

**6/12/79 [2]**

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 6/12/79  
[2]; Container 121

To See Complete Finding Aid:

[http://www.jimmycarterlibrary.gov/library/findingaids/Staff\\_Secretary.pdf](http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf)

**WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)**

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/att.	From Blumenthal to The President (4 pp.) re: Security for Special Events/enclosed in Hutcheson to Blumenthal 6/12/79	6/12/79	A
memo	From Blumenthal to The President (3pp.) re: Economic Initiatives Toward Saudi Arabia/enclosed in 6/12/79	6/7/79	A
memo	<del>From Press to The President (one page) re: CTB Consultation with P.M. Thatcher/enclosed in Hutcheson to Brzezinski 6/12/79</del> <i>opened per RAC NLC-126-17-22-1-8, 10/24/13</i>	6/7/79	A
memo	From Bell to The President (2 pp.) re: Intelligence Oversight Board	6/7/79	A
memo w/att.	<del>From Owen to The President (2 pp.) re: "Wise Men's Group"/enclosed in Hutcheson to Owen 6/12/79</del> <i>opened per RAC NLC-126-17-22-2-7, 10/24/13</i>	6/5/79	A
memo	From Strauss to The President (3 pp.) re: Trip to China and Japan	6/6/79	A
memo w/att.	From Eizenstat to The President (5 pp.) re: Undocumented Alien Legislation in 96th Congress/ enclosed in Hutcheson to Eizenstat 6/12/79  <i>4 pp. declassified per RAC NLC-126-17-22-3-6, 10/24/13</i>	6/6/79	A

**FILE LOCATION**

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.- Presidential Handwriting File 6/12/79 [2] BOX 135

**RESTRICTION CODES**

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

THE WHITE HOUSE  
WASHINGTON  
12 June 79

Stu Eizenstat  
Frank Moore  
Jim McIntyre

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

Rick Hutcheson

THE ORIGINALS HAVE  
BEEN GIVEN TO BOB  
LINDER FOR HANDLING.





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

e

June 12, 1979

**Electrostatic Copy Made  
for Preservation Purposes**

MEMORANDUM TO: THE PRESIDENT  
FROM: James McIntyre *Jim*  
Stu Eizenstat *Stu*  
SUBJECT: Hazardous Dumpsite Legislation

We want to let you know how we and EPA have resolved the issues regarding hazardous dumpsites legislation which you raised at our meeting last Wednesday. You asked that:

- consideration be given to (1) limiting the activities which could be undertaken under the "emergency response" category and (2) increasing the States' financial participation in the costs associated with first-year containment;
- the legislative proposal provide for the financing of the cleanup of hazardous dumpsites through a fee on oil and other chemical feedstocks.

Emergency Response

Emergency response actions are those taken to ameliorate an immediate threat to public health. Our initial proposal provided for 100% Federal financing. Following our meeting with you, we have made three changes:

1. Emergency response actions will be financed by 20% Federal appropriations and 80% private financing from the fees collected from industry.
2. Emergency response actions will be limited by definition to total expenditures (private plus Federal) of \$300,000 per site.
3. We have tightened the definition of emergency response so as to minimize the number of such actions by requiring that the Administrator first determine that there is a need for immediate action to prevent injury to public health or a significant environmental resource.

First-Year Containment

First-year containment actions are those which will prevent the continued release of hazardous substances for up to one year.

Our initial proposal provided for:

- 50% Federal financing for municipally or State-owned dumpsites;
- 100% Federal financing of the first \$500,000 of cleanup costs

and 90% Federal financing of the costs in excess of \$500,000 for other dumpsites.

Following our meeting with you, we redrafted the legislative proposal so that it provides for:

- 10% Federal and 40% private financing (through fees) in the case of municipally owned dumpsites.
- 20% Federal and 80% private financing (through fees) of the first \$200,000 of cleanup costs in the case of other dumpsites.
- 20% Federal, 70% private financing (through fees) and 10% State financing of the costs in excess of \$200,000 in the case of these other dumpsites.

Consequently, in the context of the overall proposal, the States will be required to contribute:

- 50% of the cleanup costs of municipally owned dumpsites.
- 10% of the cleanup costs in excess of \$200,000 of the major dumpsites.
- 100% of all containment costs after the first-year (the estimated cost of this category alone is in excess of \$30 billion).
- 100% of the maintenance costs of all the sites.

In addition, in response to your concern that Governors may attempt to concentrate Federal funds spent in their States on only those particular dumpsites where first-year containment activities will also accomplish permanent remedy, we have made a further change. Whereas in the earlier version of the bill, Federal containment efforts had to meet a test of cost-effectiveness as permanent remedies, we have changed this provision so that immediate containment actions will be those least-cost actions which are not inconsistent with permanent remedies. Together with the fact that investigations of potentially hazardous dumpsites to be undertaken by EPA and State personnel should focus the public's attention on the most serious problem sites, this change should minimize the opportunities for Governors to avoid long-term State commitments. Total budget authority for dumpsite cleanup will be \$150M, \$275M, \$400M, \$400M in fiscal years 1981-1984 respectively (Federal appropriations 20% and industry fees 80%).

### Schedule

The Senate has scheduled a hearing on this issue on June 20. We expect Senator Muskie to introduce a bill within the next week. In order that the Administration be in a position to assume leadership on this issue, we recommend that you sign the attached letters which would transmit the proposal to the Congress next Wednesday. There is a good chance that Senators Muskie and Culver will introduce the Administration bill, either in lieu of, or in addition to, their own, if it is transmitted by Wednesday.

THE WHITE HOUSE

WASHINGTON

Dear Mr. President:

Today I am transmitting legislation to address some of the most significant environmental and public health problems facing our Nation. The problems which the legislation is designed to address are extremely serious. Recent months have focused public attention on a series of past improper hazardous waste disposal incidents such as the tragedy of Love Canal, New York. This case clearly demonstrates the unacceptable costs of improper hazardous waste disposal which may accrue from other incidents such as:

- o contamination of surface and ground waters including drinking water supplies;
- o staggering financial costs of cleaning up and containing wastes; and
- o acute poisoning, carcinogenicity, mutagenicity, and promotion of miscarriages and birth defects.

The proposed legislation is a comprehensive program with the financial responsibility shared by Federal, State and local governments as well as industry. For spills of oil or hazardous substances, the legislation establishes a comprehensive and uniform system of notification, emergency response, enforcement, liability and limited economic compensation for such incidents. For uncontrolled sites, the proposed legislation would establish essentially the same program but without economic compensation. This comprehensive program would be implemented by:

- o requiring notification of spills and the presence of uncontrolled hazardous waste disposal sites;
- o empowering the Federal Government to clean up and mitigate pollution in those incidents where the liable parties do not respond adequately or cannot be quickly identified;
- o enforcing higher standards of care in the handling of oil, hazardous substances and hazardous wastes including recovery from liable parties of governmental response costs and economic compensation;

- o providing compensation for the economic damages sustained by innocent victims of spills.

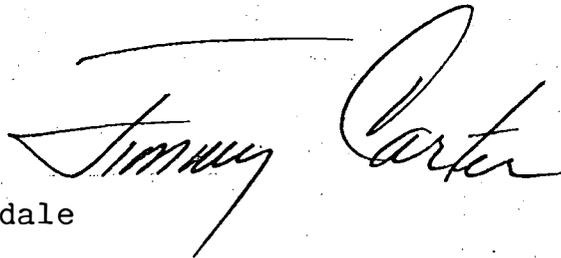
The States have a significant role in implementing this legislation. Although the proposed legislation authorizes Federal action in emergency situations, the States are expected to provide financing for both the short-term and long-term containment of releases from hazardous dumpsites.

The legislation provides a major innovation in the manner we approach environmental rehabilitation. In particular, those elements of the private sector which produce hazardous chemicals will share, along with the Federal and State governments, in the financial responsibility for meeting the goals of the legislation through a system of fees.

The legislation provides for a mid-term evaluation. Within three years of enactment a report will be submitted to the Congress which would include experience to date in implementing the legislation; the extent, if any, of the critical uncontrolled sites problem; projected funds required for spill response; extent of State participation; and recommendations for statutory modification in such areas as fee structure, fund operation, liability limits, and financial responsibility limits.

It has become abundantly clear over the past several months that exposure of humans and the environment to dangers from spills of oil, hazardous substances and hazardous wastes and from releases at uncontrolled hazardous waste disposal sites are two of the most pressing environmental problems facing the Nation. I believe that the proposed legislation represents a comprehensive and effective approach for protecting people and the environment from such incidents. I am hopeful that this proposal will receive prompt consideration and speedy enactment. The health of the public and the environment cannot afford less.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in black ink and is positioned to the right of the typed name.

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

THE WHITE HOUSE

WASHINGTON

Dear Mr. Speaker:

Today I am transmitting legislation to address some of the most significant environmental and public health problems facing our Nation. The problems which the legislation is designed to address are extremely serious. Recent months have focused public attention on a series of past improper hazardous waste disposal incidents such as the tragedy of Love Canal, New York. This case clearly demonstrates the unacceptable costs of improper hazardous waste disposal which may accrue from other incidents such as:

- o contamination of surface and ground waters including drinking water supplies;
- o staggering financial costs of cleaning up and containing wastes; and
- o acute poisoning, carcinogenicity, mutagenicity, and promotion of miscarriages and birth defects.

The proposed legislation is a comprehensive program with the financial responsibility shared by Federal, State and local governments as well as industry. For spills of oil or hazardous substances, the legislation establishes a comprehensive and uniform system of notification, emergency response, enforcement, liability and limited economic compensation for such incidents. For uncontrolled sites, the proposed legislation would establish essentially the same program but without economic compensation. This comprehensive program would be implemented by:

- o requiring notification of spills and the presence of uncontrolled hazardous waste disposal sites;
- o empowering the Federal Government to clean up and mitigate pollution in those incidents where the liable parties do not respond adequately or cannot be quickly identified;
- o enforcing higher standards of care in the handling of oil, hazardous substances and hazardous wastes including recovery from liable parties of governmental response costs and economic compensation;

- o providing compensation for the economic damages sustained by innocent victims of spills.

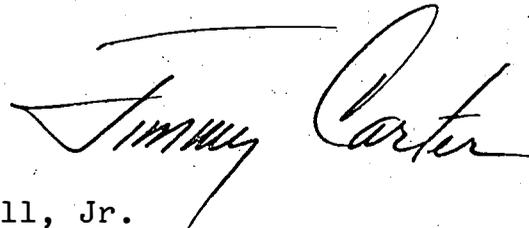
The States have a significant role in implementing this legislation. Although the proposed legislation authorizes Federal action in emergency situations, the States are expected to provide financing for both the short-term and long-term containment of releases from hazardous dumpsites.

The legislation provides a major innovation in the manner we approach environmental rehabilitation. In particular, those elements of the private sector which produce hazardous chemicals will share, along with the Federal and State governments, in the financial responsibility for meeting the goals of the legislation through a system of fees.

The legislation provides for a mid-term evaluation. Within three years of enactment a report will be submitted to the Congress which would include experience to date in implementing the legislation; the extent, if any, of the critical uncontrolled sites problem; projected funds required for spill response; extent of State participation; and recommendations for statutory modification in such areas as fee structure, fund operation, liability limits, and financial responsibility limits.

It has become abundantly clear over the past several months that exposure of humans and the environment to dangers from spills of oil, hazardous substances and hazardous wastes and from releases at uncontrolled hazardous waste disposal sites are two of the most pressing environmental problems facing the Nation. I believe that the proposed legislation represents a comprehensive and effective approach for protecting people and the environment from such incidents. I am hopeful that this proposal will receive prompt consideration and speedy enactment. The health of the public and the environment cannot afford less.

Sincerely,



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

THE WHITE HOUSE  
WASHINGTON  
6/12/79

Tim Kraft

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

Rick Hutcheson

cc: Jerry Rafshoon  
Jack Watson  
Anne Wexler  
Phil Wise  
Fran Voorde

THE WHITE HOUSE  
WASHINGTON

6/11/79

Mr. President:

Rafshoon, Watson and Wexler  
concur.

Phil Wise has no comment.

Rick

THE WHITE HOUSE

WASHINGTON

June 7, 1979

MEMORANDUM FOR THE PRESIDENT\*

FROM: TIM KRAFT TK

SUBJECT Hispanic Town Hall Meetings Response

BACKGROUND

In September of last year, 30 Hispanic Administration appointees convened 16 town hall meetings in Hispanic neighborhoods throughout the country. The results of those meetings are documented in over 3,000 pages of testimony (a court reporter was present at each meeting) regarding the problems and concerns of the Hispanic community at the grass roots level.

From that compiled testimony, we extracted the specific questions asked of this Administration. We directed those questions to the appropriate Cabinet and agency officials and have begun to package those responses already received.

FOLLOW-UP

- I. We are now planning a briefing session at which our responses can be made public. In order to do this in the most positive fashion, several steps are being taken:
1. The scheduling of the eight Department and agency heads to appear at the Hispanic briefing in the second or third week of July.
  2. The scheduling of a time for you to address this same group of 100-150 Hispanic leaders who have been briefed by Department heads.
  3. The printing of an Hispanic "Bulletin" containing the questions and answers that resulted from the town hall meetings.
  4. Obtaining a commitment from each of the White House Senior Staffers to attend part of the briefing, thereby demonstrating a sensitivity to Hispanics.

✓ \_\_\_\_\_ approve \_\_\_\_\_ disapprove

ID 792545

THE WHITE HOUSE

WASHINGTON

DATE: 07 JUN 79

FOR ACTION: JERRY RAFSHOON

JACK WATSON

ANNE WEXLER

PHIL WISE

FRAN VOORDE

*Handwritten: ~~concur~~ ~~concur~~ ~~concur~~*

*Handwritten: concur*

*Handwritten: concur*

*Handwritten: NC*

INFO ONLY: THE VICE PRESIDENT

STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

JODY POWELL

SUBJECT: KRAFT MEMO RE HISPANIC TOWN HALL MEETINGS RESPONSE

+++++

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

+ BY: 1200 PM SATURDAY 09 JUN 79 +

+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

ID 792545

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

WASHINGTON

DATE: 07 JUN 79

FOR ACTION: JERRY RAFSHOON

JACK WATSON

ANNE WEXLER

PHIL WISE

FRAN VOORDE

INFO ONLY: THE VICE PRESIDENT

STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

JODY POWELL

SUBJECT: KRAFT MEMO RE HISPANIC TOWN HALL MEETINGS RESPONSE

+++++

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

+ BY: 1200 PM SATURDAY 09 JUN 79 +

+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE  
WASHINGTON  
6/12/79

Frank Press

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

Rick Hutcheson

cc: Zbig Brzezinski

~~SECRET~~ ATTACHMENT

DECLASSIFIED

Per, Rac Project

ESDN: NLC-126-17-221-8

BY KS DATE 10/21/13

FOR ACTION  
FYI

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

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

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

	ADMIN. CONFIDEN.
	CONFIDENTIAL
	SECRET
	EYES ONLY

Call  
Press - he's  
anxious

664  
6441

THE WHITE HOUSE  
WASHINGTON

6/8/79

Mr. President:

Brzezinski concurs.

Rick

~~SECRET~~

THE WHITE HOUSE

WASHINGTON

June 7, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: FRANK PRESS *fp*

SUBJECT: CTB Consultation with Prime Minister Thatcher

During Cy Vance's recent consultations with UK Prime Minister Thatcher, she expressed several CTB concerns, such as the possibility of evasive testing by decoupling in cavities. Cy reported that our advisers did not agree with these concerns and suggested that it might be useful for me to meet with her to discuss this issue. Thatcher was reportedly very pleased with this suggestion and Cy has subsequently urged me to go to London for this purpose.

It appears that Thatcher has received some negative advice on CTB and it would probably be useful for me to meet with her to try to allay her concerns. This would also provide an opportunity to discuss the NSS problem with her. If you think this would be helpful I will consult with Cy and Zbig in planning the trip and developing some appropriate briefing material. If possible I will try to schedule the visit between your meeting with Brezhnev in Vienna and the economic summit in Toyko, so that you could follow up on some of these points with Thatcher if necessary.

✓ approve      \_\_\_\_\_ disapprove

~~SECRET~~

*J*

Electrostatic Copy Made  
for Preservation Purposes

DECLASSIFIED  
Per, Rac Project  
ESDN: 126-17-22-1-8  
BY 1KS NNDL DATE 10/21/13

DATE: 07 JUN 79

FOR ACTION: ZBIG BRZEZINSKI

INFO ONLY: THE VICE PRESIDENT

SUBJECT: SECRET PRESS MEMO RE CTB CONSULTATION WITH PRIME  
MINISTER THATCHER

+++++

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

+ BY: +

+++++

ACTION REQUESTED: IMMEDIATE TURNAROUND

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

PLEASE NOTE OTHER COMMENTS BELOW:

~~SECRET~~

DECLASSIFIED  
 Per: Rac Project  
 ESDN: NUG-126-17-22-1-8  
 BY: 125 MAR. DATE 10/21/13

THE WHITE HOUSE  
WASHINGTON  
6/12/79

Henry Owen

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

Rick Hutcheson

cc: Zbig Brzezinski  
Arnie Miller

~~CONFIDENTIAL~~ ATTACHMENT

DECLASSIFIED  
Per, Rac Project  
ESDN: 136-17-22-2-7  
BY KS MARK DATE 10/21/13

FOR ACTION  
FYI

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

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

/ BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ARONSON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FIRST LADY

HARDEN

HERNANDEZ

HUTCHESON

KAHN

LINDER

MARTIN

/ MILLER

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

WARREN

WEDDINGTON

WISE

VOORDE

/ *over*

ADMIN. CONFIDEN.

CONFIDENTIAL

SECRET

EYES ONLY

*Call Owen's  
Office - have them  
pick up. This AM*

THE WHITE HOUSE  
WASHINGTON

6-12-79

Henry.

ask all four if  
they would be  
willing to serve on  
the Group. Then I'll  
choose a Co-Chairman  
You may do this  
today J

THE WHITE HOUSE

WASHINGTON

June 11, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: ARNIE MILLER HF

SUBJECT: US-Japan "Wise Men's Group"

The following are our comments on the four candidates for the US-Japan "Wise Men's Group" recommended by Henry Owen in the attached memorandum.

All four men are obviously quite good.

Douglas Dillon is very solid, very middle-of-the-road Republican who served as President Kennedy's Secretary of Treasury.

Robert Ingersoll is much more identifiable as a Republican. He is more middle-to-the-right. He is well regarded by others.

Dean Rusk. He is in fine shape but his wife is not well.

Hedley Donovan is someone whom Frank Pace and others think we should try to bring into the Administration for a major role in your second term. You may find it useful to get to know him and to test him now. He developed an outstanding reputation while at Time from which he recently retired as Editor-in-Chief. Frank Pace describes him as one of those rare intellectuals with a common touch. He is enormously broad-gauged and has a sense of the totally unflappable. We recommend that you ask Henry Owen to approach him first.

THE SPECIAL REPRESENTATIVE FOR  
TRADE NEGOTIATIONS  
WASHINGTON  
20506

1

DECLASSIFIED

Per: Rac Project

ESDN: ~~126-17-22-2-7~~

June 6, 1979

BY KS DATE 12/24/13

MEMORANDUM FOR THE PRESIDENT

FROM: Ambassador Robert S. Strauss

SUBJECT: Trip to China and Japan

I thought it might be useful for me to set down some impressions from last week's trip to China and Japan and to share with you some suggestions about what we might want to do next in the China field.

In retrospect, I am convinced that the Chinese were never in a position to reach a compromise agreement with us on textiles. There are several reasons for this. A principal one can be traced to their negative perception of the claims/assets agreement. When they initialed the agreement, they apparently did not understand the difficulty they faced in recovering a sufficient quantity of the frozen assets. This realization is now feeding a growing concern that they have been taken advantage of, and that we have treated them "sharply." Chinese Foreign Ministry officials made this point strongly in a number of conversations Dick Holbrooke and I had during the week. I think this undoubtedly is hurting Deng, and that it has reduced his ability to override others in China out of concern that he could be portrayed as acquiescing to tough U.S.-imposed conditions. In his meeting with me, he completely side-stepped textiles. The Chinese negotiators subsequently showed no flexibility.

In the end, both sides very amicably agreed to disagree. The Chinese understand that we must move ahead to take unilateral action under the terms of the Multi-Fiber Agreement. I think we came out ahead in terms of satisfying our domestic concerns on textiles. And, as I told the Chinese, we are now in a position to move ahead in signing the trade agreement. It seems highly important to move promptly on the trade agreement -- immediately after

the Summit -- if we are to expect Congressional action this year, maintain momentum in our China relationship, and not further undercut Deng. At the same time, we should probably try hard to help them recover as much of the assets as possible.

Despite the negative aspects of the claims/assets agreement and the textile impasse, the atmosphere throughout the visit was extremely warm and friendly. My meeting with Deng, in particular, was relaxed and open. We were told later separately by two Chinese officials that he had been very pleased with the meeting and had wished it could have continued longer.

Their negative response to making a positive gesture toward Israel was, I guess, predictable but nonetheless disappointing. They feel -- perhaps rightly -- that they can best serve their own interests and help us by supporting Sadat and keeping their lines open to the other Arabs, including the PLO. Begin should be pleased that we tried, even if the Chinese did not change their position. I asked him for the smallest possible gesture -- no course change.

The combining of government and business interests on the delegation worked out very well. The 23 business leaders who accompanied us had unprecedented access to a full range of Chinese economic officials and government leaders including Deng and the Minister of Foreign Trade. People like Fred Bucy of Texas Instruments, D. W. Brooks, and Dwayne Andreas of Archer, Daniels, Midland had very rewarding exchanges with the Chinese as did virtually all the others. Most will follow up with specific proposals, and some have already been invited back. Bucy and Brooks, for example, expect to take technical groups back later this year to pursue a number of deals. I think we will get good work from most of them in 1980.

On Saturday, we initialed in Tokyo an understanding resolving the most acute trade issues clouding our bilateral relations. The important underlying theme for these understandings is reciprocity -- the insistence on a real two-way street with Japan. The Japanese recognize that this is the key principle necessary for a positive and lasting trading relationship between our two nations.

Page Three

We agreed with the Japanese to work toward reciprocity in government procurement and standards, to accelerate Japanese tariff reductions, and to encourage Japanese imports of tobacco products and U.S. coal.

Our meetings in Tokyo with the Prime Minister, Foreign Minister Sonoda and Ambassador Ushiba were very cordial and businesslike. I am very hopeful that these understandings will relieve much of the short-term trade tension between our two countries, thus allowing you to concentrate more fully on other and more fundamental issues during the upcoming Summit Conference.

- ~~SECRET~~ -

THE WHITE HOUSE  
WASHINGTON

6/19/79

Stu Eizenstat

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

Rick Hutcheson

cc: Zbig Brzezinski  
Jim McIntyre  
Rick Hernandez

FOR ACTION  
FYI

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

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

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

THE WHITE HOUSE  
WASHINGTON

6/11/79

Mr. President:

OMB comments are attached.

Rick Hernandez believes that politically it would be best to do nothing at this time and let the Commission do its work over the next two years.

CL concurs with Stu.

Rick

~~CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

June 6, 1979

*I'll decide after  
meeting w Portillo  
J*

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*  
FRANK WHITE

SUBJECT: Undocumented Alien Legislation in 96th Congress

Since your trip to Mexico, we have responded to inquiries about whether you would re-introduce legislation on undocumented workers by saying that you wanted to wait until Governor Askew consulted with President Lopez Portillo. There are essentially two issues:

1. Should the bill be resubmitted, or should the issue be left for the Select Commission?

2. If you decide that it should not be resubmitted, how and when should that decision be announced?

In his May 7th meeting with you, Governor Askew suggested that you not send the legislation up. He thought it would go nowhere and implied that the issue be left to the Commission.

Justice, Labor, State, and we believe that you should wait until after your second meeting with Lopez Portillo before making any announcement. After that, Labor and Justice believe that the bill should be resubmitted. State and we believe that after your next meeting with Lopez Portillo, you should reaffirm your continued belief in the fundamental principles in your 1977 legislation, observe that Congress chose instead to create a Commission, and state that you look forward to the Commission's recommendations.

This appeared to be the thrust of your comments during the May 18th session with out-of-town editors and news directors. However, because your response (copy attached) is somewhat ambiguous, we need to confirm your intentions in this regard.

Your recommendations constitute the most thoughtful and comprehensive proposals yet presented to Congress on this issue. You took the initiative which Congress ignored, preferring instead to appoint a Commission. If Congress wants to move seriously in this area, you remain willing of course, to work cooperatively with them.

~~CONFIDENTIAL~~

Electrostatic Copy Made  
for Preservation Purposes

DECLASSIFIED

Per: Rac Project

ESDN: 126-77-22-3-6

BY: KS AMAL DATE 10/31/13

-- Should we plan that, at a reasonable interval after your meeting with Lopez Portillo, we will resubmit legislation, or plan to state that we will await the Commission's recommendations?

\_\_\_\_\_ Await Commission's recommendations (State, Treasury, NSC, DPS) (CL, Rick Hernandez)

\_\_\_\_\_ Resubmit revised bill (Justice, Labor) (OMB)

Attachment

QUESTION: Raul Parra from the Spanish Television Network, Albuquerque. Are there any definite plans on how to deal with the illegal aliens influxion from Mexico and the possibility of implementing the bracero program again?

THE PRESIDENT: We have no plans to use the bracero program again. As you know, I presented to the Congress my first year in office, after a great deal of study, a proposal on how to deal with the undocumented workers -- there are many names for the same people, some illegal aliens, some undocumented aliens. I lately have been calling them undocumented workers. The other day somebody suggested we call them undocumented taxpayers. (Laughter)

But the Congress has not been willing to act on my recommendations. The Hispanic American community is sharply divided on the issue because the undocumented workers coming into our country compete in some areas for scarce jobs, as you know. In other cases, those very same American citizens who have Mexican heritage would like for their relatives to come here, and the pressures from economics in Mexico are quite severe now. But Mexico, with a large prospective improvement in their economy in the future because of the gas and oil discoveries, I think will help to assuage this problem. I have met with Lopez Portillo, the President of Mexico, on this subject at length. I have sent Reubin Askew, the former Governor of Florida and the Chairman of my Commission on Immigration, down to meet for several days with the President of Mexico, the Secretary of State, the Foreign Minister and others. We are trying to evolve a program that would be fair. I think for the first time, at least in my historical memory, Mexico and the United States Government are now working in harmony to try to hammer out a reasonable and fair approach to the problem.

I don't say that we will be together at the end, but we are working together. The last thing is that I have pledged to all the minority groups in our country, and to the people of Mexico, that undocumented workers who are in our Nation and who do not have a legal

right to be here, will be treated fairly. They will not be abused. Their constitutional -- human -- rights will be preserved.

I am sworn on my oath to uphold the law and the Constitution of my country. There is no way that I can condone the illegal crossing of our border. But we are working the best we can to deal with the question that has been long in existence and to do it humanely and fairly and legally. Some modification of the law will be required.

The Commission that has now been established will make those recommendations. I and the Congress are waiting for the recommendations to be made.

PATRICIA BARIO: Thank you, sir.

THE PRESIDENT: Thank you. I will take one other question.

QUESTION: Hal Rosen of Chicago. Earlier this week on Monday, Joseph Sisco, speaking before the Chicago Foreign Relations Council, said that while it is official U.S. policy that we don't recognize -- or make contact, rather, with the PLO unless they recognize 242, that he sees modification in this in the future.

While he is not an official government spokesman, obviously, does his view reflect any change in our policy?

THE PRESIDENT: There has been no change. I don't contemplate any change. Our Nation is pledged, again, on our word of honor, which I have corroborated since I have been in office, that we will not deal with the PLO until they accept UN Resolution 242 as a basis for negotiations which all the other Arab entities have done, and until they recognize the right of Israel to exist.

MORE



THE WHITE HOUSE  
WASHINGTON  
6/12/79

Chairman Campbell

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

Rick Hutcheson

cc: Stu Eizenstat  
Frank Moore  
Jody Powell  
Jerry Rafshoon

FOR ACTION  
FYI

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

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

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

United States of America  
**Office of  
Personnel Management**

Washington, D.C. 20415

June 11, 1979

In Reply Refer To:

Your Reference:

MEMORANDUM FOR THE PRESIDENT

FROM: Alan K. Campbell  
Director

SUBJECT: Congressional and Executive Level Pay Increases

*I prefer  
5 1/2  
J*

At Stu Eizenstat's suggestion, I write to inform you of the current plans in the House of Representatives to accomplish pay increases for Members of Congress and Executive Level employees in the Executive Branch, in addition to their counterparts in the Judicial Branch.

The Appropriations Bill was amended last week to grant a 7 percent pay increase. I understand that the plan is to obtain a rule from the Rules Committee which would permit only 1 amendment, an amendment which would reduce the 7 percent to 5.5 percent, making the pay increase equivalent to what you plan for all other Executive Branch employees.

It is uncertain whether this effort will be successful, but I think it important that the Administration not become involved. Their effort is primarily related to accomplishing a pay increase for Members of Congress, and I think there would be great resentment if the Administration took any stand publicly on the issue.

Congressional Liaison concurs.

**Electrostatic Copy Made  
for Preservation Purposes**

WASHINGTON

DATE: 11 JUN 79

FOR ACTION: FRANK MOORE (LES FRANCIS)

INFO ONLY: THE VICE PRESIDENT

STU EIZENSTAT

JODY POWELL

JERRY RAFSHOON

SUBJECT: CABELL MEMO RE CONGRESSIONAL AND EXECUTIVE LEVEL

PAY INCREASES

+++++

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

+ BY: +

+++++

ACTION REQUESTED: IMMEDIATE

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

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE  
WASHINGTON

05 Jun 79

Stu Eizenstat

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

Rick Hutcheson

[ STU-- I will hold memos to  
Bergland and Andrus until  
you indicate they should be  
released.

2617

FOR ACTION  
FYI

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION

	VICE PRESIDENT
	JORDAN
<input checked="" type="checkbox"/>	EIZENSTAT
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	RAFSHOON
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE
	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

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

Str - I will hold memos to Bergland & Andrus until you indicate they should be released

THE WHITE HOUSE

WASHINGTON

June 4, 1979

*Stu - see me - To  
brief the environmentalists  
first repeats a constant  
error of ours - To give  
sure opponents of a policy  
the first & most important  
news coverage*

MEMORANDUM FOR

THE PRESIDENT

FROM

STU EIZENSTAT  
R. D. FOLSOM  
LYNN DAFT

*Stu*

*J*

SUBJECT: Anti-Inflation Timber Policy

We believe that it is desirable to announce at this time your decision on the Anti-Inflation Timber Policy Study. You will recall that on April 12, you agreed with our recommendation to allow departures from the even-flow policy. We also recommended delaying the announcement in order that it would not conflict with the deliberations on the DNR reorganization proposal and to avoid allegations that such a decision was linked to DNR.

With DNR behind us and the consumer price index continuing to show housing cost increases as a major component of inflation, an announcement of the even-flow decision by Fred Kahn is appropriate at this time. We have worked closely with Fred and he is prepared to make the announcement together with Bob Bergland and Cecil Andrus on Tuesday, June 5.

Your decision on even-flow departures continues to be correct on the merits and is an important adjunct of your anti-inflation efforts. This will allow cutting of old growth timber in selected national forests, particularly in the Northwest. This action will increase the potential timber harvest and have as substantial an impact on inflation as any action we have considered in the agricultural sector.

Each billion board feet increase in Federal sales would, after allowance for substitution effects on private lands, reduce standing timber prices by about 10 percent, lumber prices by over 4 percent, and the price of a new single family house by at least 0.6 percent. We expect that as much as three billion board feet more timber would result from this decision. Thus, the meaningful increase in sales, especially if combined with actions aimed at

other sources of housing cost increase, can help decrease the burden of rising housing costs on the American consumer.

However, as we have noted to you before, environmentalists will strongly object to this decision. We will brief the environmental community before the announcement.

Attached to this memo for your signature are directives to Secretary Bergland and Secretary Andrus to implement this decision, and the pertinent pages from the April 12 decision memo on this issue.

TWO SIGNATURES REQUESTED

Attachment

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM FOR THE SECRETARY OF AGRICULTURE

I hereby direct the Departments of Agriculture and Interior, consistent with existing legal requirements, to use maximum speed in updating land management plans on selected National Forests with the objective of increasing the harvest of mature timber through departure from the current nondeclining even-flow policy. In updating land management plans, all relevant economic and environmental implications must be taken into account. A schedule for rapid completion of this process on those Forests with substantial inventories of mature timber should be developed with regular progress reports to me.

*Jimmy Carter*

- \* Will help lessen the adverse economic effects of a reduced cut from private forest lands in the Northwest.
- \* Will improve our chances for approval of the Department of Natural Resources proposal.

Con

- \* Will be strongly opposed by environmental interests.
- \* As a result of court challenges, further delays in implementation of National Forest plans can be expected.

DECISION

✓  
\_\_\_\_\_ Direct the USDA and BLM, within permissible legal constraints, and following sound environmental practices, to use maximum speed and effort in updating management plans on selected forests with the objective of increasing the harvest of mature timber through departure from the current nondeclining even-flow policy where appropriate. (OMB, CEA, COWPS, DOI, USDA, Kahn, DPS, and Vice President) J

\_\_\_\_\_ Reject Administration policy of departure from even-flow, where appropriate; leave any departures to the discretion of the USDA. (CEQ)

\_\_\_\_\_ Disapprove

If you choose the first option, as we recommend, we suggest that Fred Kahn announce it as a significant anti-inflationary action after we have had an opportunity to discuss it with the timber industry. We will also work with the Forest Service to establish a timetable for implementation.

3. Federal Options in the Private Sector. Increased harvests from private lands and improvements in yields from logging and sawmill operations would be helpful in meeting future growth in timber demands. The Forest Service estimates that more wood is wasted as a result of logging residues, dead trees and thinnings than is used (375 million tons of waste versus 210 million tons of annual use). There are several existing Federal and state programs that provide technical assistance to private woodlot owners, sawmills, and loggers to reduce waste and improve operating efficiency.

but uncut timber that firms are harvesting at a reduced rate because of uncertainties that operations can be sustained in the future. Therefore, a change in policy which reduces these uncertainties can have an immediate impact on supplies and prices.

These same agencies oppose amendments to the draft regulations that would add to the cost of timber harvest by further restricting the size of clear cuts and adding to the size of buffer strips along streams. Beyond requiring an awkward and complicated administrative procedure, such amendments would remove additional acres from timber production. CEA, COWPS, and OMB also feel that a departure from even-flow approach, by confining the increased cuts to the fewest possible forests necessary to meet the increased harvest targets, would ensure that there would be fewer roads, and consequently, a better environment in the National Forests not affected by the increased harvesting. They believe that the policy of the Administration must be very clear on this matter if changes are to be achieved in the face of what they believe to be strong resistance to revise the even-flow policy, given the current interpretation of Congressional direction and overall political pressures. USDA supports such a policy, although they recommend that the emphasis be on expanding timber supplies rather than departure from even-flow.

CEQ opposes an Administration policy of departure from even-flow. They would support issuance of regulations to provide for departure but would establish strict limits that would be administered through the USDA. CEQ strongly opposes the departure option and opposes the issuance of a Presidential directive encouraging an accelerated evaluation of a departure from the even-flow policy. CEQ's opposition is based on the belief that most environmental organizations (some of which support the reorganization proposal) and a broad segment of the general public oppose the accelerated harvest of old-growth timber, that such action attributes more weight to economic considerations than they merit, and, finally, that timber prices are only a minor determinant of the price of housing.

#### SUMMARY OF PRO/CON ARGUMENTS

##### Pro

- \* A significant anti-inflationary action that would have near-term price effects.
- \* Would result in more efficient management of Federal timberlands.

The USDA has published for public comment proposed regulations for considering the departure alternative within the framework of the National Forest Management Act. Final regulations are expected to be promulgated this summer. The law provides authority to increase sales for any given year or years within a 10-year period if the average for the 10-year period is consistent with the sustained yield constraint. Furthermore, the Forest Service points out that as available land base is reduced through wilderness withdrawal (RARE II), maintaining or increasing timber harvest by departure will require a greater proportion of clearcutting. As you know, this is a highly emotional issue with environmental groups.

CEA, COWPS, DOI, OMB, Kahn and DPS believe that significant steps to increase timber supplies can only be taken by departing from the even-flow policy on the public lands. They argue strongly for a thorough reevaluation of National Forest policy and specific directives from the President that will assure maximum effort and speed in addressing the departure alternative and related issues. They believe that both the USDA and DOI can depart from even-flow within the 10-year flexibility provided under current authority and that it will result in a significantly more favorable relationship between timber production, employment generation, and budget costs. There are 20 to 30 forests where a departure from non-declining even-flow policy is likely to be most beneficial. Since 1964, the Federal Government has set aside 19.1 million acres for wilderness purposes. Proposals now pending before Congress would remove an additional 48 million acres (of which 31 million acres is in Alaska). The RARE II wilderness proposals, which total 15.5 million acres, would remove an additional 9.5 million acres beyond those contained in the pending legislative proposals. These advisors feel that this justifies a more intensive management of the remaining acreage. An important part of intensifying management of these lands is making more effective use of unproductive, old growth timber.

Your economic advisors stress that this action can be expected to have an immediate effect on prices since it is expectations of future supply limitations that are currently driving up stumpage prices. There is a substantial inventory of sold

2. Temporary Departure from Even-Flow. The present policy of the Department of Agriculture is to limit annual timber sales on each national forest to levels that can be sustained in perpetuity. As noted above, current authority permits increasing the cut of old-growth timber in selected National Forests by departing from existing even-flow timber harvest policies, if consistent with multiple-use objectives. This can be a cost-effective means of augmenting the Nation's supply of timber, without reducing the long-term sustained yield below levels that would be achieved with appropriate management investments. Under the current nondeclining even-flow policy, the long-run sustained yield acts as a ceiling.

Although the departure alternative has never been adopted, it is currently being considered by the BLM and, on a very limited basis, by the Forest Service. This alternative becomes more important as the timber base available for production shrinks due to increased allocation of areas to wilderness status as a result of RARE II and other actions.

The study group examined preliminary analyses of opportunities on eight National Forests. These analyses indicate technical feasibility, although further environmental assessments, with public involvement, must be made on the lands affected. This is the process followed by BLM in evaluating departure alternatives for the Josephine Unit Plan in western Oregon. The final environmental impact statement for the Josephine Unit has been filed but the proposed decision has not yet been made. (The remaining 12 BLM units in western Oregon will be completed between now and 1982.) OMB notes that many important timber-producing National Forests have plans nearly complete or recently completed and believes that these plans can be modified to consider "departure" options within one year if given a very high priority.

The Forest Service, on the other hand, believes this is entirely unrealistic based on their experience and estimates it will take up to three years to complete the management plan updating process on the 10 to 30 National Forests where departure might be a viable option. CEQ and Forest Service both feel that this period of time is required for completing the necessary data collection and evaluations and to meet the public participation requirements and that 1980-81 will be the earliest that the updated plans will be complete. The Forest Service notes that experience has shown that environmental concerns are often important constraints in harvest decisions. They further point out that the NEPA process requires considerable time, which is usually followed by appeals and litigation where timber harvesting is concerned.

THE WHITE HOUSE  
WASHINGTON

6/12/79

Stu Eizenstat  
Bob Lipshutz

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

The signed original letter  
has been given to Bob Linder.

Rick Hutcheson

cc: Bob Linder

244/

THE WHITE HOUSE

WASHINGTON

June 8, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*  
BOB LIPSHUTZ *BL*

SUBJECT: CAB Decisions Daetwyler IWT Airfreight,  
Interamerican World Transport Corp.  
Docket 34160; Charter Authority of  
Canadian Foreign Air Carriers;  
Miramichi Air Service Ltd.

The CAB proposes to award or amend foreign air carrier permits as follows:

o Daetwyler Airfreight, a Swiss company, would be authorized to organize international, all-cargo charter flights. *ok*

o The CAB would impose restrictions on all Canadian charter carriers operating between the U.S. and northwest Ontario in order to place U.S. charter carriers on an equal competitive footing with Canadian carriers. The Canadian authorities require U.S., but not Canadian, charter airlines to stop at certain intermediate points so inspectors can determine if traveling hunters or passengers comply with Canadian fish and game laws. The CAB's order would require Canadian air carriers to present evidence that they also have at least stopped at similar intermediate locations and made themselves available for inspection.

o Miramichi Air Service would be authorized to operate charter flights between the U.S. and Canada using small aircraft. *ok*

All agencies and we recommend that you approve the CAB's decisions by signing the attached letter.

Approve

Disapprove

THE WHITE HOUSE

WASHINGTON

To Chairman Marvin Cohen:

I have reviewed the following orders proposed by the Civil Aeronautics Board:

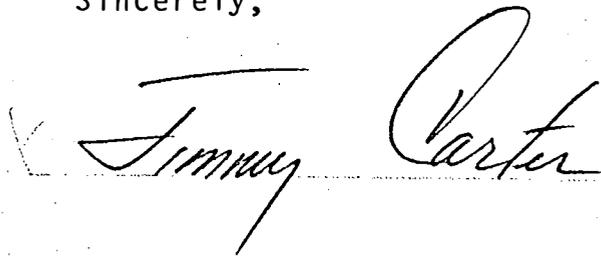
Daetwyler IWT Airfreight (Swiss)  
d/b/a Interamerican World Transport Corp. (U.S.A.)  
Docket 34160

Charter Authority of  
Canadian Foreign Air Carriers  
Docket 34051

Miramichi Air Service Ltd.  
(Canada)  
Docket 34432

I do not intend to disapprove the Board's orders within the 60 days allowed by statute.

Sincerely,

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

Honorable Marvin S. Cohen  
Chairman  
Civil Aeronautics Board  
Washington, D.C. 20428

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

EYES ONLY

June 11, 1979

②

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze <sup>CLS</sup>  
Subject: Retail Sales in May

Today (Monday, June 11) at 4:00 p.m., the Census Bureau will release its preliminary estimate of retail sales in May.

Total retail sales declined 0.2 percent in May, and the April figure was revised down substantially to show a reduction of 1.1 percent from the prior month. These declines, in conjunction with rising prices, imply a significant fall in the real value of consumer purchases.

The dollar value of May auto sales declined 2 percent, probably reflecting the shift in mix of new car sales to smaller models and weakening prices of large-size used cars. Sales of other durable goods also fell. Sales of gasoline stations rose nearly 3 percent, even though the volume of gasoline pumped almost certainly declined. One hopeful sign was the May rise of sales at general merchandise stores -- a relatively strong 2.1 percent.

The cutback of consumer purchasing power imposed by rapidly rising prices of food and energy is having a pronounced effect on consumer spending. Real purchases of goods by consumers declined in the first quarter, and apparently are falling still further in the second. Hopes for a second-quarter rebound in GNP growth from the low first-quarter pace now appear slim.

**Electrostatic Copy Made  
for Preservation Purposes**

THE WHITE HOUSE  
WASHINGTON

6/12/79

The Vice President

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

Rick Hutcheson

cc: Jim McIntyre  
Stu Eizenstat  
Charlie Schultze  
Curt Hessler



OFFICE OF THE VICE PRESIDENT  
WASHINGTON

June 11, 1979

MEMORANDUM TO THE PRESIDENT

FROM: THE VICE PRESIDENT *wh*

SUBJECT: JULY BUDGET UPDATE

As you requested, I have worked with Jim McIntyre on how we should treat the Humphrey-Hawkins economic goals in our July budget. We have reached agreement that our commitment to these long-range goals should be maintained in this document. Jim describes our agreement in greater detail in the attached memo which I recommend you approve.

**Electrostatic Copy Made  
for Preservation Purposes**



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

June 11, 1979

ok  
J

INFORMATION

MEMORANDUM FOR: THE PRESIDENT

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

SUBJECT: Economic Assumptions for the  
Mid-Session Review of the 1980 Budget

Two weeks ago we raised an issue with you as to whether the economic assumptions used in our Mid-Session Review should conform to the very optimistic medium-term unemployment and inflation goals set in the Humphrey-Hawkins Act or should be more realistic. You referred the issue back through the Vice President for resolution. This note is to advise you of the resolution agreed to.

We plan to divide the Review into three parts. The first two parts will deal only with 1979 and 1980 economic assumptions and budget figures, years for which there is no difference on economic assumptions. The third part will have two sections. The first section will show and discuss longer-range economic assumptions consistent with the Humphrey-Hawkins Act and the budget estimates consistent with those assumptions. Then, a second section of Part 3 will note that, while the Administration continues to support the Humphrey-Hawkins goals, these goals will be difficult to achieve. Therefore, it will be stated that prudent budget planning requires that we also consider the long-range budget outlook under other less optimistic economic assumptions. These alternative economic assumptions and the corresponding budget totals will then be displayed and briefly discussed. Finally, Part 3 will contain a complete set of detailed budget tables for the Humphrey-Hawkins case, followed by fewer tables for the alternative case.

Electrostatic Copy Made  
for Preservation Purposes

Our objective is to reaffirm our support for and commitment to the Humphrey-Hawkins goals by making our presentation of economic assumptions and budget estimates consistent with the lead section of Part 3. In testimony and other public statements on the Mid-Session Review, the Humphrey-Hawkins goals and the economic assumptions consistent with them would be emphasized. However, the inclusion of the alternative assumptions is consistent with the judgment of most private and congressional economists that the Humphrey-Hawkins inflation and unemployment goals cannot be simultaneously achieved by 1983.

We expect that in the 1980 Economic Report and in the 1981 Budget, both of which will be published in January 1980, we will have to exercise the option provided by the Humphrey-Hawkins Act and change the timetable for achieving the Humphrey-Hawkins goals. By that time it will be unmistakably clear that those goals cannot be reached by 1983. There is agreement among your principal economic advisers that the Economic Report and the Budget should state this in January.

cc: Vice President Mondale  
Chairman Schultze  
Secretary Blumenthal  
Stu Eizenstat

THE WHITE HOUSE  
WASHINGTON  
6/12/79

Jack Watson  
Jim McIntyre

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

The signed original has been  
given to Bob Linder for  
release.

Rick Hutcheson

cc: Bob Linder

2610

THE WHITE HOUSE

WASHINGTON

June 9, 1979

C

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *JW*

SUBJECT: Extension of Florida Energy  
Emergency Declaration

Governor Bob Graham has requested an extension of your May 7 determination that a regional energy emergency exists in Florida of such severity that temporary suspension of air pollution requirements in the State was the only viable remedial action immediately available. Your determination expired by its terms June 4, 1979.

- o Governor Graham has exercised care and restraint in granting suspensions under your original determination. The national air quality standards for health and welfare have been met, with a substantial safety margin, throughout the suspension period.
- o Governor Graham's request is for an indefinite extension under the same conditions as your original determination. Each suspension of air pollution requirements under the determination is limited to 120 days. The need for additional data and its analysis on the fuel situation is EPA's basis for recommending a thirty-day, rather than an indefinite, extension.
- o The extension would allow oil-fired electric generating plants to burn supplies of non-conforming oil already on hand and to purchase additional non-conforming oil to replace the expected shortfall of conforming fuel oil.

EPA recommends granting a thirty-day extension and will continue to closely monitor the Florida situation. OMB concurs in this recommendation, as do I.

Attached for your signature is a memorandum to Doug Costle apprising him of your extension of the energy emergency for Florida. A press statement will also be released announcing the extension.

THE WHITE HOUSE

WASHINGTON

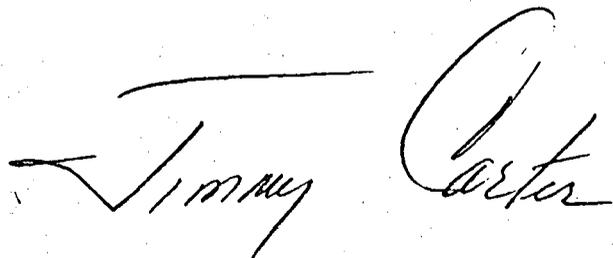
MEMORANDUM FOR THE ADMINISTRATOR OF THE  
ENVIRONMENTAL PROTECTION AGENCY

Based on a request submitted to me by the Governor of the State of Florida to extend my May 5, 1979 determination that a regional energy emergency continues to exist in the State of Florida of such severity that a temporary suspension of certain particulate and opacity control regulations which apply to fossil-fuel fired electric generating plants under the Florida Air Quality Implementation Plan may be necessary, and that other means of responding to the energy emergency may be inadequate, I hereby extend that determination for thirty days from June 5 to and including July 4, 1979. This extension is limited by the same conditions as my original determination.

If, during the extension, I find that a regional energy emergency no longer exists in Florida, I will direct that this extension be rescinded, and that all suspension orders issued by the Governor be terminated on the day of that rescission. Please continue to work with State officials to monitor carefully the residual oil supply in Florida, and to inform me if the emergency should cease to exist. You will continue to retain full authority to disapprove temporary suspension of regulations in Florida and to exercise your emergency powers authority under Section 303 of the Clean Air Act, when and if necessary. It is important to keep suspensions to an absolute minimum since Section 110(f) of the Clean Air Act limits each suspension to a maximum duration of 120 days.

I commend Governor Graham for his continued efforts in energy conservation and his commitment that no extension of any suspension will be granted if the result would be a violation of any national ambient primary or secondary air quality standard.

This determination shall be published in the Federal Register.

Jimmy Carter