textile Workers Union. Ms. Miller is a member of the United States Metric Board.

Jun Mori is a partner in the law firm of Mori & Ota. Mr. Mori is a member of the Los Angeles Harbor Commission.

Helen Ewing Nelson is a former Associate Director for the Center for Consumer Affairs.

James B. Pearson is a former Senator from the State of Kansas. Mr. Pearson is currently with the law firm of Stroock & Stroock & Lavan.

Tony G. Reyes is the Senior Vice President of Air Mar International Import-Export Company.

Ruth Schueler is the President of Schueler & Company in New York.

Herta Lande Seidman is the Deputy Commissioner of the New York State Department of Commerce.

Mark Shepherd, Jr. is the Chairman of the Board and Chief Executive Officer of Texas Instruments, Incorporated.

Maurice Sonnenberg is a consultant on industrial development and international trade.

Rosemary Tomich is the Chief Officer, Owner, and Director of the Hope Cattle Company in Pasadena, California.

C. William Verity, Jr. is the Chairman of the Board and Chief Executive Officer of Armco , Incorporated.

Executive Branch

Frank A. Weil, Assistant Secretary of Commerce for Industry
& Trade

Dr. Dale E. Hathaway, Undersecretary of Agriculture for International
Affairs and Commodity Programs

John L. Moore, Jr., Chairman, Export-Import Bank of the
United States

Fred Bergsten, Assistant Secretary of Treasury for International
Affairs

Alan Wolff, Deputy Special Trade Representative

Howard D. Samuels, Deputy Under Secretary of Labor for
International Affairs

Ruth H. Phillips, Deputy Assistant Secretary of State for
Commercial and Telecommunications Affairs

Warren Christopher, Deputy Secretary of State

Bob Bergland, Secretary of Agriculture

Peter G. Gould, Deputy Assistant Secretary of Commerce for
Export Development

Stanley J. Marcuss, Deputy Assistant Secretary of Commerce
for Trade Regulation

Wendy Haines, Office of the Director, Bureau of Export Development

Jill Feltheimer, Office of the Assistant Secretary for Industry
& Trade,

Tracy Evans, Office of Public Affairs, Industry & Trade Administration

Carol Murray, Bureau of Export Development

Margaret Kelleher, Bureau of Export Development

Congressional Members (Not all will be in attendance
due to prior commitments)

House

Bill Alexander (D-Ark)
Thomas S. Foley (D-Wash)
Dan Rostenkowski (D-Ill)

Senate

Harrison A. Williams, Jr. (D-N.J.)
Adlai E. Stevenson (D-Ill)
Jacob K. Javits (R-NY)

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TALKING POINTS - MEETING WITH EXPORT COUNCIL

- One of the key measures outlined in my Export Policy Statement of last September was the establishment of a new broadly based President's Export Council. Today, during World Trade Week, I am pleased to welcome the new members of the President's Export Council to the White House.

- I have named Reginald H. Jones to be the Chairman of the President's Export Council. Mr. Jones is Chairman of the Board of the General Electric Company. Mr. Paul Hall, President of the Seafarers International Union of North America, will serve as Vice-Chairman of the Council.

- Just a few years ago, the United States was basically a self sufficient economy. Today one out of eight manufacturing jobs is dependent on export sales and 25% of our farm acreage is devoted to export production. In the past, we could rely almost solely on our abundant natural resources and our internal markets to maintain a high standard of living. Today, our dependence on imported products, most notably oil, has increased dramatically, resulting in large trade deficits. In 1978, these deficits resulted in a weakening of the U.S. dollar, which contributed to inflationary pressures and international economic instability. My November 1st

initiative has been successful in curbing speculation against the U.S. dollar. We expect the dollar to remain stable in the foreseeable future. However, a permanent solution to our dollar problems requires reduction in our trade deficit through an improved export performance and a reduction in our excessive reliance on foreign oil.

-- It is now necessary for business, labor, and Government to make a concerted effort to improve our export performance. The Government must administer laws and policies affecting the international business community with a greater sensitivity to the importance of exports than has been the case in the past. Business and labor, with help from the Government, must work to increase productivity in the U.S. economy. Increased productivity is important to both our international trading position and the well being of our domestic economy.

-- In the eight months since I announced the National Export Policy, we have seen a significant improvement in our trade balance. The trade deficit for the first quarter of 1979 is running at an annual rate of less than \$25 billion, considerably improved from the nearly \$35 billion deficit of 1978. We expect this favorable trend to continue.

*annual
rate
- \$10 B*

Although we are encouraged by these early returns, we must continue and intensify our efforts to expand efforts.

- I am particularly gratified that this Export Council is beginning its work just as the Tokyo Round of Multilateral Trade Negotiations has been brought to a successful conclusion in Geneva. These trade agreements will eliminate several important non-tariff barriers to American exports and will also result in across-the-board reductions in foreign tariffs. They will also limit foreign export subsidies that have adversely affected the competitiveness of U.S. products on world markets. I have made passage of these agreements by Congress my top international economic legislative priority for this year. I am counting on your active support for the MTN as it begins to move through Congress in the weeks ahead.
- After the MTN is enacted, it will be vitally important that U.S. producers be able to take full advantage of the new export opportunities presented by the Tokyo Round. I expect the Export Council to be deeply involved in turning these opportunities into solid economic benefits for the Nation.

- The Export Administration Act is also before the Congress this year. As we work to expand our exports, we must not lose sight of the fact that the main purpose of the Export Administration Act is to prevent the outflow of goods and technologies which could be detrimental to our national security or inconsistent with our overall foreign policy objectives.
- I share the business community's concern about the need for certainty and promptness in the export licensing process. We are actively working on ways to streamline export licensing procedures and will take your own views fully into account. At the same time, I must have discretionary authority to prohibit exports which are not in the national interest. Consistent with that objective, we are working with the Congress to improve the Export Administration Act.

-- I rely on you, the members of the President's Export Council, to help make the private sector aware of the importance this Administration places on exporting and to show them how we are trying to help. I also expect you to be the voice of the American export community in counselling me on the direction this Administration should be taking in fostering exports. Together, I believe we can succeed in making the United States a stronger and more competitive force in the world economy.

NOTE: If you have the opportunity to shake hands with the group, Landon Butler recommends strongly that you briefly thank Paul Hall, Vice Chair of the Export Council and President of the Seafarers International Union, for the key political support he has pledged to you. As you know, Hall and Bill Wynn of the Retail Clerks have been working together to build labor support for the Administration.



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

May 23, 1979

MEMORANDUM FOR The President

From: *Juanita M. Kreps*
Juanita M. Kreps

Subject: Meeting with President's Export Council

Meeting Time: 11:30 to 11:45 a.m., Thursday, May 24

Place: Rose Garden

Purpose: To greet the members of the President's Export Council. The reconstitution of the Council was one of the measures outlined in your Export Policy Statement of last September. The appointment of the new Council members will be announced on Thursday, May 24.

Attendees: A list of those attending the meeting is attached at Tab A.

Press Coverage: T.V., radio and print media will cover your remarks to the Council. A White House photographer will be present.

Format: Prior to your arrival at the meeting the Vice President will swear in the members of the Council. You are asked to stop by at 11:30 a.m. to make brief remarks, particularly on the importance of export expansion to realizing gains from the Multilateral Trade agreement. (Talking points are attached at Tab B.)

I regret that I will be unable to attend the White House meeting due to a long-standing commitment to speak in New York before the American Iron and Steel Institute. Frank A. Weil, Assistant Secretary of Commerce for Industry and Trade, will represent me.



TAB A

Congressional Members

House

Bill Alexander (D-Ark.)
Thomas S. Foley (D-Wash.)
Dan Rostenkowski (D-Ill.)

Senate

Harrison A. Williams, Jr.
(D-N.J.)
Adlai E. Stevenson (D-Ill.)
Jacob K. Javits (R-N.Y.)

Executive Branch Members

Department of Agriculture: Bob Bergland, Secretary
Department of Commerce: Frank A. Weil, Assistant Secretary for
Industry and Trade
Department of Labor: Howard Samuel, Deputy Under Secretary
Department of State: Warren M. Christopher, Deputy Secretary
Department of Treasury: Anthony Solomon, Under Secretary
Export-Import Bank of the United States: John L. Moore, Jr.,
Chairman
Office of the Special Representative
for Trade Negotiations: Ambassador Alan W. Wolff, Deputy
Special Representative

ATTENDEES

MEETING OF THE PRESIDENT'S EXPORT COUNCIL

May 24, 1979

Non-Government Members

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TALKING POINTS - MEETING WITH EXPORT COUNCIL

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- I have named Reginald H. Jones to be the Chairman of the President's Export Council. Mr. Jones is Chairman of the Board of the General Electric Company. Mr. Paul Hall, President of the Seafarers International Union of North America, will serve as Vice-Chairman of the Council.

- Just a few years ago, the United States was basically a self sufficient economy. Today one out of eight manufacturing jobs is dependent on export sales and 25% of our farm acreage is devoted to export production. In the past, we could rely almost solely on our abundant natural resources and our internal markets to maintain a high standard of living. Today, our dependence on imported products, most notably oil, has increased dramatically, resulting in large trade deficits. In 1978, these deficits resulted in a weakening of the U.S. dollar, which contributed to inflationary pressures and international economic instability. My November 1st

Although we are encouraged by these early returns, we must continue and intensify our efforts to expand efforts.

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- After the MTN is enacted, it will be vitally important that U.S. producers be able to take full advantage of the new export opportunities presented by the Tokyo Round. I expect the Export Council to be deeply involved in turning these opportunities into solid economic benefits for the Nation.

-- The Export Administration Act is also before the Congress this year. As we work to expand our exports, we must not lose sight of the fact that the main purpose of the Export Administration Act is to prevent the outflow of goods and technologies which could be detrimental to our national security or inconsistent with our overall foreign policy objectives.

-- I share the business community's concern about the need for certainty and promptness in the export licensing process. We are actively working on ways to streamline export licensing procedures and will take your own views fully into account. At the same time, I must have discretionary authority to prohibit exports which are not in the national interest. Consistent with that objective, we are working with the Congress to improve the Export Administration Act.

-- I rely on you, the members of the President's Export Council, to help make the private sector aware of the importance this Administration places on exporting and to show them how we are trying to help. I also expect you to be the voice of the American export community in counselling me on the direction this Administration should be taking in fostering exports. Together, I believe we can succeed in making the United States a stronger and more competitive force in the world economy.

NOTE: If you have the opportunity to shake hands with the group, Landon Butler recommends strongly that you briefly thank Paul Hall, Vice Chair of the Export Council and President of the Seafarers International Union, for the key political support he has pledged to you. As you know, Hall and Bill Wynn of the Retail Clerks have been working together to build labor support for the Administration.

TAB B

TALKING POINTS

FOR THE PRESIDENT'S ADDRESS TO THE PRESIDENT'S EXPORT COUNCIL

- THE RECORD TRADE DEFICITS EXPERIENCED BY THE UNITED STATES IN RECENT YEARS ARE OF GRAVE CONCERN TO ME. JUST A FEW YEARS AGO WE WERE ABLE TO RELY SOLELY ON OUR OWN ABUNDANT NATURAL RESOURCES AND HUGE INTERNAL MARKETS TO MAINTAIN A HIGH STANDARD OF LIVING. TODAY SOARING ENERGY NEEDS AND A GROWING TASTE FOR IMPORTED GOODS HAVE INCREASED OUR DEPENDENCE ON OUTSIDE SOURCES.

- WE MUST GIVE SERIOUS ATTENTION TO THE IMPORTANCE OF EXPORTING. LAST SEPTEMBER, I ANNOUNCED A NATIONAL EXPORT POLICY THAT ELEVATES EXPORT EXPANSION TO A NATIONAL PRIORITY. I BELIEVE THAT INCREASING OUR EXPORTS SHOULD BE THE PRINCIPAL MEANS OF REDUCING OUR TRADE DEFICITS.

- IN THE EIGHT MONTHS SINCE I ANNOUNCED THE NATIONAL EXPORT POLICY, WE HAVE SEEN SOME IMPROVEMENT IN OUR TRADE BALANCE. THE TRADE DEFICIT FOR THE FIRST QUARTER OF 1979 IS RUNNING AT AN ANNUAL RATE OF \$20.9 BILLION, CONSIDERABLY IMPROVED FROM THE \$28.5 BILLION DEFICIT OF 1978. WE CANNOT BE SATISFIED WITH THIS PERFORMANCE. WE MUST CONTINUE OUR EFFORTS TO EXPAND OUR EXPORTS.

- WHAT IS NEEDED IS A CONCERTED EFFORT TO EXPAND OUR EXPORTING BASE. WE MUST CREATE THE MOST FAVORABLE EXPORT ENVIRONMENT POSSIBLE, DEVELOP GOVERNMENT PROGRAMS IN SUPPORT OF EXPORTING, PROVIDE ADEQUATE EXPORT FINANCING, AND REMOVE DISINCENTIVES TO EXPORTING. THIS REQUIRES A NEW AND HEIGHTENED DEGREE OF COOPERATION BETWEEN BUSINESS AND GOVERNMENT TO ADDRESS OUR FUNDAMENTAL PROBLEMS OF COMPETITIVENESS.

- ONE OF THE KEY MEASURES OUTLINED IN MY SEPTEMBER STATEMENT WAS THE ESTABLISHMENT OF NEW, BROADLY BASED PRESIDENT'S EXPORT COUNCIL. TODAY, DURING WORLD TRADE WEEK, I AM PLEASED TO ANNOUNCE THE NEW MEMBERS OF THE PRESIDENT'S EXPORT COUNCIL AND TO WELCOME THEM TO THE WHITE HOUSE.

- I AM PARTICULARLY GRATIFIED THAT THIS EXPORT COUNCIL IS BEGINNING ITS WORK JUST AS THE TOKYO ROUND OF MULTILATERAL TRADE NEGOTIATIONS HAS BEEN BROUGHT TO A SUCCESSFUL CONCLUSION IN GENEVA. U.S. PRODUCERS MUST BE ABLE TO TAKE FULL ADVANTAGE OF THE NEW EXPORT OPPORTUNITIES PRESENTED BY THE TOKYO ROUND. I EXPECT THE EXPORT COUNCIL TO BE DEEPLY INVOLVED IN TURNING THOSE OPPORTUNITIES INTO SOLID ECONOMIC BENEFITS FOR THIS NATION.

- I HAVE DESIGNATED REGINALD H. JONES TO BE THE CHAIRMAN OF THE PRESIDENT'S EXPORT COUNCIL. MR. JONES IS CHAIRMAN OF

THE BOARD AND CHIEF EXECUTIVE OFFICER OF GENERAL ELECTRIC COMPANY. MR. PAUL HALL, PRESIDENT OF THE SEAFARERS INTERNATIONAL UNION OF NORTH AMERICA, WILL SERVE AS VICE-CHAIRMAN OF THE COUNCIL.

-- I COUNT ON YOU, THE MEMBERS OF THE PRESIDENT'S EXPORT COUNCIL, TO HELP MAKE YOUR RESPECTIVE SECTORS AWARE OF THE IMPORTANCE THIS ADMINISTRATION PLACES ON EXPORTING AND TO SHOW THEM HOW WE ARE TRYING TO HELP. IN TURN, I EXPECT YOU TO BE THE VOICE OF THE AMERICAN EXPORTING COMMUNITY IN COUNSELING ME ON THE DIRECTION THIS ADMINISTRATION SHOULD BE TAKING IN FOSTERING EXPORTS. TOGETHER I BELIEVE WE CAN SUCCEED IN MAKING THE UNITED STATES A STRONGER, MORE COMPETITIVE FORCE IN THE WORLD ECONOMY.

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THE WHITE HOUSE
WASHINGTON

May 24, 1979

Mr. President -

You were originally scheduled to depart
tomorrow at 3:00 p.m. Your schedule
is now open and would allow departure
for Camp David at 1:45 p.m. (Mrs. Carter
can also go then.)

_____ depart at 1:45 p.m.

_____ keep departure at 3:00 p.m.

Phil


*This is the easiest decision
I've had this week*

2:45 PM

THE WHITE HOUSE

WASHINGTON

@
/

BRIEFING ON SALT FOR COMMUNITY LEADERS

Thursday, May 24, 1979
2:45 p.m. - 3:00 p.m.
The State Dining Room

From: ANNE WEXLER *Anne*
HAMILTON JORDAN

I. PURPOSE

To educate a group of prominent opinion-makers on SALT in the overall context of U.S.-Soviet relations and global implications.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background

1. This will be the third group of national leaders to be briefed exclusively on SALT since the announcement of the summit.

2. Anne Wexler will open the briefing and Harold Brown will be the principal briefer. In addition, senior officials from the White House, State Department, Defense Department and National Security Council will be present throughout the briefing. When you arrive, a question and answer period will be in progress. Following your remarks, there will be a reception in the State Hall. (see attached agenda)

B. Participants

(See attached list)

C. Press Plan

White House photo and press pool will be present for the first five minutes of your remarks. The rest of the briefing is closed to the press.

III. TALKING POINTS

(See attached)

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THE WHITE HOUSE

WASHINGTON

WHITE HOUSE SALT BRIEFING

May 24, 1979

THE STATE DINING ROOM

1:45 p.m. - 3:00 p.m.

I.	1:45 (3 mins.)	Opening Remarks	Anne Wexler
II.	1:48 (25-30 mins.)	Briefing	Harold Brown
III.	2:15	Questions & Answers	30 minutes
IV.	2:45	Remarks NOTE: White House Press Pool will cover first 5 minutes	The President
V.	3:00	Reception	The State Hall

Expected Attendees

SALT Briefing for Community Leaders

May 24, 1979 -- 1:45 p.m. -- The State Dining Room

Mr. Ray Adams
Chairman of the Board
NL Industries

Mr. Ferdie Ainslee

LTG Royal B. Alvarez
Chairman
National Puerto Rican Coalition

Mr. Braulio Alonso
National Education Association

The Honorable Robert B. Anderson
President
Robert B. Anderson Company, Ltd.

Professor David Bell
Harvard University

Mr. John Butz
Non-Commissioned Officers Association of the USA

Ms. Elizabeth Cofield
Commissioner
Wake County

Mr. Dominick Cortese
Supervisor

The Honorable John Coyne
Mayor of Brooklyn, NY

Dr. Edward E. David, Jr.
President
Exxon

Mr. William E. DePuy
Highfield

Ms. Louis Dunlap
Environmental Policy Center

Professor Andres S. Ehrenkreutz

Mr. John Flis
President
Ukrainian National Association

Mr. George S. Franklin
Coordinator
Tri-Lateral Commission

The Honorable Thomas S. Gates, Jr.

Mr. Jonathan Gibson
Sierra Club

Ms. Ramsey Gorham
RJR

Mr. Earl Graves
Editor
Earl G. Graves Publishing Company, Inc.

Mr. Richard Hamilton
National Black Veterans

Mr. Russ Hemenway
Director
National Committee for an Effective Congress

Mr. Robert C. Holland
President
Committee for Economic Development

Mr. Donald Hornig

Mr. Everette Huskey
President
The Huskey Company

The Honorable Jack Kafer
Mayor of Berea, Ohio

Mr. Lyman L. Lemnitzer

Mr. David S. Lewis
Chairman
General Dynamics Corporation

Dr. Janos Lukacs

Dr. Robert E. Marshak
President
City College of New York

Mr. Martin Meyerson
President
University of Pennsylvania

Mr. Ruben Mettler
Chairman of the Board and
Chief Executive Officer

Rear Admiral Gerald Miller

The Honorable Patsy Mink
President
Americans for Democratic Action

Mr. Ferenc Nagy

Dr. Bronius Nemickas

Mr. Jimmy NeSmith
President
First American Bank

Mr. Edward E. Nowak
President
Polish American Political League

Mr. & Mrs. Arthur Oppenheimer
Oppenheimer Companies

The Honorable John Petruska
Mayor
Parma, Ohio

Mr. Terry Pitts
Supervisor
Milwaukee County

Mr. Norman Podhoretz
The Commentary Reader

Alderman Roman Picinski

Mr. Vincis Restenis

Mr. Stanley Rzetelski

Mr. David Scott
Chairman
Allis Chalmers

The Honorable Robert Seamans
Massachusetts Institute of Technology

The Honorable Sargent Shriver
Fried, Frank, Harris, Shriver and Kampelman

Mr. Laurence H. Silberman

The Honorable Joseph Sisco
President
American University

Mr. John A. Spatuzza, Esq.

The Honorable Raymond Stachiewicz
Mayor
Garfield Heights

The Reverend Leon Sullivan
National President
Opportunities Industrialization Centers

Dr. Elvis Stahr
National Audubon Society

The Honorable Tony Sustarsic

The Honorable Stewart L. Udall

Mr. Glenn E. Watts
President
Communications Workers of America

Jann Wenner
Editor and Publisher
Rolling Stone

The Honorable Charles Yost

TALKING POINTS

SALT briefing for national leaders
Thursday, May 24, 1979
2:45 p.m.
The State Dining Room

We believe you should talk along the lines of your remarks to the retailers. Here are some suggested points to cover, which we've worked up with Rick Hertzberg of Jerry Rafshoon's office:

1. The SALT II treaty was hammered out by the sustained work of three Administrations: President Nixon's, President Ford's, and yours. It builds on the work of every American President since the end of World War II.
2. SALT must be examined realistically. It is not a panacea. It will not end the arms race. It is a supplement -- not a substitute -- for a strong national defense. But it is a major step in the long, historic process of bringing nuclear weapons under rational control.
3. SALT II is based on self-interest, ours and the Soviet Union's. Although the competition between us will continue as far into the future as anyone can see, we share a mutual interest in survival and in steering our competition away from its most dangerous element, an uncontrolled strategic nuclear arms race.
4. SALT II is not based on trust. The treaty will be adequately verifiable by our own national technical means of verification. In addition, it is in the interest of the Soviet Union to abide by this treaty. Despite predictions to the contrary, the Soviets have observed the terms of the SALT I treaty.

5. Whether or not the treaty is ratified, we must be able to make accurate assessments of Soviet capabilities. But SALT II will make this task much easier -- not only because the treaty forbids concealment measures and interference with means of verification, but also because the treaty gives us basic standards with which we can compare the information we derive independently from our satellites and other methods.

6. The details of ICBMs and SLBMs, throwweight and yield and all the rest are important. It was largely because of these details that the treaty took seven years to negotiate. But these details should not blind us to the real significance of the treaty as a contribution to stability, security and peace.

7. The treaty must be judged on its merits, but we must consider the consequences of rejection:

--radical departure from the process of arms control that began with the atmospheric test ban and SALT I and will continue with SALT III and a comprehensive test ban;

--heightened possibility of confrontation in each local crisis;

--triggering an expensive, dangerous race for a nuclear superiority that each side has the means and will to prevent the other from attaining, with a loss of security for both;

--calling into question our ability to manage a stable East-West relationship, thus undermining our leadership of the Western alliance;

--implications for nuclear proliferation;

--gravely compromising our Nation's position as a leader in the search for peace.

8. Importance of the coming debate; solicitation of support.

1:15 PM

THE WHITE HOUSE

WASHINGTON

May 23, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*

SUBJECT: Meeting with Peter Shapiro, Chief Executive, Essex County, New Jersey
May 24 at 1:15 P.M. (10 Minutes/Oval Office)

PARTICIPANTS & PRESS PLAN

Peter Shapiro, Chief Executive, Essex County, New Jersey, requested an opportunity to meet with you while he is in Washington this week for the NACo Urban County Congress. Shapiro will be accompanied by Marvin McGraw, his Director of Intergovernmental Affairs. I will bring them to your office and attend the meeting.

There will be a brief photo session at the beginning of the meeting.

BACKGROUND

Shapiro, age 26, was the youngest member of the New Jersey Legislature at the time he was elected Essex County Chief Executive in November 1978. The County has just moved to the county executive form of government, and Shapiro is the first chief executive. At the time he was elected, you placed a call to him to congratulate him and to offer him help. As a result, two employees from OMB, Jack Kelly and Victoria Smalley, have been detailed to Newark to assist with the transition. They have helped to draft the administrative code and helped reorganize the government structure, reducing it from 68 departments and agencies to 8.

The population of Essex County is about 980,000 with about 33% of the people being minorities. The county includes 22 municipalities, the largest of which is Newark. Newark is the county seat and Shapiro seems to have a good working relationship with Ken Gibson, Mayor of Newark.

ISSUES & SUGGESTED TALKING POINTS

The two issues which Peter will probably raise are:

(1) Economic Development

Shapiro will urge that more economic development money be made available for urban areas. Your response should be that we are doing a great deal in this area, and that your proposed economic development reorganization, if passed, will provide more than \$2-billion in increased grant, loan and loan guarantee authority to EDA alone. You should urge Shapiro to lobby Congressmen Rodino and Roe who are very important in the reorganization effort. You should also point out that Bob Hall, Assistant Secretary of Commerce, who heads EDA, has done a very good job, is very responsive, and Shapiro should try to work with his office on development programs.

(2) The Federal Government's Attitude Toward Counties as a Political Jurisdiction

Shapiro feels that the Federal government and most of its programs are oriented toward state and city governments, to the exclusion of county governments. He feels that HUD is especially difficult in this area.

You might respond by acknowledging that more and more counties are receiving additional mandates, such as in health and welfare. Our urban policy fully recognizes urban counties and the role they must play in the federal/local urban partnership. We are continually reexamining the relationship between federal agencies and county governments to see if our programs and policies are keeping pace with the evolving county mandates and missions. Essentially, however, we are making every effort to target programs and money to areas of greatest need, without regard to political boundaries.

In addition, Shapiro is also likely to say how important he thinks general revenue sharing is and perhaps offer to help us get that through Congress without substantial cuts. He may also note how important CETA is to his county and point out the fact that the current unemployment rate of 7.9% is the lowest it has been in years, and can be attributed in large part to CETA hires.

11:50 AM

THE WHITE HOUSE

WASHINGTON

May 21, 1979

MEETING WITH COMMANDER JOSEPH PAUL REASON

Thursday, May 24, 1979
11:50 a.m. (5 minutes)
The Oval Office

From: Marty Beaman *MB*

I. PURPOSE.

To bid farewell to Commander Paul Reason, who is leaving on June 1st, and to present him with the Legion of Merit for his outstanding performance of duty as Naval Aide to the President.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN.

A. Background: Commander Reason is departing to become Executive Officer of the nuclear guided missile cruiser USS MISSISSIPPI. A native of Washington, D.C., Commander Reason graduated from the Naval Academy in 1965 and spent most of the intervening years at sea on a variety of surface ships before becoming Naval Aide on January 20, 1977.

B. Participants: Commander Joseph Paul Reason
Mrs. Joseph P. (Dianne) Reason
Rebecca Reason (daughter)
Joseph Reason (son)
Marty Beaman

C. Press Plan: White House Photographer only.

III. TALKING POINTS.

- o In addition to numerous events at the White House and accompanying the President on trips throughout the United States, Commander Reason has participated in Presidential visits to 20 foreign nations.
- o The Legion of Merit is one of the highest peacetime awards that can be presented to a member of the Armed Forces and is intended to recognize those individuals who "distinguished themselves by exceptionally meritorious conduct in performing outstanding service." Commander Reason has certainly met this criteria.

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

MAY 24, 1979
11:35 a.m.

C
/

MR. PRESIDENT

FRANK CALLED TO LET YOU
KNOW THE BUDGET RESOLUTION
PASSED 202 TO 196 WITHOUT
THE DEFENSE CUTS.

PHIL

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

Mr. President:

Wilie Nelson and all
of his family will be having
lunch at the White House
today. Frank wondered if
you wanted to have a fam-
ily photo made with them?

yes

no

Phil

**Electrostatic Copy Made
for Preservation Purposes**

F) OTHER ACTIVITIES

- 1) Legislation: The White House Authorization and Presidential Papers Bills were passed in a form acceptable to us. Work continues on the proper implementation of these bills.
- 2) Former Presidents: We have built solid relationships with our counterparts on the Staffs of former Presidents Ford and Nixon. Ongoing activities include the proposed amendments to the Former Presidents Act and the Transition Act. We are presently awaiting the conclusion of hearings on these bills.
- 3) Energy Conservation: We are continuing the energy conservation measures related to you earlier. We estimate a reduction in energy consumption of 22% vs. that of two years ago. *We can do much better ✓*
- 4) National Archives: We established a small National Archives/Presidential Libraries Office in the OEOB, which has been studying our operations, interviewing departing staff, and consulting with us on filing and storage procedures.

This staff has also interviewed all of the Carter and Smith family members on the list I previously submitted.
- 5) Campaign: We are working closely with Bob Lipshutz developing guidelines on the appropriate interface between the White House Administrative Operations and the campaign committee.
- 6) Business Liaison: I personally have made several speeches to business groups, some in conjunction with the White House Conference on Small Business. I plan to continue this and also involve my office further in assisting in business liaison activities. *good*

E) THE EXECUTIVE RESIDENCE

The Executive Residence's 1979 budget totals \$2.7MM with an authorized ceiling of 86 full-time employees. This budget includes almost all personnel physically located in the Residence (except the Curator and Secret Service), but excludes the grounds maintenance crew, most of whom are National Park Service personnel.

The major accomplishment of the last two years was a comprehensive review of the Executive Residence, the implementation of new management and budgetary procedures, and beginning the selective replacement of some key personnel.

These changes have been carried out during a period that has been busier in terms of guests and events than any other time in recent history.

Our major goals for the future are to:

- revamp the housekeeping department, beginning with a new Executive Housekeeper;
- automate the historical records on the White House collection of art and antiques;
- work with a revitalized Historical Association on an outreach program;
- maintain and enhance productivity by hosting a high volume of activity with no staff increases, and;
- continue building and upgrading our management team to assure first-rate service to you and your guests.

D) THE WHITE HOUSE MILITARY OFFICE

The Military Office oversees all military support to the White House and includes WHCA, HMXI, Air Force One, Camp David, the White House Medical Unit, the Staff Mess, and the White House Garage.

The Military Office is also responsible for emergency planning and is the liaison with the Office of the Secretary of Defense.

The overall major accomplishment of the last two years has been a savings of over \$3MM/year in the cost of military support to the White House.

The specific initiatives in this office over the last two years have included the following:

The White House Emergency Plan has undergone a comprehensive revision, which included changes to provide greater emphasis on the Vice President's participation. ✓

Secure Communications were expanded by installation of KY-70 secure voice systems in aircraft and mobile vans. ✓

Communications and Audio Visual Costs were reduced by over \$1/4MM per year by termination or reduction of support services, and over \$1.8MM of excess equipment was turned in. ✓

The White House Garage fleet was reduced from 56 to 28 vehicles, and personnel from 66 to 49. In addition, the vehicles were replaced with smaller ones which comply with the Executive Order on fuel economy. ✓

HMX-1's Inventory has been reduced by five VH-IN helicopters, saving approximately \$2MM per year.

The Staff Mess utilization has been increased 25% without any additional personnel or facilities.

The Sequoia was sold, saving \$800,000 per year.

For the future we plan to continue our initiatives of the last two years to identify and eliminate unnecessary or underutilized assets, and to continue diligent control of the use of military equipment and facilities.

THE WHITE HOUSE OFFICE
SUMMARY OF CERTAIN COMPUTER APPLICATIONS
5/1/79

<u>Issue Tracking:</u>	Compilation of tasks sortable by dates and responsible individual.
<u>Legislative Tracking:</u>	Status of bills in process.
<u>Congressional Vote Tally:</u>	Data bank of voting records indexed to enable predictive analysis.
<u>Speaker Tracking:</u>	Matches dates and locations of speech requests with expertise and availability of Administration officials.
<u>Diary:</u>	Log of Presidential activities, searchable by type of activity, names of individuals and subjects.
<u>Name/Organization File:</u>	Names, addresses, interest areas and prior contacts of 25,000 key individuals and organizations, sortable by subject, location, etc.
<u>Correspondence Tracking:</u>	Description and status of disposition of important incoming correspondence.
<u>Staff Secretary's Log:</u>	Description and status of disposition of documents going to or from the President.
<u>Press Release:</u>	Key word index to all Presidential speeches, White House press releases and Press Secretary briefings.
<u>Presidential Personnel:</u>	Index to resume files by experience codes and other parameters. Additionally, a file of "PLUM" job appointments is maintained.
<u>Word Processing:</u>	Generation of letters by computerized paragraph building process.
<u>Administrative Applications:</u>	Tour reservations, parking control, publications, Mess inventory and billing, etc.

C) DATA PROCESSING

In January 1977, administrative computer applications in the White House were limited to a few record keeping and payroll functions. Use of data processing was about 10 years behind the times in comparison to practices in the government and private sector.

Over the last two years we developed over 40 new applications. A list and brief description of several of these are found on the following page.

An example of one application is "Issue Tracking". In this system, each of the 100 or more tasks involved in the White House's role in an issue (e.g., SALT II, Anti-Inflation, MTN) is concisely defined, and assigned a due date and a responsible individual.

Each week, the task force manager receives reports on the status of all tasks, including one report listing tasks chronologically by due date, and one listing all the tasks assigned by each responsible individual.

This system is being used by Anne Wexler, Fred Kahn, Landon Butler, and others, and is proving itself to be a valuable management tool.

For the future, we plan both to refine the systems already developed and add new ones. One in particular is a system similar to the issue tracking system described above, to follow-up on assignments or requests made by you. We plan to begin working with the Staff Secretary's Office on this shortly.

Our primary source of computer support for applications unique to the White House is WHCA, which has added to its capabilities to meet the demands created by this new level of activity.

*WHCA
services
are
probably excessive-
(number of phones, etc)*

Records Management (32 employees) also known as Central Files, indexes, files and conducts searches for all White House documents. This office also serves as a quality control point on outgoing correspondence.

The principal initiative in this office during our administration has been a significant expansion of automation in the filing and retrieval process.

Future plans call for this office to serve as a central computerized data entry and retrieval facility for the entire White House, and also to replace manual cross-indexing of files with computerized processes.

The Administrative Office (22 employees), includes accounting (5 employees), personnel (3 employees), and telephone operators (14 employees).

The most significant accomplishment in this office has been new record keeping and management information systems for all financial transactions, personnel records, equipment and supplies, publications, parking, and telephone locations.

The principal goal for the future is to continue to automate these processes, and to expand support to the policy staff.

The Travel and Telegraph Office's (7 employees) primary function is travel support to the Press Corps as well as the White House and Vice President's Staffs.

Major innovations in this office have been the elimination of unnecessary graveyard shifts and the installation of SABRE, a computerized reservation/ticketing system tied directly into all major airlines.

The Visitors Office (5 employees) handles White House tour reservations for Congressional offices.

The principal changes in this office have been the addition of a computerized reservation system, and the reduction of the staff from 8 to 5.

B) WHITE HOUSE OPERATING UNITS

The White House Operating Units include Presidential Correspondence, Records Management, Accounting, Personnel, and Travel. These units are authorized 156 full-time permanent employees.

The major overall achievement in these units over the last two years is increased productivity. The 156 persons presently in these units are performing the same tasks as those previously employing 188 persons in 1976, and an average of 200 over the five years preceding this Administration.

Specific operating unit departments (and authorized staff) are:

Presidential Correspondence (73 employees) processes all Presidential and First Family mail and gifts, serves as a central document preparation resource for the White House Staff, and also oversees the Comment and Greetings Offices.

As reported previously, this department processed 4.5MM and 3.4MM letters in 1977 and 1978 respectively. Current receipts are comparable to the 1978 level.

This office also controls the Presidential autopen. For 1978, your autopen was used on 30,761 outgoing letters, in contrast to 17,403 times in 1977. The majority of this use was for multiple mailings of identical letters, such as to business executives or members of Congress. In comparison, we understand that President Ford's autopen was used almost 200,000 times in 1976.

Major innovations in this department include the introduction of a computerized Correspondence tracking system, a state-of-the-art word processing capability and a type-setting facility.

These budgets do not include the Residence, other EOP units, Secret Service or Military support, all of which are funded by separate appropriations.

The major budgetary accomplishment of 1977 and 1978 was ending both years more than \$500,000 under budget. For the first six months of fiscal 1979 we are approximately \$600,000 under budget.

The primary goal has been, and continues to be, better management to assure optimization of value for the money spent. This has been accomplished by elimination of unnecessary expenditures, close scrutiny of purchase requests, and careful procurement.

A second but equally important goal is the maintenance of sufficient margins for unforeseen emergencies.

2. Staffing Control

One of the most difficult facets of my office's responsibilities is the equitable enforcement of your staff level policies to prescribed numbers or guidelines.

The following is an update of the figures submitted to you in March:

	<u>Personnel on Board as of 4/30/79</u>		
	<u>Policy Staff</u>	<u>Operating Units</u>	<u>Total</u>
Authorized			
Permanent Full-Time	195	156	351
Interns and other			
Temporaries	7	0	7
Intermittents and			
Part-Time	3	28	31
Consultants (mostly			
intermittent advance)	47	0	47
Detailees	16	0	16
Volunteers	48	0	48

THE WHITE HOUSE
WASHINGTON

24 May 79

Hugh Carter

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

Rick Hutcheson

THE WHITE HOUSE

WASHINGTON

May 18, 1979

Hugh - Excellent J

Summarize accomplishments which Rosalynn (& others) may use re autos, personnel, energy, etc = one page is adequate = Can I help with anything? J

MEMORANDUM TO THE PRESIDENT

FROM: HUGH CARTER *HJC*

SUBJECT: White House Administration

I am writing to give you a periodic report of the activities that fall under my jurisdiction.

Briefly my office is responsible for:

- A. Budget and Staffing Control
- B. White House Operating Units (Correspondence, Records Management, Travel, Operators, etc.)
- C. Data Processing
- D. The White House Military Office
- E. Other activities, e.g. such as legislation affecting the White House; former Presidents' liaison, and liaison with Secret Service.

This report contains a summary of progress and changes over the last two years, and an outline of future goals. I will follow this with brief, quarterly progress reports.

good

A) BUDGET AND STAFFING CONTROL

1. Budget

The White House budgets for the first term of the Carter Administration are as follows:

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Net Appropriations	\$17.2MM	\$16.4MM	\$17.2MM	\$18.2MM
<u>Actual Obligations</u>	<u>16.7</u>	<u>15.8</u>	-	-
Unexpended Funds	0.5	0.6	-	-

THE WHITE HOUSE
WASHINGTON

May 23, 1979

MEETING WITH SENATOR ROBERT C. BYRD

Thursday, May 24, 1979
7:30 a.m. (15 minutes)
Oval Office

From: Frank Moore *F.M. / pd*

I. PURPOSE

To discuss policy and strategy on the decontrol issue.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: As you recall at the Leadership Breakfast on Tuesday the Majority Leader indicated that it would be difficult to stop the effort to extend controls on oil prices in the Senate. Senator Byrd supports your decision to phase out controls gradually and to push for enactment of a strong windfall-profits tax. Obviously Senator Byrd detects a recent shift in momentum to the side of those who want to extend controls. He was upset by the vote in the House Democratic Caucus and feels that it resulted in substantial part from your statement in Des Moines, Iowa, where you said that you "certainly would not veto" a bill to extend controls and that you "would sign" such legislation if passed by the Congress.

The Senator believes that you should flatly state that you would veto any bill to extend price controls on oil. We pointed out to him that such a statement could be counter-productive because Members of Congress might feel that they could cast a popular vote to extend controls and let you take the heat for vetoing it.

The Senator will also urge that you and your Administration actively lobby against the effort to extend controls. He will urge that you call together bipartisan House and Senate leaders on the energy issue and seek their cooperation in developing a course of action.

B. Participants: The President
Senator Robert Byrd
Frank Moore
Dan Tate

C. Press Plan: White House photo only.

III. TALKING POINTS

- A. We are not convinced at this time that you should agree with Senator Byrd's recommendation that you announce your intention to veto oil price control extension legislation. Such an announcement could signal to Congressmen and Senators that they could cast a "free" vote.
- B. You should agree to meet with the Senate Democratic and Republican leadership as well as Democratic and Republican Senators who are influential in the energy field. It would not be advisable to make a commitment to Senator Byrd regarding meetings with House Members.
- C. Also, we suggest that you listen to Senator Byrd's recommendations but, to the extent possible, not make any firm commitments to him.

9:30 AM

THE WHITE HOUSE

WASHINGTON

May 23, 1979

C
/

MEETING WITH CONGRESSMEN ULLMAN AND ROSTENKOWSKI

Thursday, May 24, 1979
9:30 a.m. (15 minutes)
Oval Office

From: Frank Moore

I. PURPOSE

To discuss the windfall profits tax and the Ways and Means schedule.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

Background: Because of the flurry of activity relating to decontrol of oil, we felt the best defense would be a good offense--to move quickly ahead on WPT in the Ways and Means Committee. Our preliminary contacts show strong support among the committee members for the WPT on both sides of the aisle. This meeting should be one where the schedule of the committee is discussed and some time tables are agreed upon.

Rostenkowski was included in the meeting for one primary reason--to insure that he as a member of the Leadership helps keep the others on board with our plans, that is, concentrating on WPT and not oil recontrol.

Participants: The President, Congressman Ullman, Congressman Rostenkowski, Frank Moore, Bill Cable

III. TALKING POINTS

1. What was the vote in caucus on the Moffett motion? Assuming that the Moffett motion carried, I think the Caucus action makes it all the more critical that we move quickly on the WPT. The best way to get the issue behind us is to pass a tax quickly.
2. I think the tax I proposed is fair but I am willing to work with you to strengthen the tax if you feel we need to or should.

3. The thing that concerns me is that if we don't act promptly we could have our attention and energy diverted from passing a strong WPT to engaging in a lengthy devisive debate over oil decontrol and end up with the worst of both worlds: no tax and decontrol.
4. We have now talked to all the Ways and Means Committee members and can make some general conclusions: 1) there seems to be a majority for the windfall profits tax, 2) a substantial amount of support for toughening the tax, 3) a majority against plowback, and 4) a wide variety of views on the uses of the Energy Security Fund.
5. We think the bill will move quickly if we keep it clean and not get side tracked by a debate over foreign tax credits or how to distribute the taxes. Those issues should be held back for round two.
6. How do we work closely together and get the tax through the Ways and Means Committee?



CABINET ECONOMIC POLICY GROUP

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

May 23, 1979

MEMORANDUM FOR THE EPG STEERING GROUP

FROM: CURT HESSLER *Curt*

SUBJECT: Minutes of EPG Steering Group Meeting
Tuesday, May 22, 1979

New York City

Secretary Blumenthal reported that Mayor Koch is planning to use a temporary budget "surplus" to increase city hiring. The Secretary asked Mr. Eizenstat to check with the White House on whether the Mayor should be cautioned against this course.

Economic Strategy

The Steering Group discussed the future of the wage-price standards at length.

The Steering Group asked that Mr. Bosworth advise them on the advantages and disadvantages of changing the program year, so that new standards would be announced in tandem with the FY 1981 budget.

The Steering Group decided to present to the President, for this week's breakfast, a short paper outlining the inflation outlook and the major alternative courses anti-inflation policy could take over the next 18 months. Mr. Hessler will circulate a draft to members for review on May 23.

Energy

The Steering Group asked Secretary Blumenthal to consult with Mr. Brzezinski concerning NSC coordination of a new examination of the international oil situation.

National Health Insurance

Messrs. Blumenthal, Kahn, McIntyre, and Schultze agreed to co-sign the Troika draft memo to the President recommending alternatives to HEW's Phase I plan. It was agreed to drop any proposal for altering the tax treatment of employer-paid premiums.

8:00 AM

THE WHITE HOUSE

WASHINGTON

May 24, 1979

C

*Present policy ---
OPEC - Blame
Exports*

MEMORANDUM FOR THE PRESIDENT

FROM: W. MICHAEL BLUMENTHAL
ALFRED E. KAHN *Fred*

RE: Breakfast Agenda, May 24, 1979, 8:00 a.m., Cabinet Room

For our discussion at breakfast, this memorandum outlines the major alternative courses the anti-inflation program could follow during the remainder of this term. While we present a wide spectrum of alternatives, we believe that the range of practical choices is relatively narrow.

The Inflation Problem

We have attached the economic forecast presented to you in the Spring Budget Review last week.

The inflation outlook for the next several years is very disconcerting. It will take good luck to bring the annual rate over the next two years below the 10 percent level, and the rate could -- with bad breaks or policy errors -- stay in the double digit range.

The so-called "underlying rate" -- the rate in the industrial sector (i.e. minus food and energy) -- has escalated from about 6-to-6.5 percent two years ago to about 8-to-8.5 percent presently. This core inflation rate is very stubborn. The factors that will either influence it, or make an independent impact on the CPI, over the next two years do not give us much cause for optimism:

. The rate of productivity growth -- which has been very low -- is not likely to rebound much, if at all, during the coming period of economic slowdown.

. We expect substantial moderation in food price increases later this year, but the 1980 outlook is cloudy. Foreign crop prospects are not favorable, so that a rise in grain prices is a distinct possibility over the rest of this year and into 1980.

. Given OPEC's apparent hawkishness and our decontrol program, energy price increases will almost certainly continue to exceed the underlying inflation rate by a wide margin.

. Home purchase price increases will probably stay in the double digits, due to demands fueled by inflation expectations.

. The economic slowdown will help to prevent an acceleration in the underlying rate in 1980, but it will take several years of economic austerity, and consequent slack in all markets, to bring down a substantial deceleration.

. The wage standard may have some restraining effect on the growth rate of labor compensation, but we expect growing violations of the standard by workers seeking to avoid real income losses, and some relaxation in the standard may be needed next year to keep it intact.

Therefore we face two fundamental and gloomy realities:

First -- with poor productivity growth and continuing high inflation in the food, energy, and housing sectors -- the economy is not going to generate increases in real income over the next year or two for the average worker, regardless of our policies and regardless of the wage demands tabled by certain groups of workers.

Second, the major task of anti-inflation policy now is to prevent a further increase in the underlying inflation rate, which would follow if past and future CPI increases are incorporated into the structure of industrial wages.

The status of our policies

We have premised our anti-inflation program on tight fiscal and monetary policies and on the voluntary wage-price program.

Questions remain whether monetary policy has been tight enough during the past half-year. Given that the economy is now slowing, and that lags in the effect of monetary policy can be long, judgments differ whether additional monetary restraint would be desirable. The Fed itself is divided on this issue.

On fiscal policy, there is limited room for flexibility. The FY 1979 budget is a closed book. For the FY 1980 budget, the Congress is sticking fairly closely to our \$532 billion spending target, which entails a deficit in the mid-\$20 billion range. (Revenues have been driven up by inflation.) For FY 1981, a balanced budget may be feasible (at least if we do not suffer a deep recession in 1980), but only if we forego any sizeable tax cuts -- thus permitting effective payroll and income tax rates to rise to historically high levels, and accepting low economic growth and rising unemployment through the end of 1981.

We face severe problems with the wage-price program:

. It appears likely that the upcoming major labor contracts -- the Rubber Workers, the Electrical Workers, the Auto Workers -- will not fully comply with the 7 percent standard. Organized labor is united against the standard, arguing that it means a loss of real income at present (and foreseeable) inflation levels. (The standard actually allows unions on multi-year contracts to get significantly more than 7 percent, but the complaint has obvious public appeal and is in fact accurate for non-union workers.)

. Some non-union employers are beginning to worry that wage standard compliance is causing them to lose experienced workers and to experience inroads by union organizers. But relaxing the standard significantly would allow the currently high inflation rate to get built into the wage-cost structure.

. With labor and material costs rising sharply, businesses are being pushed increasingly into the profit-margin test.

. A federal court decision on the legality of the procurement sanction is imminent.

. Standards for the next program year (starting in October) must be formulated and made public by late August.

Alternative Courses

Our discussions have focused on ways to salvage the credibility of the wage-price program. This means persuading the American people to accept a prolonged

period of economic austerity -- tight budgets, little real income growth, very gradual improvement on inflation -- and to give sustained attention to the economy's long run problems, such as energy supplies, productivity growth, and structural unemployment.

We have surveyed both substantive policy options and matters relating to public presentation.

A. Substantive policy options

There is of course a broad and crowded spectrum of possibilities. Somewhat artificially, these can be divided into five basic approaches. We merely identify these here, saving details and the pro's and con's for discussion with you:

1. Maintaining the present course

We could continue present monetary and fiscal policies and seek to make only rather small changes in the wage-price standards. The time to make any changes would be the next program year, scheduled to start in October, 1979. But we might wish to defer any changes until next year (to key their announcement with the FY 1981 budget). The most likely change would involve some liberalization of the wage standard, at least for non-union workers -- e.g. change the 7 percent standard to a two year (1979-1980) 15 percent standard.

2. Seeking mandatory controls authority

We could ask the Congress for authority to enforce the standards (or reformulated standards) with punitive sanctions, perhaps with a wage-price freeze imposed in the short term. The sanctions could be anything from the procurement weapon to a full controls apparatus.

3. Seeking public support for the program with dramatic budget cuts

We could try to revive public willingness to comply with the voluntary standards by taking dramatic action to cut the FY 1980 budget deficit. Actual budget balance in FY 1980 would require outlay cuts on the order of \$25 billion. That is a tall order: Cuts in excess of several billion would probably require reductions in the defense and/or Social Security areas, which might not be publicly credible even as proposals. Cutting the FY 1980

budget would make balancing the FY 1981 budget easier and might even make room for an anti-inflationary tax cut at that time. An FY 1980 budget cut would slow economic growth (and, to a minor extent, inflation) in the interim, unless the Fed agreed to a compensating liberalization of monetary policy. Advocates of this approach accept this by arguing that our anti-inflation strategy should involve less spending, lower taxes, and more liberal monetary policy than in our present course.

4. Seeking labor support for the program with spending programs or tax cuts

We could seek to create labor support for the voluntary standards (perhaps somewhat modified) by endorsing spending programs or tax cuts favored by labor in the FY 1981 budget. These could involve more employment programs, a payroll tax cut, a new real wage insurance scheme, an income tax cut contingent on improvement in the inflation rate, or the like. This course would almost surely mean accepting a significant deficit in FY 1981 -- and might make our dedication to budget stringency seem shallow -- but it would mitigate the slow economic growth and high tax rates we expect by then.

5. Emphasizing the "supply side" of the economy

We could seek to revive public support for the standards, and tight macroeconomic policies, by stressing the need to increase the economy's efficiency, productivity, and international competitiveness in the long term. This might involve renewed emphasis on energy supply initiatives, regulatory reform, and competition, and the proposal of relatively small tax cuts in FY 1981 to boost private investment and technical innovation and/or to bolster small business. Note: This approach could be viewed as an adjunct to the other courses listed above.

B. Presentational matters

There are three related issues here:

1. Presidential strategy: Should the President make a major, public effort to convince the nation of the need for austerity and for a long term, coordinated effort to improve our price performance, productivity, energy posture, and international competitiveness?

2. "White Paper": Should we set out our long-

term economic strategy in a single public statement, in an attempt to focus public discussion and rally support for what will be, in all events, a difficult and painful course.

3. Consultations: Should we at this point engage in large-scale (and at least semi-public) consultations with labor, business, and congressional figures about the economic policy alternatives open to us? Secretary Marshall is a strong advocate of this approach.

ECONOMIC OUTLOOK PRESENTATION
FOR THE SPRING PRESIDENTIAL BUDGET
REVIEW

May 16, 1979

During the past 4 years, our economy has enjoyed a strong economic expansion, and we have returned to relatively full utilization of labor and capital resources. Economic growth is now slowing, as it must if we are to avoid overheating and to bring inflation down.

Achieving slower growth without tipping the economy into recession is always difficult. With good luck, we may succeed in moderating growth this year and reducing the rate of inflation in the second half, thereby setting the stage for a moderate, but satisfactory, rate of expansion in 1980. This desired outcome has become more difficult to achieve, however, because of the spurt in growth that occurred late in 1978, which has carried over into early 1979 in some sectors of the economy. The acceleration of inflation that accompanied it, aggravated as it was by sharp increases in prices of food and fuel, threatens our ability to maintain a healthy economy.

More ample supplies of pork and poultry, and the likelihood that beef prices will rise much more slowly, suggest a relatively moderate rise of food prices in the months ahead. Prices of steel scrap, copper, and other internationally traded metals have recently fallen somewhat from their earlier highs. But elsewhere there are, as yet, few signs of any deceleration of inflation.

If continuing inflation were to lead to a recession, it would be likely to begin either late this year or in early 1980. While the recession would probably be mild, it would create policy problems that your Administration has not yet had to confront.

We do not believe a recession is inevitable, but it is a possibility that must be faced. In this presentation, therefore, we outline two possible courses of economic developments over the next 18 months -- an optimistic case and a pessimistic alternative -- and address the policy issues they pose. To set the stage for these alternative forecasts, it may be helpful to begin with some background material on recent economic developments.

Economic Developments Since Last Fall

Since October, when the pay and price standards were announced, the inflation rate has moved up substantially (Table 1). Producer prices have risen at an annual rate

Table 1

Recent Price and Wage Changes

Annual Rate of Increase

(Percent)

	Dec 77 to Oct 78	Oct 78 to Apr 79 ^{1/}
Producer price index:		
Finished goods	8.9	12.4
Food	11.9	13.4
Fuel	6.3	38.8
All other	8.0	9.6
Intermediate nonfood materials.....	8.0	13.2
Crude nonfood materials.....	14.9	19.2
Consumer price index:		
Total	9.4	10.8
Food (farm value)	21.5	35.5
Energy	8.3	17.2
Home purchase, finance, insurance, and taxes	14.1	13.6
All other	7.6	8.2
Adjusted hourly earnings index.....	8.6	8.1

^{1/} October 1978 to March 1979 for consumer price index.

of 12-1/2 percent since October, compared with 9 percent in the first 10 months of last year. The acceleration of consumer prices has been less pronounced, but they, too, have been increasing at a double-digit pace since the first of the year.

Food prices have risen strongly, because meat, and especially beef, supplies have been low, and supplies of vegetables and fruits were reduced by the cold winter weather. Energy prices have been rocketing upward because of OPEC price increases and the cutback in Iranian production. Because of limited supplies, prices of gasoline, fuel oil, and other refined products in the U. S. have risen much faster than prices of crude oil.

Prices of other industrial materials -- steel and non-ferrous scrap, finished aluminum products, building materials, and hides and skins -- have also been rising rapidly. Higher raw materials prices have been passing through the pipeline quickly to final product prices, and an increasing number of firms have switched to the profit-margin test because they could not meet the price deceleration standard.

Fortunately, wage rate increases have not accelerated; the average hourly earnings index, which advanced at an 8.6 percent annual rate in the first 10 months of last year, has been rising at an 8 percent rate in the past six months. The smaller increase in the minimum wage rate in 1979 partly accounts for the deceleration; it does appear, however, that the pay standard has been effective in holding down the increase in wage rates. Unless inflation subsides soon, however, it will become increasingly difficult to maintain the pay standards intact.

Demand Factors

Since last fall, a demand element that was absent earlier in the recovery has been an important factor in the acceleration of inflation. The economy grew much more strongly late last year than we or almost anyone else had expected. Rates of capacity utilization in manufacturing (Table 2) are not as high now as they were in some earlier periods, but they are high enough to contribute to rising costs and to encourage many businesses to charge all the traffic will bear. Slow GNP growth in the first quarter has not remedied the situation -- markets for most products are about as tight now as they were last December. (Despite the slow growth of GNP in the first quarter, the level of GNP, after the big surge late last year, is higher than anticipated).

Table 2
Capacity Use in Manufacturing

(1967=100; quarterly)

	1969 high	1973 high	1978 IV	1979 I
Total.....	87.2	87.8	85.9	86.1
Advanced processing industries.....	86.3	85.2	84.1	84.9
Primary processing industries.....	88.9	93.0	89.0	88.5
Selected individual industries:				
Paper.....	93.8	95.7	90.4	89.8
Iron and steel.....	95.9	102.5	94.2	85.4
Nonferrous metals.....	91.3	99.2	95.3	95.4
Fabricated metals.....	85.5	83.9	85.7	87.6
Nonelectrical machinery.....	86.7	87.0	83.2	84.1
Electrical machinery.....	83.0	87.8	85.2	87.5
Aerospace.....	83.4	76.0	84.6	87.3
Petroleum refining.....	95.5	94.5	94.9	92.6

For durable goods, order backlogs of manufacturers have increased further this year, and delivery delays have lengthened.

The prevailing economic climate of tight markets since last fall has made it extremely difficult for the price standards to work effectively. Unless market forces complement the standards, businesses are strongly motivated to stretch the price standards to the limit, or to switch to the profit-margin fallback. The aggressive pricing behavior of business also appears to reflect a growing belief that mandatory controls lie ahead, despite our repeated assurances to the contrary.

Compliance with the price standards is likely to improve as the year goes on, if economic growth slows as we expect. In two major sectors of the economy, consumer spending and housing, some slowing is already underway.

Retail sales, adjusted for inflation (Chart 1), have declined since December, following a surge of consumer buying late in 1978. Large increases in food and fuel prices are cutting into the purchasing power of consumer incomes. Auto sales have increased significantly, but sales of other consumer goods have been soft.

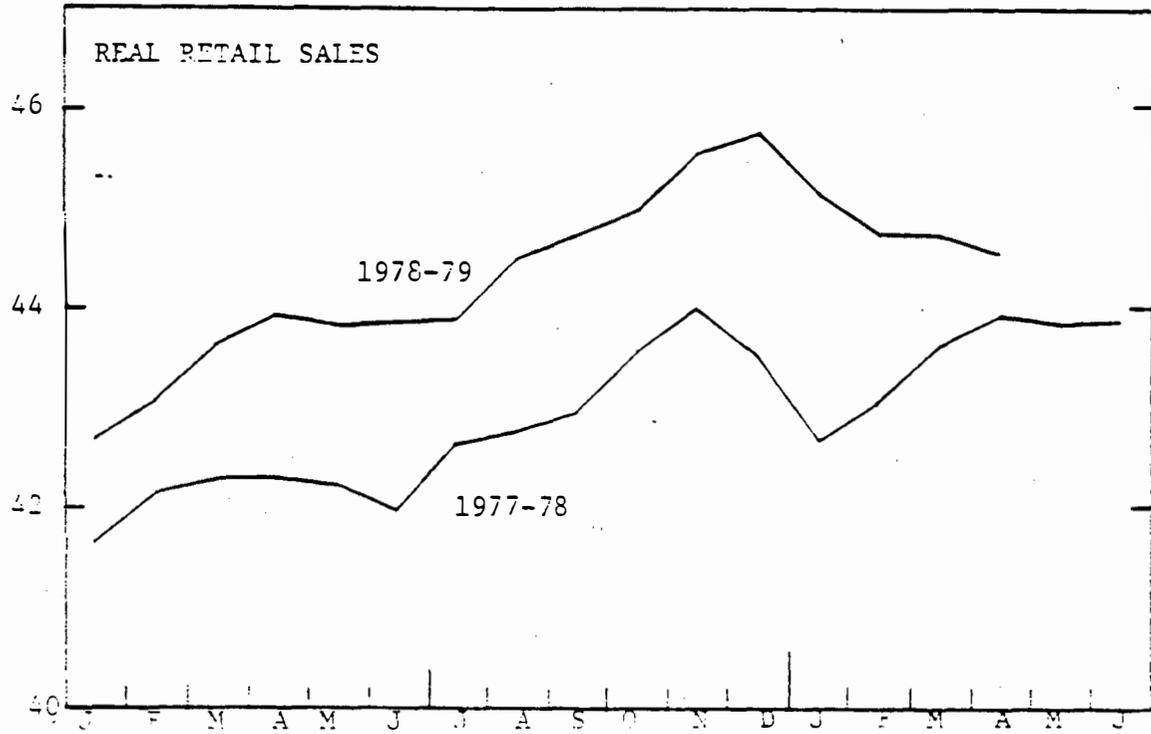
Housing starts have also come down, and not only because of adverse weather. Usury ceilings, high mortgage interest rates and reduced mortgage credit availability are having a restraining effect.

Business demands, on the other hand, remain very strong. Inventories are generally low relative to sales, and orders for restocking have been heavy since late last year. Demands for capital goods have been gathering momentum over past several years (Chart 2), and in the past 6 months or so, businesses appear to have become more confident that any slowdown in the economy is likely to be brief and of modest proportions.

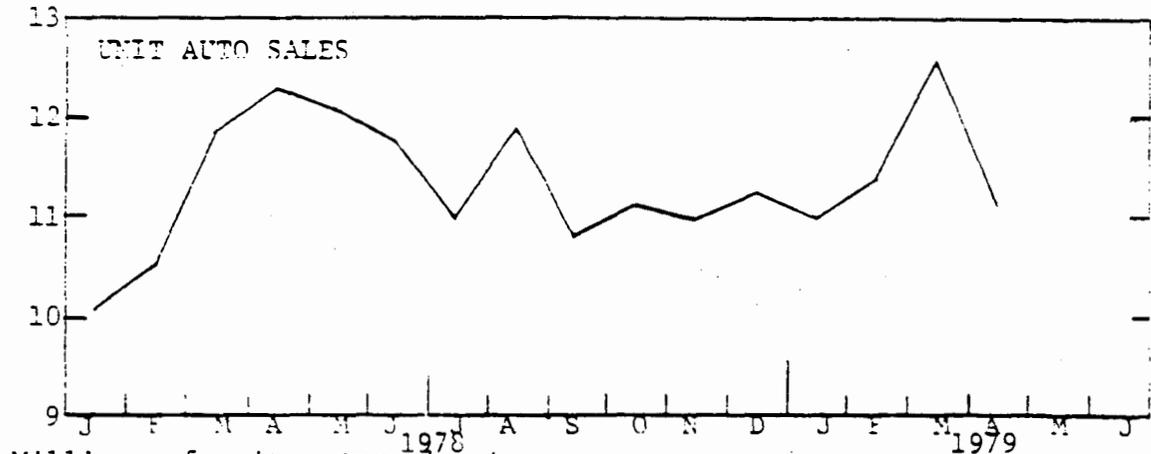
There is a danger that businesses, as in 1974, could fail to adjust production schedules and orders for inventories to the slower pace of consumer spending. This could lead, initially, to a build up of inventories and, later, to weakness in production and employment. As yet, there is little evidence that an inventory buildup is occurring.

The divergent forces presently at work in the economy -- sluggish consumer spending and declining housing starts, coupled with strong business demands for capital goods and inventories -- could result in two quite different paths for the overall economy.

Billions of 1972 dollars



Millions, annual rate



Millions of units, annual rate

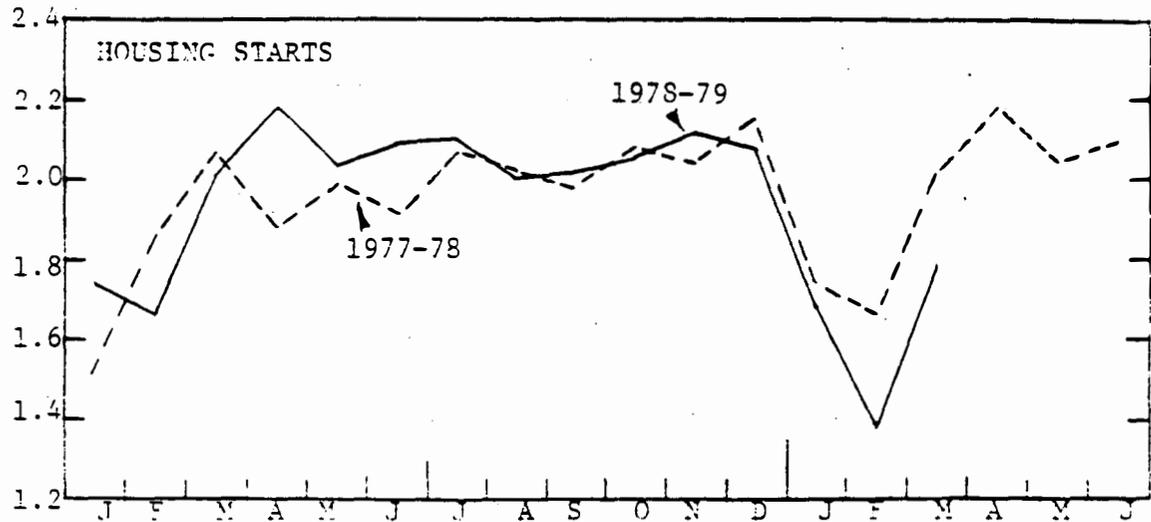
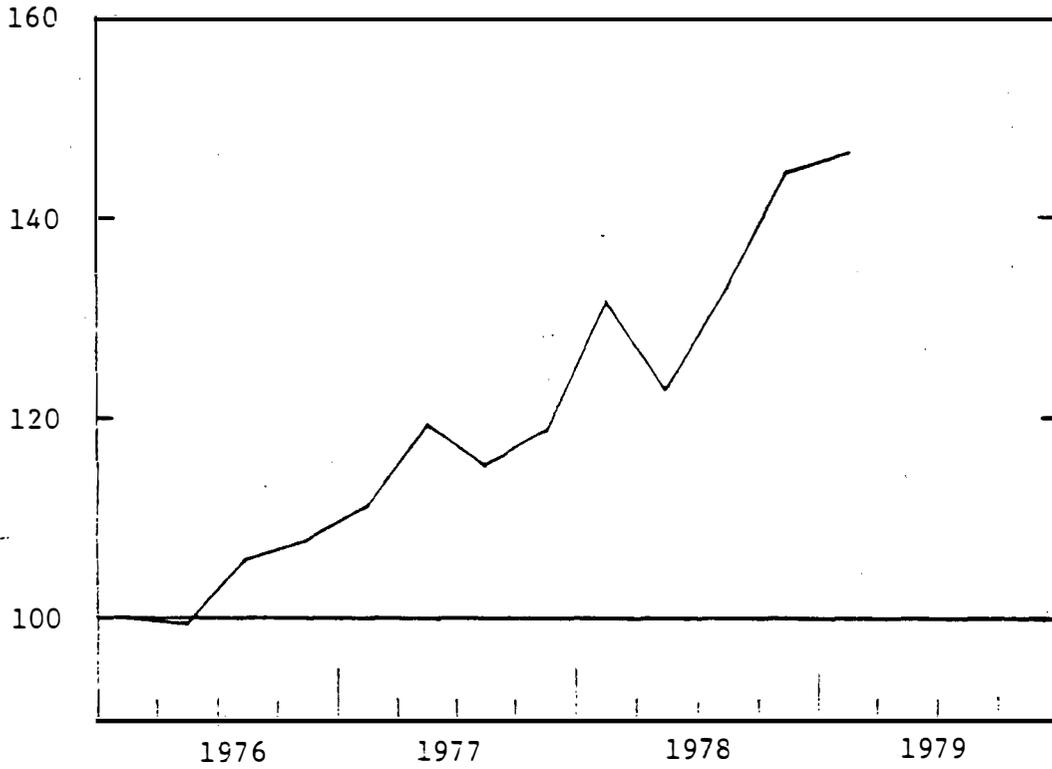


Chart 2

CONTRACTS AND ORDERS FOR
PLANT AND EQUIPMENT
(1972 Dollars)

1976I = 100



If inflation is reduced significantly in the second half, the squeeze on real wages will abate, which would have a favorable effect on consumer spending. Interest rates would also be likely to come down somewhat, improving the outlook for housing. There would still be some slowdown in overall growth during the second half of the year, but not enough to tip the economy into a recession. And the forces of expansion would be strengthening as we enter 1980.

If the moderation of inflation is postponed until late this year or into 1980, consumer spending may weaken further. But with inflation very high, the Federal Reserve will have little option but to raise interest rates further, and the decline in housing will steepen. Even if business capital investment holds up relatively well, the economy may head into a mild recession.

Optimistic Forecast

The assumptions underlying the optimistic forecast are shown in Table 3. The critical assumption is the slowing of inflation, which leads to declining interest rates and an abatement of the squeeze on real wages.

Even in these circumstances, real GNP growth (Table 4) is likely to slow to about a 1-1/2 percent annual rate during the second half of 1979. Growth would probably remain slow early in 1980, because it takes time for declining interest rates to affect housing starts and other categories of demand. But during the latter half of 1980, the pace of economic expansion would be picking up noticeably.

Strong support for continued growth would come from the strength of business demands for capital goods. Business expectations are not being seriously dampened by high inflation, high interest rates, and the slow growth of consumer spending, so that investment programs are likely to be continued despite the moderation of growth now underway.

The unemployment rate would gradually move up to around 6-1/2 percent by the middle of 1980, and then level out as a faster pace of expansion resumes. Some decline in the unemployment rate could occur late in 1980, but an improvement in productivity growth would limit the reduction in unemployment.

The inflation rate for the four quarters of 1979 would average 8-3/4 percent as measured by the GNP deflator and over 9 percent by the CPI, where the effects of rising prices of food, energy, homes and mortgage interest rates all weigh more heavily. This outcome, however, implies a significant reduction of inflation

Table 3

Assumptions Underlying the the Optimistic Forecast

Inflation

- o The pay standards remain effective in limiting the rise in wage rates.
- o Market forces begin to provide resistance to price increases, preventing any further widening in profit margins.
- o The rise in food prices moderates significantly in the second half.
- o In real terms, OPEC oil prices do not increase in 1980.

Monetary Policy

- o Little further tightening in monetary policy.
- o Interest rates begin to decline in late 1979 in response to slower growth and declining inflation.

Budgetary Policy

- o Unified budget outlays total \$496 billion in fiscal 1979 and \$539 billion in fiscal 1980.

Table 4

Optimistic Forecast
(Path I)

<u>Economic Results</u> (Calendar Years)	<u>1979</u>		<u>1980</u>	
	<u>1st half</u> ^{1/}	<u>2nd half</u> ^{1/}	<u>1st half</u> ^{1/}	<u>2nd half</u> ^{1/}
Real GNP Growth (Annual Rate, Percent)	2-1/2	1-1/2	1-1/4	3-3/4
Inflation Rate (Annual Rate, Percent)				
GNP Deflator	9	8-1/2	7-3/4	7-1/2
CPI	11-1/4	7-3/4	7-3/4	7-1/2
Unemployment Rate (Level, Second and fourth quarters, Percent)	5.8	6.2	6.4	6.4
<u>Unified Budget Results</u> (Fiscal Years)	<u>1979</u>		<u>1980</u>	
Billions of dollars:				
Outlays		496		539
Receipts		<u>469</u>		<u>514</u>
Deficit		-27		-25

Note: The rise in the CPI is much higher than the increase in the GNP deflator during the first half of 1979, because energy and food prices and mortgage interest rates weigh more heavily in the CPI. In the latter half of this year, food prices are expected to increase moderately, and mortgage interest rates may level out, so that the CPI will rise less than the GNP deflator.

^{1/} Half-year changes are measured from fourth quarter to second quarter, and second quarter to fourth.

in the second half of this year -- to about an 8-1/2 percent rate for the GNP deflator and around 7-3/4 percent for the CPI.

Budgetary Results

It now appears that the budget deficit in fiscal 1979 will be considerably lower than was estimated in the March budget update -- about \$27 billion. The reduction in the deficit below earlier expectations largely reflects the effects of higher inflation, which, in the short run, affects receipts more than outlays.

For fiscal 1980, the slower real growth rate now forecast for 1980 tends to hold down the rise in revenues somewhat, but the higher inflation now forecast works in the other direction. Also, the budget estimates for 1980 exclude the estimated \$2-1/2 billion for real wage insurance included in the January Budget and the March update. The deficit forecast for 1980, therefore, at \$25 billion, is lower than in the March budget update.

Pessimistic Forecast

Prospects for achieving the optimistic outcome just described, and thus for keeping the economy on a track close to that underlying the January budget, have diminished appreciably as a result of the economic developments since last fall discussed earlier. A mild recession beginning late this year or early in 1980 is a distinct possibility.

The assumptions underlying the more pessimistic forecast are shown in Table 5. As in the optimistic forecast, it is assumed that the pay standards stay reasonably intact over the remainder of the year. But, unlike the optimistic case, it is assumed that consumer price inflation decelerates only modestly in the second half of 1979, despite a more moderate rise of food prices. A substantial further rise in interest rates therefore occurs.

A likely source of maintained high inflation in the second half is the possibility that business may continue to price very aggressively in strong markets, thereby achieving wider profit margins, together with further increases in energy and raw materials prices. Even if the pay standards break down, the effects on wage rates would probably occur with some delay. Non-union wages are to some degree "set" for the year, and many smaller union contracts -- as well as a few large ones -- have already been signed.

Table 5

Assumptions Underlying the Pessimistic Forecast

Inflation

- o Pay standards continue to limit wage increases.
- o Except for food prices, little or no deceleration of inflation in the second half of 1979; profit margins continue to rise.

Monetary Policy

- o Interest rates move significantly higher, with the Federal funds rate at 11-1/2 percent by summer (versus 10-1/4 percent now).
- o Interest rates then decline in 1980 with the onset of recession

Budgetary Policy

- o Budget outlays in fiscal 1980 are \$543 billion, \$4 billion above the level in the optimistic case, reflecting higher inflation and the effect of a weaker economy on unemployment insurance and other categories of outlays.

If inflation does not decelerate significantly, the squeeze on real wages and consumer disposable income will lead to sluggish consumer markets. Moreover, in light of the inflation rate, the Federal Reserve would have little choice but to let interest rates rise substantially further. The combination of little or no growth in personal consumption expenditures, which account for two-thirds of GNP, and a sharp decline in housing would be likely to push the economy into recession.

Our best judgment -- and it is only an educated guess -- is that a cyclical downturn would not be likely to occur before late this year or early 1980. If a recession develops, it seems likely to be mild. Inventories are still in good balance with sales. Moreover, business fixed investment spending plans are very strong, and might hold up reasonably well if the downturn appeared likely to be moderate.

Real GNP growth (Table 6) might turn negative in the first half of next year, however, and there might be a full year (mid 1979 to mid 1980) with little or no increase in real GNP. The unemployment rate would begin to rise rather sharply later this year and might be up to 6-3/4 percent by mid-1980. The unemployment rate might continue to drift up a little further, to perhaps 7 percent, by the end of 1980.

We would expect economic growth to resume in the second half of 1980, but at a pace that would be low by comparison with past periods of economic recovery. There are two reasons why the resumption of growth would lack the vigor of earlier postwar recoveries.

First, in most earlier recessions the downturn was accompanied, and made worse, by outright inventory liquidation. Correspondingly, growth of output during the first few quarters of the recovery was strengthened by a return to inventory building. The kind of recession and recovery that might occur in 1980 would probably lack this development, so that both the extent of the downturn and the strength of the recovery would be mild.

Second, in most earlier postwar recessions monetary and fiscal actions have been taken to limit the decline in activity and accelerate the recovery. In this forecast, we have assumed no change in budgetary policy; monetary policy is assumed to shift towards ease, but interest rates still remain relatively high. (The policy issue of what should be done is discussed below).

The inflation rate, as measured by the GNP deflator, is projected to stay at 9 percent or above throughout 1979,

Table 6

Pessimistic Forecast
(Path II)

<u>Economic Results (Calendar Years)</u>	<u>1979</u>		<u>1980</u>	
	<u>1st half</u> ^{1/}	<u>2nd half</u> ^{1/}	<u>1st half</u> ^{1/}	<u>2nd half</u> ^{1/}
Real GNP Growth (Annual rate, percent)	2-1/2	1/2	-1/2	3
Inflation Rate (Annual rate, percent)				
GNP deflator	9	9-1/2	8	7-3/4
CPI	11-1/4	8-1/2	8	7-3/4
Unemployment Rate (Fourth Quarter, percent)	5.8	6.4	6.8	7.0
<u>Budgetary Results (Fiscal Years)</u>	<u>1979</u>		<u>1980</u>	
Billions of Dollars				
Outlays	496		543	
Receipts	<u>470</u>		<u>512</u>	
Deficit	-26		-31	

NOTE: The rise in the CPI is much higher than the increase in the GNP deflator during the first half of 1979, because energy and food prices and mortgage interest rates weigh more heavily in the CPI. In the latter half of this year, food prices are expected to increase moderately, and mortgage interest rates may level out, so that the CPI will rise less than the GNP deflator.

^{1/} Half-year changes are measured from fourth quarter to second quarter, and second quarter to fourth.

and the rise in the CPI would be still larger -- pushing up toward 10 percent. Moderation of inflation would be likely to occur in 1980, however, when markets would be considerably weaker.

Budget Results

Because the weakness in economic activity in the pessimistic forecast occurs late in calendar 1979, Federal receipts in fiscal year 1979 would be affected relatively little. The budget deficit of \$26 billion is therefore close to its level in the optimistic forecast. For fiscal 1980, the higher inflation rate tends to raise both outlays and receipts relative to the optimistic forecast. Receipts are held down, however, by the lower level of real GNP, while outlays for unemployment insurance benefits and some other categories of outlays would increase in a weaker economy. The deficit, at \$31 billion, is about \$6 billion larger than in the optimistic forecast.

What Happens if the Pay Standards Give Way?

A recession could occur next year from a somewhat different set of developments than we have assumed in our pessimistic forecast. Suppose, for example, that recent or immediately foreseeable high inflation rates render the pay standards totally ineffective. The break could come with the rubber or auto workers and could lead to an acceleration of wage rate increases in the very large nonunion sector. A faster rise of unit labor costs, passed through to wholesale and consumer prices, could lead to higher inflation than the rate included in our pessimistic forecast.

Acceleration of wage rate increases would mean less squeeze on real wages, so that for a time growth in personal consumption expenditures would be sustained. But inflationary expectations would worsen, and a scramble for inventories would be more likely to develop. The Federal Reserve then would be compelled to step on the brakes much harder. The resulting imbalances might well create a deeper and potentially longer-lasting recession than the mild one outlined in our pessimistic forecast.

Violation of the standards in major union negotiations during 1979 and 1980 would widen further an already sizeable differential between union and nonunion wages. At first, the recession might limit both the extent of overall wage acceleration and the ability of business firms to pass the increases through to prices. But as the recession bottomed out and recovery began, the likelihood of a widespread acceleration of costs and prices would be very great. As a consequence, by late 1980

the pace of inflation could be rising again, after a very short period of moderation, and the strength of the recovery itself would be sapped.

Policy Response to Recession

The onset of a recession during the next year would pose an acute dilemma for economic policy. We believe that the recession would be mild, and of limited duration, even if budgetary policy remained unchanged and only a moderate shift toward ease occurred in monetary policy. We cannot, however, be sure. There would be strong pressures to "do something", both from those who believe that a recession might not be self-limiting, and from others wanting to moderate the hardships of economic adversity.

A major shift of economic policy toward stimulus, however, would severely damage longer-run prospects for progress against inflation. Letting the recession run its course, without significant fiscal and monetary stimulus, would produce only modest reduction in inflation in 1980, but would help to dampen the inflationary psychology that presently pervades the economy. That benefit would be lost if we moved quickly toward fiscal and monetary stimulus. Unless we are prepared to live with temporary periods of economic weakness, there is little hope of making longer-run progress against inflation.

An abrupt shift of economic policy toward stimulus might also have seriously adverse effects on the value of the dollar in exchange markets. In 1980, the improvement in our trade balance stemming from last year's depreciation of the dollar will be largely behind us. Nevertheless, a recession would lower demands for imports, so that our current account deficit might decline further. As events last fall indicated, however, foreign exchange markets sometimes react strongly to what are regarded as signals of our commitment to fight inflation. A signal interpreted as indicating that the U. S. was no longer giving top priority to fighting inflation could lead to heavy pressure on the dollar.

The Outlook for 1981

We have not tried to forecast the course of the economy in 1981 in detail. The uncertainties are so great at the present time that such an exercise would be unprofitable. It is clear, nevertheless, that the contours of economic growth in 1981 will be heavily affected by budgetary policy.

Beginning late in 1979 and continuing through 1980 and 1981, the Federal budget will be moving strongly toward restraint. Between fiscal years 1979 and 1981, budget outlays

are scheduled to rise by about 9 percent per year. This increase is only a little above the forecast rate of inflation, so that the rise in real outlays is relatively small.

The bite of rising tax rates, moreover, will tend to make Federal receipts increase faster than incomes. Inflation will be pushing individuals into higher tax brackets, and in 1981 increased social security tax rates add an additional \$18 billion to receipts. Receipts will thus tend to grow substantially faster than budget outlays, leading to an increasing degree of fiscal restraint.

The effect of tax and expenditure changes on the thrust of fiscal policy can be summarized in the high-employment budget (the level of budget expenditures and receipts that would obtain if the economy grew along a high-employment path). Between mid-1979 and the end of 1981, the high-employment budget shifts from a deficit of \$3 billion to a surplus of almost \$60 billion, a shift equal to about 2-1/4 percent of GNP. This strong a move toward fiscal restraint would have a powerful dampening effect on economic growth.

A rough projection of possible economic and budgetary developments in 1981, in the absence of a tax cut, is shown in Table 7. Real GNP growth might be in the range of 1 to 2 percent. This low a growth rate would mean a further rise in the unemployment rate of around one-half percentage point over the four quarters of 1981. Depending on the course of the economy in 1980, the unemployment rate in the fourth quarter of 1981 could range from 7 to 7-3/4 percent. The inflation rate would be likely to decline further, to perhaps 7 to 7-1/2 percent in 1981, because there would be increasing slack in both labor and product markets.

The fiscal 1981 budget would be in deficit by an amount ranging from \$5 billion to \$13 billion, depending on the strength of the economy in 1980. This estimate assumes that any sizeable reduction in taxes is foregone, with a consequent steady climb in average effective tax rates, and the extension into 1981 of slow growth and gradually rising unemployment.

Table 7
Projection for 1981

<u>Economic Results (Calendar Year)</u>	<u>1981</u>
Real GNP Growth (Q ₄ /Q ₄ , Percent)	1 to 2
Inflation Rate (Q ₄ /Q ₄ , Percent)	7 to 7-1/2
Unemployment Rate (Q ₄ , Percent)	7 to 7-3/4
<u>Budgetary Results (Fiscal Years)</u> <u>Billion of Dollars</u>	<u>1981</u>
Outlays	593 to 598
Receipts	585 to 588
Deficit	-5 to -13

export council swearing-in

prop-by 5/24/79

EXPORT COUNCIL

REG JONES - PAUL HALL

1/8 jobs ^{1/4 acres}
Electrostatic Copy Made
import for Preservation Purposes

\$ strong - permanent

bus + labor + govt

Trade deficit - \$10.6

MTN x Export barriers

top int econ priority

US producers - full advantage

Xp Admin Act

Sure, prompt Xp licensing

Nat Security

Council Govt ↔ private

THE WHITE HOUSE
WASHINGTON

Phil has
seen

P

THE WHITE HOUSE
WASHINGTON

May 24, 1979

Phil -
Called 10:45
They did not
answer
J

MEMORANDUM FOR: THE PRESIDENT
FROM: PHIL WISE PRQ
SUBJECT: ERA Vote in Florida

904/488-1383
Sat at Arms

A ratification vote of the ERA Amendment in the Florida Senate has been scheduled for 11:00 a.m. today. The vote is very close (at best 20-20; more likely 21-19 against). The Senate leaders, Phil Lewis, President of the Senate, and Dempsey Barron, Chairman of the Rules Committee, are against the ERA and would not have put the bill up today without feeling confident of its defeat.

There are two Senators whom you may influence by calls:

Pat Neal is from Manatee County (Bradenton) and was an early supporter of yours. He has previously been for the amendment but in his last election switched positions for political reasons. He may respond to a direct request from you.

Pat Thomas is from the Tallahassee area. He defeated Duby Ausley in 1974 for his Senate seat. You changed your suit at his house on the way to the all-night sing in Bonifay. He wasn't home but his wife was. He was at the meeting Tuesday night with Mr. Kirbo and is a supporter of yours.

They need to take a walk ~~and~~
if they will not vote for ERA.

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

5/24/79

rick--

copy has been given
tophil wise

--SSC

A handwritten signature or set of initials, possibly 'de', written in dark ink. The signature is stylized and appears to be written over a horizontal line.

THE WHITE HOUSE
WASHINGTON

5-24-79

Phil

Re Fla ERA vote -
a) It was too late to
get Neal & Thomas.

b) Rosalynn was not even
asked to help.

Why?

J

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for Preservation Purposes