

7/17/79

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THE PRESIDENT'S SCHEDULE

Tuesday - July 17, 1979

7:00 Dr. Zbigniew Brzezinski - The Oval Office.

7:30 Mr. Frank Moore - The Oval Office.

8:00 Bipartisan Congressional Leadership Meeting.
(60 min.) (Mr. Frank Moore) - The State Dining Room.

9:30 Senior Staff Meeting - The Roosevelt Room.

10:30 Meeting of the Cabinet. (Mr. Jack Watson).
(60 min.) The Cabinet Room.

12:00 Lunch with Bishop William Cannon and Reverend
and Mrs. Charles Houston - The Residence.

THE WHITE HOUSE
WASHINGTON

7/17/79

Stu Eizenstat

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

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

7/6/79

Mr. President:

No comment from CL.

Rick

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	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

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

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

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

THE WHITE HOUSE

WASHINGTON

June 30, 1979

C
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MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
BOB MALSON *BM*
SUBJECT: Postal Electronics
Presidential Review Memorandum

We have attached the Postal Electronics PRM written to provide you with the views and recommendations of the departments and agencies regarding the Postal Service's desires to enter the field of electronic communications. As the memorandum points out, the majority of the departments and agencies are of the view that the Administration should support (or at least not oppose) the USPS entry into electronics but most of the supporting group believes this is appropriate only if the product is a hard-copy message to be delivered by letter carriers over postal routes and if certain caveats are adopted to protect against interference with competition in the private sector's provision of electronic message services.

The agencies and departments participating in the development of this PRM include Commerce, Justice, Agriculture, State, Labor, Treasury, USPS, CEA, CWPS, OMB and DPS.

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POSTAL ELECTRONICS PRESIDENTIAL REVIEW MEMORANDUM

Introduction

In mid-December you directed specific departments and agencies with interest or expertise in the United States Postal Service's (USPS) proposed offerings in the field of electronic communications to participate in the preparation of a Presidential Review Memorandum (PRM) on the subject. (The Postal Service, an independent agency, accepted the Administration's invitation to participate in the project.)

The Issue

The principal issue is whether you should adopt a policy to support, limit or oppose USPS's proposed electronic message services (EMS). A subsidiary issue is how to assure fair access to the Postal Service's delivery system for electronic messages transmitted by common carriers.

Background

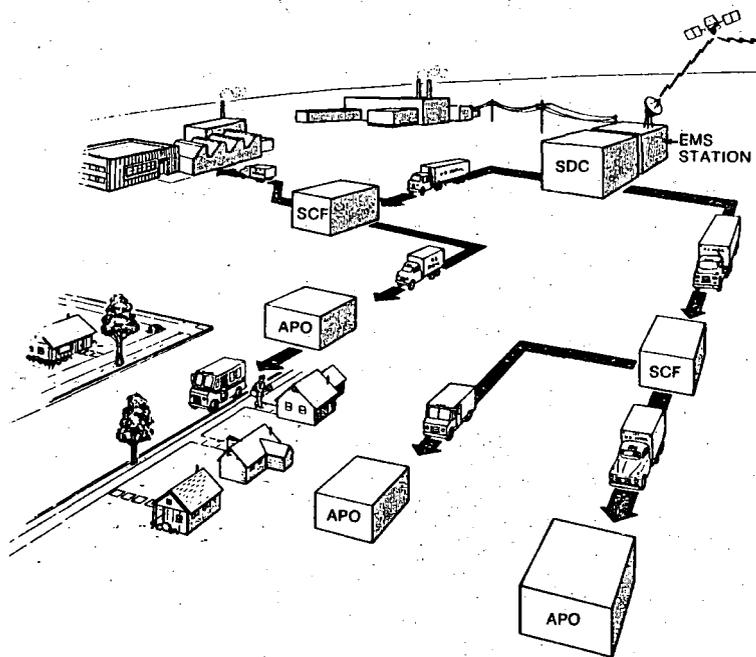
USPS use of electronic technology may be seen as a natural evolution of the national postal system which has traditionally taken advantage of new ways of moving the mail as they have become available (stage coach, railroad, trucks, airplanes). On the other hand, it may be seen as the entry of a Government agency into the field of EMS. Although both postal and electronic communications services are provided by the government in most of the developed world, this country's electronic communications have been provided by the private sector.

The Postal Service has proposed an electronic message service and its application is pending before the Postal Rate Commission (PRC) and the Federal Communications Commission (FCC). Under the proposed service, Electronic Computer Originated Mail (E-COM), the Postal Service would solicit and accept electronic data stored in computer files (such as monthly consumer billing information of commercial firms), transmit it electronically around the country (via contracted common carrier), generate the appropriate message, print it on paper and automatically stuff it into envelopes for the first manual sorting at a post office near the local mail carrier, who delivers it. The USPS believes it can reduce substantially the handling, labor, and transportation costs that would be associated with regular letter mail and further states that it is required to pass these savings on to the

mailer. USPS expects the average price of each electronic message would eventually be 9¢ or 10¢ (1979 dollars) in the 1985-95 period, when a follow-on system called EMSS (Electronic Message Service System) would be established. (See attached diagram, page 2a.) This system, at maturity in the mid 1990's, could cost by then a total of \$1.77 billion. The postal unions strongly support E-COM and EMSS and see them as attempts by the Postmaster General to be innovative within the context of the traditional mail service.

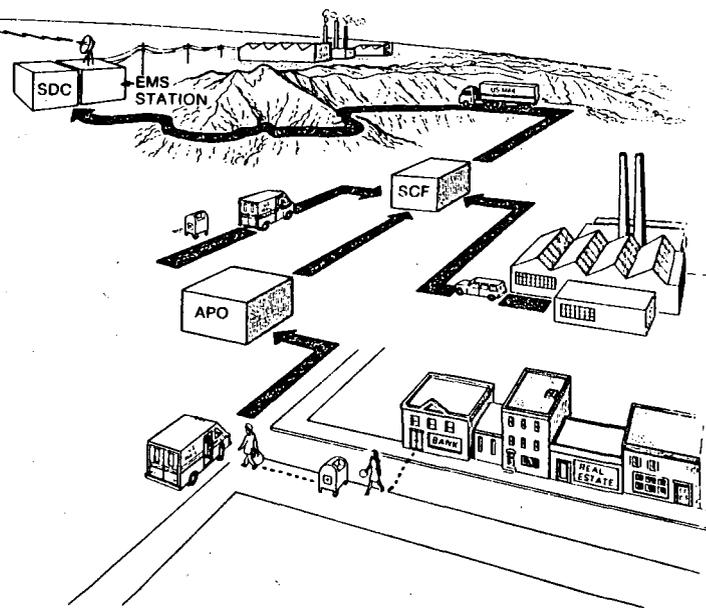
The private sector fully agrees that the Postal Service should handle the physical delivery of electronically transmitted hard-copy messages but the communications/processing firms generally oppose the entry of USPS into electronic communications. This, they strongly argue, is their business. There are ten companies that offer forms of EMS and other large systems are in the offing. Several already have electronic input linked to USPS physical delivery. In Mailgram, for example, Western Union accepts from the public and electronically sends messages to postal installations where they are printed, inserted in envelopes and delivered by mail carriers. On the other hand, the postal unions and major mailing interests such as Reader's Digest, Shell Oil and Pitney Bowes support USPS entry into electronics. Postal Service involvement in electronics means greater volume, lower unit costs and better postal service.

The PRC proceedings and the FCC inquiry are expected to conclude within the next three months. The regulatory issue turns on statutory construction of the 1970 Postal Reorganization Act and the 1934 Communications Act. We have not presented the arguments on this score, because the issue of proper statutory construction does not warrant Presidential attention. What does warrant such attention is the national policy to be established.



2.1 THE PHYSICAL EMSS NETWORK

Illustrated is the variety of paths through which EMSS mail would move. The originators of EMSS mail may bring physical media to Sectional Center Facilities (SCFs) or Associate Post Offices (APOs) or deposit it, distinctively packaged, in local collection boxes. On collection, it would be culled and forwarded on the earliest scheduled truck run to the nearest EMSS station. There the system inducts it for electronic sortation and transmission, via direct satellite links, to destination EMSS stations. On receipt at a destination EMSS station, the incoming messages are stored in electronic memory, then sorted to sequence while still in electronic data form. The messages are then printed and enveloped in carrier walk sequence. All of the physical EMSS output is then transferred by existing truck routes from the EMSS locations to SCFs for local delivery directly or via APO delivery offices. Individuals may originate EMSS letters via publicly accessible Electronic Mail Box (EMB) terminals.



Substantial physical input will be used in EMSS. This takes the form of magnetic tape, cards or discs, and bulk packaged paper letters. The output will be hard copy enveloped paper mail. In the course of study, it has been established that such physical input and output is, under most circumstances, more cost effective than electronic input and/or output.

There are obvious advantages to the Postal Service using the conventional mail carrier and truck operations for pickup and delivery. These advantages lie in the sharing of personnel, trucks, and facilities with conventional mail, utilizing the same operations and schedules. This sharing with the conventional mail system is thus considered an EMSS requirement.

Task Force Concurrence

All members of the Inter-Agency Task Force agreed upon the need for a national policy concerning the Service's role with electronic communications. Without such a policy, private industry and the Postal Service remain in a quandary concerning investments and direction of innovation. The Service will continue to face protracted regulatory proceedings with no clear guidance to bridge the gap between the 1970 Reorganization Act and the Communications Act of 1934. An immediate application of the President's decision will thus be in the form of guidance to all departments and agencies which will be called on to testify on the subject in hearings which have been promised for this session.

The Task Force concluded unanimously that it was neither feasible nor desirable for the Postal Service to acquire a monopoly over electronic input and transmission of any proposed offering. Common carriers in that area are regulated under the Communications Act of 1934 by the FCC, whose policy for the past decade has been to stimulate competition entry. The electronic message industry has been highly competitive.

The Task Force also concluded that as long as physical delivery through the mails exists as a primary means of communications to a large segment of the population, the USPS should be urged to facilitate private sector electronically generated or communicated messages being carried in the mails. To do otherwise would create restrictive access to service supported by a legislated monopoly. Such an interconnection policy is also consistent with a similar policy in the electronic communications industry.

Terminology

A recent National Research Council study (USPS funded) generally defined the critical EMS terminology as follows:

Generation I. USPS or electronic carriers accept messages in hard copy form which are converted to electronic impulses for electronic transmission to the destination facility where the messages are reconstructed in hard copy form for subsequent processing, sorting and physical delivery by carriers. (Example: A postal facsimile system with physical delivery by postal carriers.)

- Input - hard-copy
- Output - hard-copy with physical delivery by USPS

Generation II. USPS or electronic carrier accepts messages in electronic form for subsequent electronic routing, processing, sorting and electronic transmission to destination facility where hard-copy generation of mail would take place for physical distribution and final delivery by carriers.

(Examples: E-COM Generation II and EMSS services as contemplated by USPS. TDX Systems Inc. and Graphnet have similar services commercially available.)

- Input - electronic
- Output - hard-copy with physical delivery by USPS

Note: USPS EMSS services contemplate multi-media message input, i.e., hard-copy, magnetic tape, and electronic, a combination of Generation I and II.

Generation III. USPS or electronic carrier accepts messages in electronic form for subsequent electronic routing, processing, sorting and electronic transmission to recipient's place of business or residence where a hard-copy may or may not be produced. USPS has no plan to provide this service. (Examples: Private firms now have such services oriented toward business, and several are testing such services for message display on the home television set.)

- Input - electronic
- Output - electronic at customer terminal

Areas of Agreement

There is unanimous agreement among the Task Force that the Administration should favor a wedding of the electronic input services with the existing USPS delivery network. Indeed, because of the Postal Service's statutory monopoly over letter mail, the Task Force believes strongly that messages generated or conveyed in electronic form should be allowed ready access to the service's physical distribution system. There is also agreement that if the USPS enters into electronic communications, the USPS should have no monopoly over electronic input into the Service's physical

delivery system; that in any event, the electronic aspects of EMS would continue to fall outside the Private Express Statutes; that USPS should refrain from acquiring and operating its own electronic telecommunications systems relying instead on the private sector for those services which the private sector is willing to provide; and that the technical inter-connection standards between the electronic carriers and the USPS should be developed by the American National Standards Institute, the electronic carriers, the Postal Service and an impartial arbiter, if necessary.

The Inter-Agency Task Force was in unanimous agreement that USPS should provide the delivery services for the hard-copy product of private sector electronically transmitted messages. However, there was disagreement as to whether the Postal Service should go beyond providing hard-copy delivery services for the common carrier by engaging in the sale of electronic mail directly to the customer.

The Central Issue: Should the USPS be supported in its efforts to provide the electronic aspects of Generation I and II?

PRO

- o Budgetary and Fiscal Concerns. Diversion of traditional mail to electronics has already begun and will intensify. Permitting the USPS to compete with the private sector in the provision of Generations I and II services will generate additional income thereby lessening the frequency and intensity of subsidy and/or rate increases. ✓
- o Postal Labor. Postal Service management and labor organizations all strongly support the USPS desire to provide electronic input services as long as the product is hard-copy delivered by Postal Service employees. They view a decision to exclude the USPS from providing the electronic input services as a decision to allow the Postal Service to atrophy. ✓
- o Widespread access. The private communications carriers have no plans to provide Generation I or II input services on the nationwide scale planned by USPS through the utilization of its 30,000 post offices. ✓
- o Modernization. Prohibiting USPS entry into electronics may cause the Service to become an anachronism, unable to deal with modern methods of moving the mail.

- o International concerns. Precluding USPS from Generation II would disrupt international postal relationships concerning "Intelpost," an experimental international satellite service that is scheduled to begin this year. USPS has agreed to arrangements with the Postal Administrations of several other nations: the United Kingdom, France, Federal Republic of Germany, Belgium, Netherlands, Argentina and Iran. Seven countries have already shown strong interest in participating: Canada, Mexico, Switzerland, Japan, Sweden, Australia and the Peoples Republic of China. In this connection, foreign governments have indicated a clear preference for dealing directly with USPS, rather than with private communication carriers in developing the information flow between the U.S. and countries with which it has business and social ties.
- o Productivity and Efficiency. The national interest requires a Postal Service which can serve all Americans and interface with the world's postal services efficiently and economically. The Service has achieved productivity improvements by mechanization and automation in processing conventional mail. Since the creation of the USPS in 1971, its mail volume has increased 13 percent (from 87 billion pieces in 1971 to nearly 97 billion pieces in 1978) while its manpower has decreased 11 percent (from 730,000 workers to 660,000). But the future potential in these areas is closing in. A postal EMS is the logical next step to achieve further cost reduction and mail processing improvements. It allows USPS to improve efficiency and economy of mail service by continuing to use technological advances to increase productivity, speed and dependability of services.
- o Consumer Benefits. The USPS has a distinct advantage over the private sector in providing hard-copy delivery services -- the delivery network is already in place and operating. A mail carrier delivers to (or passes by) virtually every American business or residence six days per week. Thus, the Postal Service's incremental cost of delivering each Generation I or II message is insignificant in comparison to the cost that a private firm would incur to deliver a single message to a particular residence, regardless of its location (urban, suburban, or rural). The fact that the delivery cost of the individual

message is beyond the competitive reach of the private sector is the basis for the private carriers desire to limit the USPS to interconnecting with any telecommunications carrier desiring hard-copy delivery.

Postal Service management reads the same facts in a slightly different light. They see the growth of electronic communications as cutting into their mail volume without a comparable reduction in systemic costs. If, for example, it costs USPS six cents to deliver a Generation II message, and, if the Service were to be excluded from providing the electronics aspects of Generation I and II, why should the Postal Service contribute to its own demise by adding six cents to the prices set by the private firms instead of charging the fifteen cents first class postage which otherwise would be applicable? The Postal Service claims that if it is allowed to compete with the private sector in the provision of the electronics aspects of Generations I and II the total cost to the mailers would be about nine or ten cents (at today's prices) rather than 15 cents first class postage plus the charges of the private sector carriers. Postal Service management believes both the business and consumer mailing public will receive greater benefits if the six cents hard-copy delivery charge were to be added to the electronic transmission charges of both the private carriers and the Postal Service.

CON

- o Government vs. the Private Sector. There are many companies now offering and developing electronic message services, including electronic input and message processing. They also provide physical distribution using private services and the Postal Service. Several offer commercial international facsimile services fully comparable to the Service's proposed Intelpost. Businesses are thus being well served by the electronic carriers and the home can be effectively served by the Postal Service's physical delivery. There is no price or geographical area gap. It is strongly asserted

by some carriers that there would be more services that use the mails as one form of output if there were specific rules for open interconnection with the USPS system at reasonable rates. The government pays no taxes and is subject to greater arbitrary, unbusinesslike controls than is the private sector. The Postal Service has, in the past, been required by Congress to provide uneconomical services "...in the national interest." Comparable restrictions in telecommunications would lead to a negative competitive posture for the Postal Service and jeopardize its investment in this highly competitive field.

- o The risk of cross-subsidization. There is the possibility of the Postal Service cross-subsidizing from the letter monopoly despite the prohibition on cross-subsidization written in the 1970 Postal Reorganization Act. It is no answer that the PRC can take remedial action; where there are common costs to be allocated between monopoly and competitive services, experience in the electronic area with AT&T establishes the great difficulty of dealing with this issue of cross-subsidization.

- o Diversion of mail volume to electronics will cause no immediate substantial impact on USPS. The decrease in mail volume growth in 1974 to 1976, attributed by some as evidence of the decreased need for physical mail, was reversed in 1977 and 1978. Revenues of electronic communications industry services that are similar to "letters" are small compared to First Class mail revenues. The Postal Service estimates that the significant impact of electronic communications on its work force, revenues, expenses, and rates will begin around 1985 regardless of whether or the degree to which the USPS is involved with electronic services. Current annual labor separation rates have averaged 33,000 in each of the past three years with a net attrition of 15,000 employees per year; this affords flexibility to adjust its work force to take into account any future impact of electronic messages.

- o USPS investment in Generations I and II equipment would be wasteful due to underutilization. If the Service builds its EMSS system (Generations I and II), it will also have erected the necessary Generation III system. A national network capable of electronic input would require no substantial additional expenditure to provide full electronic services; the same facilities can be readily used for electronic output.

If the^a USPS does not enter Generation III it will still face eventual demise. It will have created a system capable of broader use but precluded from maximizing its full potential. If the private sector can do the Generation I and II job effectively, using the USPS physical delivery system when required, and also use the system to its full potential by providing Generation III services, the nation could be better served by having the private sector make the investment, not the Government.

Congressional Views

Congressional reaction has split along the same jurisdictional lines that permeate this issue generally. The House and Senate postal committees chairmen support USPS entry. The Senate Committee leaders with telecommunications responsibilities recommend that you not endorse USPS electronic offerings.

PRO

- o Senator John Glenn, the Chairman of the Senate Subcommittee with postal jurisdiction, has announced that he favors USPS entry into Generations I and II, including Postal Service provision of the electronic aspects. However, Senator Glenn's support includes the condition that the USPS create a wholly-owned subsidiary for its electronic service offerings as a method of isolating the accounting aspects of the USPS electronic offerings in order to address the cross-subsidy issue. He also favors leaving the pricing issues (described on pages 23-24) to be resolved under current law.

Congressman James Hanley, the Chairman of the House Post Office and Civil Service Committee, and Congressman Charles Wilson of California, Chairman of the Subcommittee on Postal Operations and Services, have both written strong letters to you endorsing USPS provision of electronic services in Generations I and II.

CON

- o Senators Cannon, Goldwater, Hollings and Schmitt, of the Senate Commerce Committee have written a letter recommending that you not endorse USPS entry into the electronics field. In their view the private sector is doing an adequate job in the provision of electronic services and the Government should not compete with private companies. These Senators urge that you limit the USPS to hard-copy delivery of electronic messages and encourage the private carriers to feed into that delivery system.

Labor's Views

PRO

- o On May 21 you met with the President of the National Association of Letter Carriers, Vincent Sombrotto, who reported in the June edition of his magazine that he had informed you that "the question of whether the Postal Service should have a role in electronic mail is really the question of whether -- in 15 or 20 years -- there will be any Postal Service? Sombrotto emphasized that if the Postal Service should be frozen out of electronic mail, the short term result will be either enormous subsidies or intolerably high mailing costs. The long-term result he explained to President Carter will be the demise of the Postal Service itself." Similar recommendations have been received in letters from American Postal Workers Union President Emmet Andrews, National Association of Postal Supervisors President Donald Ledbetter, National Rural Letter Carriers Association President Clifford Edwards, and, the Director of the Mailhandlers Division of the Laborers International, Jim LaPenta.

CON

- o Glenn Watts, the President of the Communication Workers of America has written a letter informing you of his opposition to USPS provision of electronic services. CWA bases its opposition on the arguments that the government should not compete with the private sector when the latter has adequately fulfilled the needs of the country. Watts claims USPS entry should be opposed "...in the absence of clearly demonstrated need...."

Business Views

Two segments of the business community have substantial interests which will be affected by your decisions in this PRM. The large volume mailers, particularly the magazine and newspaper publishers, perceive their need for a viable Postal Service for the foreseeable future and therefore, favor USPS entry into electronics as a method of enhancing the Service's viability.

The electronic common carriers are the most organized and vehement opponents of the Postal Service's proposals. In the carriers opinions, the Postal Service should participate to the extent of delivering the hard-copy product of an electronically transmitted message and should not be allowed to offer electronic message services to the public.

PRO

- o Richard McLaughlin, the Vice President of Readers Digest, wrote supporting USPS entry into the field and stated:

"It is variously estimated that as much as 50% of the total costs of the Postal Service are not variable with volume and, consequently, cannot be avoided when there is a reduction in volume. These system costs will necessarily then have to be passed on to the smaller volume that remains in the Service, forcing dramatic increases in the costs of using the postal system for those who have no alternative."

- o Similar support came from Pitney Bowes, Metromedia, and Continental Telephone Corporation. Fortune magazine's current issue (June 18) analyzed the controversy and concluded:

"...it can be persuasively argued that the public interest could best be served by allowing the Postal Service to go into electronic mail. No other organization can assemble anything approaching the tens of thousands of post offices and hundreds of thousands of mailmen that will be needed, for who knows how long, to deliver both conventional mail and the hard-copy end product of electronic communications, especially to private homes. It would seem perverse to shackle that enterprise permanently to archaic practices that could only result in higher rates, declining business and increasing subsidies."

- o Burton Edelson, Vice President of COMSAT supports USPS provision of international electronic messages and points out that foreign representatives to INTELPOST meetings are the foreign counterparts to USPS.

"If INTELPOST comes into being, the U.S. would want to be represented at the same level, and it is obvious that the USPS would play a major role. The USPS is recognized by the foreign entities, and has the requisite competence to deal with a wide variety of both postal and telecommunications matters which inevitably will come before the multi-lateral organization."

CON

- o A cross section of domestic communications carriers and business associations met in Washington on May 23 and agreed that they would write strong letters to the White House urging rejection of the USPS proposal. The thirteen organizations, Graphnet, Scientific Time Sharing Corporation, Western Union International, RCA Global Communications, General Telephone & Electronics, United Telecommunications, U.S. Telephone and Telegraph, Computer and Communications Industry Association, Compuserve, National Data Corporation, Graphic Scanning Corporation,

TDX Systems, and the National Association of Manufacturers have written and each argued one or more of the following points:

- The government should not compete with the private sector where the latter is providing services sought by the public;
- Electronic communications traditionally have been the exclusive domain of the private sector. There is no justification to change that policy;
- It is wasteful for the Postal Service to spend large sums of money to duplicate services provided by the private sector;
- Postal Service entry into electronic communications would be inconsistent with the Administration's push towards deregulation and the elimination of "unnecessary governmental interference with free marketplace forces";
- Postal Service entry into electronic message service arena would effectively foreclose that sector of the marketplace to competitive private enterprise;
- The proper USPS role in electronics is to deliver the hard-copy product of electronic messages.

Administration Views

The majority view of those participating in the development of this PRM is that

- o USPS should be supported in its efforts to provide Generation I and II services with a number of specific conditions attached;
- o The Administration should oppose USPS provision of Generation III services.

The minority view is that the USPS should be limited to providing hard-copy delivery services.

OMB's support for USPS entry in Generations I and II recognizes the competition problems associated with the Government in

the marketplace and is, therefore, conditioned upon the premise that "...no special 'allowances' be provided for USPS involvement through cross subsidies, 'universal service' strictures, etc." Secondly, OMB believes you should be aware that a decision supporting entry into Generations I and II but not III is, essentially, "...a policy preference to limit Postal Service entry into a communications medium hitherto dominated by the private sector, and is not based on technical limitations, in the system's configuration."

Charlie Schultze supports USPS entry into Generation II because he believes it "...can provide extra competition in the electronic part of the mail process." CEA recognizes three dangers with this approach:

- o The "deep pocket" of USPS may have a chilling effect on some competitors;
- o USPS's proclivities toward universal service at uniform rates may lead to cross-subsidies and thus lead USPS to seek legislative or regulatory restrictions on competition or entry, so as to prevent "cream-skimming."
- o USPS may find electronics to be so profitable generally that, again, it might try to restrict competition or entry through legislative or regulatory actions; at the same time, artful allocations of joint costs would prevent USPS from appearing to be cross-subsidizing across classes.

"Accordingly, we believe that the Presidential statement that endorses USPS entry should clearly indicate:

- o that this Administration endorses competition in the electronics area and expects USPS to behave in a competitive fashion in this area; *ok*
- o that universal service at uniform rates is probably not compatible with competition and that in the electronics area competition and open entry must take first place; *ok*
- o that the Administration will vigorously oppose all USPS efforts to achieve legislative or regulatory restrictions on competition or entry; *ok*
- o that this Administration (and future administrations) will periodically review the USPS presence in electronics to ensure that cross-subsidies, "deep-pocket" predatory actions, or other anti-competitive activities do not occur; *ok*

- o that the USPS electronics operations be constituted as a separate entity for accounting and regulatory purposes, so as to make somewhat easier the detection of any competitive regulatory abuses." Sh

Additionally, Schultze believes you should not oppose USPS entry into Generation III. Rather, he recommends that you defer judgment and indicate "no decision at this time." Sh

Fred Kahn also supports USPS entry into Generations I and II.

"I believe that the President should not oppose this project, but should attach several conditions that would alleviate -- though they could not eliminate -- some very serious risks in this venture.

"My main reason for supporting the USPS' plan is that a policy of promoting competition should have a strong bias in favor of free entry. There are very few circumstances in which I think a producer should be precluded from adopting newer technology or offering newer services that seem to fit well into its existing operations. And these proposed ventures do seem to make sense for the USPS, and could well strengthen its future viability, as it argues. Moreover, the USPS has a unique incentive to develop a market for this particular service because it offers the prospect of reduced costs and a continued need for its own universal mail delivery network, whereas, as it argues, the communications common carriers might well press ahead instead with systems that send the electronic messages directly into the receiving location (the 'third generation') and bypass the postal system."

Kahn also favors having your endorsement contingent upon certain conditions and he recommends two:

"First, I would insist that these operations be conducted by a separate accounting entity, so that it will be somewhat easier to judge its financial results. The USPS is willing to do this.

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"Second, I would pick up on the USPS' own plan to make this investment in phases, with the opportunity to consider the end of each on the basis of the experience to date, whether it makes economic sense to go ahead. That is, I would approve their plan only for the first phase.

Secretary Marshall's support for Generation II entry recognizes the hybrid nature of the service and the skill of USPS management in reducing the size of its workforce without disruptive layoffs.

"In my judgment USPS should be permitted to introduce Generation II service. This decision provides the advantages of competition and improved service to the public in an area where demand is expected to increase strongly. In addition, as long as the end result is hard-copy delivered manually by USPS, I am persuaded that the product is "mail." Finally, all necessary steps can be taken incrementally, with fiscal and policy control retained by the President and the Congress, until it is clear that the market is there and that the USPS is serving the public interest by meeting the needs of that market in an efficient and effective manner.

"If this occurs, it is a salutary outcome for all concerned. If performance is not satisfactory, then the private market will prevail, with corresponding public benefit. At a cost that seems modest and reasonable, due to the incremental nature of implementation plans for Generation II, we will have gained valuable time, pursuing a legitimate goal during which to negotiate the transition to what is likely to be a radically altered USPS of the 21st century. In either event it is important that the vital concerns of employees are addressed by a responsive management, aware of the need to speak frankly, after having carefully considered alternative futures.

. . .

"Over recent years USPS management has shown skill at working out similar problems with the major unions during a period of significant reduction in staff size. As provided in the contract with the major unions, this was done without any layoffs. Such management capability is extremely important because even if it takes a full generation for the move to electronic reception of measures (Generation III), there will eventually be a loss of USPS jobs on the delivery side. It is only a question of which jobs, how many of them there will be, and when they will disappear. At the same time there will be new jobs created, with different skills and, perhaps higher pay and better working conditions. Planning will help assure that minorities and women share in this growth."

The Department of Agriculture was invited to participate in the PRM because of their expertise in rural America.

"The primary concern of the Department of Agriculture is the well being of all rural Americans. Our secondary concern is the support of rural enterprises. Our goal is to achieve equality of opportunity for rural people and their businesses compared to urban Americans and at the same time reducing the isolation of rural Americans.

"With these principles in mind, the Department of Agriculture must support the United States Postal Service's proposed entry into all aspects of electronic mail delivery systems. It is our opinion that all proposed electronic mail systems will benefit rural Americans less than urban Americans, but that the USPS system will have more potential for rural Americans than any proposed private system.

"The Generation II system proposed by the USPS has two phases and it is the second phase, Electronic Message Service System (EMSS), that promises to be most beneficial to rural Americans. The first phase, Electronic Computer Originated Mail (ECOM), is similar to many of the private electronic mail system in operation or proposed and has minimal benefit to rural Americans whether provided by USPS or private enterprise. These first phase systems provide service only to the major metropolitan areas and avoid the rural areas.

For instance, ECOM as proposed would provide service to about half of the area of the United States with eleven states receiving less than 25 percent service coverage. Private delivery systems provide similar coverage. However, USPS plans a second phase of Generation II (EMSS) far beyond the plans even contemplated by private systems. EMSS would have 7114 public input terminals and 87 primary distribution centers covering all fifty states. This widespread distribution of terminals would provide improved access to the electronic mail system compared to the first phase systems.

. . .

"Another example of where private enterprise is not providing rural communications services is the CATV industry. The latest data from the FCC shows that less than 20 percent of all CATV systems are operating in a rural farm environment. This is one of the primary reasons why legislation is being proposed to allow REA to finance CATV systems in rural areas. I am sure that if other communications services were analyzed a similar pattern would result that private enterprise, in general, does not serve rural Americans with the quality of service provided urban Americans, because the business volume cannot support the profit required. Wherever rural Americans received improved communications it was through government support by agencies such as the REA. The USPS phase two of Generation II (EMSS) provides a vehicle for government support of electronic mail service for rural Americans and receives our recommendation."

The Treasury Department "reluctantly" endorses USPS entry into electronics and believes the key issues in this discussion...

"...are the changes that would be required to accommodate USPS involvement in electronic mail to the Administration's policy of increasing reliance on competition in the telecommunications industry.

"All else equal, entry of USPS into electronic mail service would increase competition in the telecommunications industry. But in view of the regulated character of USPS, we do not feel that 'all else' is equal in this case and that, in fact, competition in the telecommunications industry would be reduced.

"Technological change has already opened up substantial possibilities for competition

in traditionally monopolistic telecommunications industries, and it is clear that this trend will accelerate over the coming years. The Administration has recognized these facts in supporting greater competition and, correspondingly, less Federal regulation of the telecommunications industry. In so far as technological possibilities are concerned, the prospect for the foreseeable future is a workably competitive telecommunications industry, with relatively little Federal regulation of entry, exits, rates and service levels. However, because USPS is subsidized and has a monopoly on first class delivery, it would probably be neither possible nor desirable to relax Federal regulation of the Postal Service. If so, and assuming that the possibilities for an increased reliance on competition are exploited by relaxing Federal controls on private telecommunications firms, a closely regulated USPS would be in competition with private firms which would have much more latitude on pricing and introduction of new services.

"Such a situation would at best present some very intractable problems and would probably simply be untenable."

Secretary Kreps strongly opposes USPS entry into electronics and believes that the Service should be limited to hard-copy delivery.

In her June 8 weekly report to you she noted the following:

"USPS entry into this market will discourage entry by small innovative firms and will deter well-established firms from offering a full range of services. Endorsement of the USPS plan would conflict with several basic tenets of this Administration: deregulation of industries which otherwise are competitive; promotion of innovation; and reliance on the private sector in markets it serves well.

"Placing conditions on USPS entry is not a sufficient safeguard. Once there is substantial USPS investment and involvement, proponents will argue for expansion of USPS service in further competition with private industry. This does not mean that there should be no role for USPS and its unions in electronics. USPS should be encouraged to do

pertinent research and development and to link its physical delivery capability with private sector firms which provide the electronic services."

In the Department's comments on the PRM the following points were made:

- o It cannot be seriously argued that the Government needs to intervene in a field in which multibillion corporations are already competing profitably.
- o Generation II technology can provide a Generation III service and the only distinction is the authority to provide the point-to-point electronic service.

The Antitrust Division of the Department of Justice believes the primary question in this PRM is whether USPS entry can occur without injury to competition and without requiring further intrusion of federal regulation.

"It is important that any Administration decision calling for the diversification of a Government enterprise into direct competition with the private sector be supported by the most careful of analyses of benefits and risks. Based on our review of the record, we do not believe that a Presidential decision sanctioning the diversification of the Postal Service into electronics would be economically defensible. Given the fact that the Postal Service is proposing a major new start that is regarded as in conflict with traditional telecommunications policies, and with national policy favoring competitive, unregulated markets it is appropriate in our view for the Administration to hold the Postal Service to a very high standard of proof. As indicated previously, we do not believe that clear and convincing economic justification for this highly controversial new start has been forthcoming. Accordingly, the Department of Justice recommends that the President disapprove the further expansion of the Postal Service into electronic communications."

The Department of State was asked to review the international issues raised in the development of the PRM and offered the following comment.

"It is our understanding that the USPS has arranged for a test and demonstration of Generation I EMS

with several foreign postal administrations. The foreign administrations have embarked on this project, at considerable cost, in response to a USPS initiative. Any action which would preclude the USPS from continued participation in the test project could be expected to adversely affect postal relationships, and we would not support such action."

The Postal Service. The arguments for USPS entry into electronics have been raised earlier in this paper. We have gone back to the Postmaster General to discuss the limitations and conditions recommended within the Administration and cited in the preceding pages. Mr. Bolger has agreed to the following terms if you decide to support USPS entry into Generations I and II.

1. The Administration opposes any legislative or regulatory efforts to restrict competition or entry in the electronic message field. In particular, it opposes any extension of the private express statutes beyond letter mail to cover electronic transmission. *sh*
2. USPS electronic operations should not be subsidized by tax money or by revenues from other USPS services. *sh*
3. The USPS electronic service should be established as a separate entity for accounting and ratemaking purposes to ensure that it is operated in a competitive fashion and to avoid the cross-subsidization of electronic service by regular mail services. *sh*
4. The USPS should make its delivery services available to all electronic carriers at the same rates as those it charges itself. *sh*
5. The USPS electronic service ^{additional?} will be reviewed within the next five years, before the major investment is made, to evaluate its competitive impact and its potential to improve postal services and to ensure that no cross-subsidies or other anticompetitive actions are involved. *sh*
6. The USPS should purchase electronic transmission services from carriers rather than building a transmission network. *sh*

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7. To ensure that interconnection with the mail delivery system is available to all companies, technical interconnection standards should be developed through a cooperative effort by the American National Standards Institute, the USPS, the private carriers, and an impartial arbiter, if needed. *sh*
8. The existing regulatory system should be used to regulate the prices of the new service; i.e., the Federal Communications Commission should regulate the pricing of the electronic transmission portion of the electronic message service and the Postal Rate Commission should regulate the pricing of mail delivery. This regulatory system should be reexamined after five years to determine whether any statutory change is needed. *sh*

Options and Decisions

A. USPS Provision of Electronic Mail:

Option 1: Support USPS offerings of electronic message services, via contracted common carriers, which feed into the physical delivery network (Generations I & II).

(Recommended by: Agriculture, Labor, State, Treasury, USPS, CEA, CWPS, OMB and DPS)

Option 2: Oppose USPS offerings of electronic message services and support limiting the USPS role to the delivery of hard-copy products of electronic messages transmitted by private carriers.

(Recommended by: Commerce and Justice)

DECISION: Option 1 Option 2 *J*

B. USPS Provision of "Point-to-Point" Electronic Services:

Option 1: Support USPS offerings of "point-to-point" electronic communications services (Generation III). (Recommended by: Agriculture)

Option 2: Oppose USPS offerings of "point-to-point" electronic communications services (Generation III). (Recommended by: Commerce, Justice, Treasury, CWPS, OMB and DPS)

Option 3: Make no decision regarding USPS entry into
Generation III at this time.
(Recommended by: CEA)

DECISION: Option 1 _____ Option 2 Option 3 _____

C. Regulatory and Pricing Matters:

A policy of open access for electronic carriers to the USPS physical delivery system requires the establishment of fair pricing standards for USPS hard-copy delivery of private sector EMS. Two alternatives are provided. Option 1 would allow the present law to determine the outcome of the pricing issues. Option 2 would call for legislation creating a joint FCC-PRC Board to resolve the pricing and regulatory issues.

Option 1: Support existing law for pricing. Support the existing statutory responsibilities of the Federal Communications Commission and the Postal Rate Commission regarding electronic message services. The FCC regulates rates and service offerings of communications carriers involved in electronic message service systems under the 1934 Communications Act. The PRC regulates rates and service offerings of the USPS under the 1970 Postal Reorganization Act, including involvement in EMS systems. There are several outstanding issues (e.g., whether USPS in an EMS system is a carrier coming within FCC jurisdiction). These would be resolved under existing law. CEA believes "...it may be beneficial to have some 'regulatory competition' between the PRC and the FCC." (Recommended by: Treasury, CEA, OMB, USPS and DPS)

Option 2: Support creating a joint FCC-PRC Board for pricing. Support the creation of a Board, with appropriate membership from the PRC and the FCC, to develop and approve standards of pricing that are satisfactory to both the USPS and the electronic communications industries. (Recommended by: Agriculture and Commerce)

DECISION: Option 1 Option 2 _____

THE WHITE HOUSE

WASHINGTON

Date: July 1, 1979

MEMORANDUM

FOR ACTION:

Bob Lipshutz
Frank Moore/Les

FOR INFORMATION:

Vice President
Jerry Rafshoon
Jack Watson
Anne Wexler
Landon Butler
Richard Harden

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Eizenstat PRM #8: Postal Electronics

**YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:**

TIME: 12:00 noon

DAY: Wednesday

DATE: July 4

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

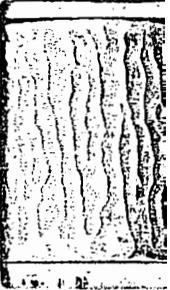
THE WHITE HOUSE
WASHINGTON

17 Jul 79

Stu Eizenstat

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

Rick Hutcheson



FOR STAFFING
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VICE PRESIDENT
EIZENSTAT
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WEXLER
BRZEZINSKI
MCINTYRE
SCHULTZE

ARAGON
BOURNE
BUTLER
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FALLOWS
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GAMMILL
HARDEN
HUTCHESON
JAGODA
LINDER
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BLUMENTHAL
BROWN
CALIFANO
HARRIS
KREPS
MARSHALL
SCHLESINGER
STRAUSS
VANCE

THE WHITE HOUSE
WASHINGTON

7/15/79

Mr. President:

No comments received
from your Senior Staff.

Rick/Bill

THE WHITE HOUSE
WASHINGTON

July 11, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
JIM McINTYRE
JOE CALIFANO
GRACIELA OLIVAREZ
SUBJECT: DECISION ISSUES ON LOW INCOME ENERGY ASSISTANCE

We are committed to submitting the low income assistance component of your energy program to the Congress in mid-July, along with the remaining spending measures.

In your television address of April 5th you announced that we would offer legislation drawing upon the Energy Security Fund to help alleviate the impact of decontrol on the neediest families. The accompanying materials allowed \$500 million for the program in FY '80 (since there would be no outlays in the first quarter), and \$800 million thereafter.

Since those announcements an informal group of agency income maintenance staff, working under the auspices of the Energy Task Force, has sought to develop and define more particular options. Participants included HEW, DOE, USDA, CSA, OMB, CEA, Esther Peterson's office, and DPS. Treasury and HUD were also consulted.

Two major issues are presented in this memorandum.

1. Whether to protect the target population from cost increases attributable solely to decontrol, as announced in April, or from these increases plus some portion of the real costs attributable to OPEC.
2. What to do about the more immediate problem of aid to the poor for this winter.

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I. BACKGROUND

The recommendation to you in April was made in response to our feeling that it made substantive and political sense to offer a federal program to shield the low income population from the costs of a federal policy action--oil decontrol.

Since April, however, OPEC price hikes have both increased the impact of decontrol somewhat, and introduced major additional real price increases which dwarf the impact of decontrol.

- In April we forecast an aggregate impact of decontrol on the poor at \$600 million annually by 1981 (IV).
- The new price levels raise that projected decontrol impact to \$900 million.
- The combined effect on the poor of decontrol and the new OPEC prices will be almost \$2.6 billion -- nearly three times the effect of decontrol alone.
- Home heating oil, as one expenditure item, is quite likely to cost twice as much this winter as last.

In Congress, meanwhile, Senators Jackson and Javits have introduced a program of energy assistance to the poor which would "piggy-back" eligibility for food stamps, AFDC, and SSI, at a cost of \$3-4 billion. Senator Kennedy has announced his intention to introduce legislation which would provide poor families with an income-scaled line of credit to energy vendors, as recommended by the Department of Energy's Fuel Oil Marketing Advisory Committee. That program would cost over \$3 billion. Congressman Rangel is reportedly interested in legislation, and his staff is working on a program similar to the Jackson-Javits model.

The Jackson-Javits bill is administratively unworkable because of the multiple eligibility problem, and has not found any significant support. The Kennedy approach, we believe, will be extremely difficult to reduce to workable details, and its drafters seem thoroughly stalled. Finally, both proposals represent serious budget threats.

II. Choosing the Objectives and the Budget Constraint

In April the \$800 million to address the impact of decontrol assumed lump sum cash payments of \$100/family/year going to food stamp participants. (Food stamps is the only income maintenance program that is universal, in the sense that its eligibility depends only on having low income, not on family status, age, or residence.) The conclusions of your advisors in April were that a limited cash-grant program of this type, roughly linked to decontrol, made the most substantive and political sense.

In view of unexpectedly worsening difficulties with OPEC and with supplies, we feel that assumption must be reconsidered.

We unanimously recommend that you increase the low income energy assistance component of your program above the \$800 million figure, and that you expand the objective of the program to include some protection of the poverty population for some portion of cost increases attributable to OPEC:

- Combined revenues from the income and windfall profits taxes are now estimated at \$17 billion in FY '82, or more than twice the April estimates.
- With the added impact of decontrol under new OPEC prices, shielding the same population with a comparable safety margin for the harder-hit regions will cost as much as \$1.4 billion.
- The projected \$2.6 billion impact on the poor is very approximate, and may change as a result of improved data, other OPEC actions, and future policy choices.

As in several other income maintenance and social services programs, the states should have a financial role. We believe a separate and additional amount should be authorized and appropriated to provide matching funds to states that want to augment the basic federal program.

The arguments in favor of recognizing the broader objective are that:

- ° Because decontrol is now only a modest fraction of the total energy cost problem, the link to decontrol is not substantively or politically compelling. Poor people will in fact lose \$2.6 billion in purchasing power. There is substantial support among liberals for a broad program, but not for one limited to decontrol.
- ° Maintaining such a link, while an analytically useful way to limit budget exposure, ignores the political realities: the tax revenue estimates are sharply up, the cost and supply problems are undisputably worse, and the few Congressional actors who are interested in such a program flatly reject the decontrol limitation.

The arguments on the other side are that:

- ° Those broader OPEC-related income problems are not caused by this specific federal decontrol decision.
- ° Administration statements in April explicitly limited the objectives of the program to holding poor families harmless for the decontrol action.

Decision

- A. Total \$1.4 billion linked to decontrol.
- B. Total \$2.4 billion, including a \$2.0 billion basic federal program, plus \$400 million for matching. (Recommended)

✓ ✓

III. The Mechanism: Grants to States for Supplemental Energy Assistance

This section describes, for your information, the low income assistance mechanism which your advisors have agreed upon. The Federal government would make grants to the states, in amounts based primarily on low income population but skewed somewhat to cold-weather states. States could use the money either for cash grants or emergency assistance to persons below Federally prescribed income ceilings, but would have flexibility to design the specific delivery mechanism and eligibility process. (We are still considering whether some portion of the funds should be available for weatherization or related services benefiting the poor.)

Some may argue that the block grant idea abdicates Federal responsibility for designing a uniform policy to address the effects of the Federal decision to decontrol. Nevertheless, this model of shared responsibility is like income maintenance policy generally, and has important particular advantages:

- The program is flexible, allowing each state to tailor the assistance to the needs of its residents and to respond to frequent changes in the problem. The planning requirement would insure coordination with other welfare, social services, and energy programs.
- Some strings are attached to assure that basic national purposes are served.
- The program will complement and enhance in-place state energy and public assistance programs to help the poor, rather than ignore them with a new Federal program.

ok

- Legislatively, the debate would focus on what kinds of constraints to put on the state plans, rather than on income maintenance technicalities.

IV. This Winter

We are very concerned about the price and supply situation the poor will face this winter, and about the likelihood that no newly legislated program can be implemented in time. In the past three years, however, CSA has operated different versions of an energy emergency assistance program which our FY '80 budget proposal reduced from \$200 million to \$40 million. Because of the late date we propose to ask the Senate Appropriations committees, in considering the FY '80 Labor-HEW appropriation this week, to increase the appropriation under the broad CSA authority to the \$500 million level already announced in April for your low income energy initiative in FY '80. Further delay will for practical purposes endanger our ability to put in place a program for this winter.

Although this appropriations mechanism using existing CSA authority offers the best hope of mounting an adequate program for this winter, we will signal the Hill that:

- We want to discuss with them the desirability of delegating most of CSA's responsibility to HEW, in hopes of addressing some of the administrative problems experienced under the program in past winters;
- We will move through the legislative process for permanent authority to conduct the program in future years.

For this winter, the CSA authority could be used by HEW to operate a program through the states in a manner substantially the same as the full, more permanent program described above.

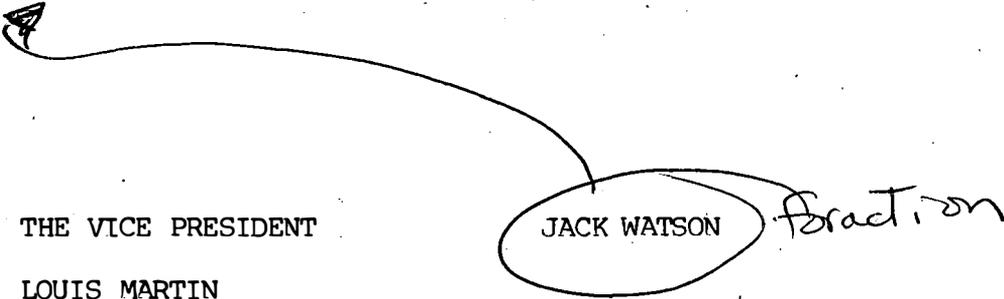
~~If the States are successful in developing plans for the use of these funds we will have the option of proposing a supplemental appropriation in September to more fully meet the projected need this winter.~~

THE WHITE HOUSE

WASHINGTON

DATE: 12 JUL 79

FOR ACTION: FRANK MOORE (LES FRANCIS)



 INFO ONLY: THE VICE PRESIDENT

 LOUIS MARTIN

 JACK WATSON *Action*

SUBJECT: EIZENSTAT, MCINTYRE, CALIFANO, OLIVAREZ MEMO RE DECISION
ISSUES ON LOW INCOME ENERGY ASSISTANCE

++++++ ++++++ ++++++

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

 + BY: 1200 PM SATURDAY 14 JUL 79 +

 ++++++ ++++++ ++++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON
17 Jul 79

Frank Moore

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your information.

Rick Hutcheson



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		JORDAN
		KRAFT
		LIPSHUTZ
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		WEXLER
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		CLOUGH
		COSTANZA
		CRUIKSHANK
		FALLOWS
		FIRST LADY
		GAMMILL
		HARDEN
		HUTCHESON
		JAGODA
		LINDER
		MITCHELL
		MOE
		PETERSON
		PETTIGREW
		PRESS
		RAFSHOON
		SCHNEIDERS
		VOORDE
		WARREN
		WISE

		ADAMS
		ANDRUS
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		KREPS
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		SCHLESINGER
		STRAUSS
		VANCE

THE WHITE HOUSE

WASHINGTON

July 17, 1979

CONGRESSIONAL TELEPHONE REQUEST

Conference call to: Senator Huddleston (D-Ky.)
Congressman Carl Perkins (D-Ky.)

Subject: Public Works Appropriations Bill

BACKGROUND

F.M.

As you remember the Public Works Appropriations Bill which is on the Floor at 3:20 this afternoon has in it the Yatesville and Bayou Bodcau water projects. Senator Huddleston and Congressman Perkins continue to make the case that you have not adequately threatened veto on the bill. As you remember, you decided not to send a Presidential letter threatening veto. Jim sent the letter instead.

Their position is admittedly ridiculous. Nevertheless, they stick to it because they want to tell their constituents you personally threatened to veto.

Senator Johnston has told us that with your call the projects will be deleted on the Senate Floor this afternoon. Without your call the projects will stay in.

SUGGESTED TALKING POINTS

We believe you should be firm, even harsh with Huddleston and Perkins. You should tell them that when the Director of OMB speaks for you they had better believe it. You should clearly state that you will veto the bill as the objectionable projects are in it. You should also mention you are adamantly opposed to construction of the Tellico Dam. This project was added on the House Floor.

Both the Senator and the Congressman have been playing games with us on this bill. We are fed up with it and we know you are too. We hope this conference call will not be a

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pleasant one for either Huddleston or Perkins. Word will get around the Senate and the House very quickly that your post Camp David assertiveness extends to the Congress as well.

Perkins may claim that Bill Cable told him earlier ^{you} would not veto the bill because of Yatesville. Cable did tell Perkins that you are not prepared to make a decision on a public works appropriations bill that contained only the Yatesville project. The bill not only contains Yatesville but Bayou Badcau and Tellico as well.

You have made your decision based on the presence of all three projects in the bill.

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THE WHITE HOUSE
WASHINGTON

7/17/79

rick hutcherson --

frank moore has original
for delivery.....

please have cc sent to
mcintyre, and one to
patti desouza for their
office files

thanks--susan clough

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THE WHITE HOUSE
WASHINGTON

7-17-79

To Sen. Huddleston
Cong. Perkins

As Jim McIntyre
has stated, the inclusion
of the Yatesville and
Bayou Bodcau water
projects in the Public
Works bill will result
in a veto of the
legislation. He speaks for
me.

Jimmy Carter

THE WHITE HOUSE
WASHINGTON

7/17/79

Sarah Weddington

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Rick Hutcheson

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BELL
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CALIFANO
HARRIS
KREPS
MARSHALL
SCHLESINGER
STRAUSS
VANCE

Wellington

THE WHITE HOUSE

WASHINGTON

July 13, 1979

*Sarah-
Good
J*

MEMORANDUM FOR THE PRESIDENT

FROM: SARAH WEDDINGTON *SW*

Attached are our latest pieces of information. I thought you would be particularly interested in the copy of Rosalynn's speech.

We are using these for distribution to a broad mailing list and to hand out as appropriate at various conventions.

Attachments

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THE WHITE HOUSE
WASHINGTON
7/17/79

Jim McIntyre
Jack Watson

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

Rick Hutcheson

cc: Stu Eizenstat
Jody Powell



8:00 AM

THE WHITE HOUSE

WASHINGTON

BIPARTISAN CONGRESSIONAL LEADERSHIP BREAKFAST

Tuesday, July 17, 1979

8:00 a.m.

State Dining Room

From: Frank Moore

I. INTRODUCTION

You should use this bipartisan leadership breakfast as an opportunity to do several things:

- 1) You should recount your experience at Camp David with particular emphasis on what you personally thought and went through while meeting with leaders from all facets of society. You can educate the leadership to your thought processes, as well as convey to them the ideas and arguments that were expressed by some of those who met with you at Camp David.
- 2) You should reemphasize the basic themes of your Sunday night speech with particular attention to the comprehensive nature of the problem. You should state that you, your Administration, and the Congress must work together to solve the problems; that you realize there are bound to be differences along both party and policy lines, but that you hope a spirit of cooperation will prevail; that most differences can be put aside as we seek to both meet the energy challenge and seek to restore faith and confidence in America, as you stressed Sunday night.
- 3) We are reliably informed that the Senate leadership intends to tell you that they will act before the August 3 recess on Jackson/Johnston's comprehensive energy bill, having added to it the Moorhead synfuels bill which has already passed the House. (Note: While the House has not coalesced around a single proposal like the Jackson bill, they are likely to want some substantial action before the recess as well).

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The Senators will ask whether this action on their part will constitute acceptable action on your program by the recess. Obviously, they expect you in return to request weeks for preparation of detailed proposals by the Administration -- which would leave us in an extremely embarrassing position.

One alternative, that of acceding to the Senators' request, is also unacceptable for the following reasons:

- It would leave us without an identifiable Energy Security Corporation, and with a water projects-type approach to alternative energy project funding (Senator Jackson's approach).
- It would leave us with an Energy Mobilization Board, or the equivalent thereof, which would have insufficient authority to cut red tape and end delays (the Jackson/Dingell/Udall approach which applies only to federal requirements and has less clout in general).

We suggest that you open the discussion on energy by making clear your top priorities for immediate action:

- The Energy Security Corporation with full discretion and independence in the synfuels/unconventional gas area.
- The Energy Mobilization Board with the broad powers you have proposed.
- Stand-by rationing authority.
- And, of course, and above all, a strong windfall profits tax.

We suggest that you say that:

- While other aspects of the program are extremely important (e.g., the utility oil backout, the residential/commercial conservation program, mass transit and aid to the poor) very quick action on these production incentives, and on rationing, is critical to a sense of forward movement.

- You would like these top priorities at least ordered from Committee in the Senate (which is ahead of the House in the hearings process) by the recess.
- That the windfall tax bill should be on your desk by the time of the recess.
- That you have presented a fact sheet which sets forth in detail the essential criteria you will use to judge the "Immediate Action" legislation, and you would leave to the committees and your staff the task of refining those proposals into legislative specifications.
- That you will make the top staff of your Administration (Stu Eizenstat, Jim McIntyre and Jim Schlesinger) and their people available to work with the relevant committees and their staffs over the next several days to hammer out the specifications of legislation on these "Immediate Action" bills which the committees would seek at least order reported to the full Senate before the August recess.
- That the full resources of the executive branch will be available for drafting and technical assistance.

In order for this process to work, it is essential that you delegate to Stu and Jim McIntyre responsibility for making a number of important decisions with regard to the specific elements of the legislation and that the Department of Energy and other agencies be instructed to work through your staff in this process. While appeal to you should certainly be allowed, it should be discouraged in the interests of speed. Only a decisive, unified Administration response can save us from the appearance of foot-dragging. (Note: We think it is unlikely Congress can meet this schedule, but better for them to fall short of our request for speed than vice versa.

Stu strongly concurs in these recommendations.

II. PRESS PLAN

White House photographer.

III. PARTICIPANTS

See attached list.

CONGRESSIONAL LEADERSHIP BREAKFAST

Tuesday, July 17, 1979

PARTICIPANTS

The President

Senator Robert C. Byrd
Senator Alan D. Cranston
Senator Daniel K. Inouye
Senator Warren G. Magnuson
Senator Henry M. Jackson
Senator Ted Stevens
Senator Bob Packwood
Senator Edwin (Jake) Garn
Senator John G. Tower
Senator Mark Hatfield

Speaker Thomas P. O'Neill, Jr.
Congressman Jim Wright
Congressman Thomas S. Foley
Congressman John Brademas
Congressman Dan Rostenkowski
Congresswoman Shirley Chisholm
Congressman John J. Rhodes
Congressman Robert H. Michel
Congressman Samuel L. Devine
Congressman John D. Dingell ~~(to be confirmed)~~
Congressman Mo Udall ~~(to be confirmed)~~

✓ Frank Moore
Stu Eizenstat
Jody Powell
Zbig Brzezinski
Jim McIntyre
✓ Bill Smith
✓ Dan Tate
✓ Bob Thomson
✓ Bill Cable
✓ Terry Straub

THE WHITE HOUSE
WASHINGTON

17 Jul 79

Frank Moore

The attached was returned in
the President's outbox today
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appropriate handling.

Rick Hutcheson

Zbig Brzezinski



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WEXLER
BRZEZINSKI
MCINTYRE
SCHULTZE

Speaker?

ADAMS
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BELL
BERGLAND
BLUMENTHAL
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CALIFANO
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MARSHALL
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PETERSON
PETTIGREW
PRESS
RAFSHOON
SCHNEIDERS
VOORDE
WARREN
WISE

The Speaker's Rooms
U. S. House of Representatives
Washington, D. C. 20515

22 June 1979

*Talked to
PM Thatcher
personally. Called
7/4 = Confidentially,
she will send to govt
, deas re N.Ire.
J*

Dear Mr. President:

As you prepare for your journey to Tokyo, I suggest that you take the opportunity when you are there to raise the subject of Northern Ireland with Prime Minister Thatcher.

It has been nearly two years since you expressed American concern for the conflict and violence in Northern Ireland. Interest in the Northern Ireland issue has continued to grow among members of Congress and the American public.

Unfortunately, over the last two years no measurable progress has been made towards a political settlement in Northern Ireland. However, I am hopeful that the new Government of the United Kingdom will make Northern Ireland one of its major priorities and will renew efforts to achieve a political settlement.

As a result of my recent visit I am convinced that peace will not be realized through the imposition of more stringent security measures alone. The struggle against terrorism must be accompanied by the pursuit of a just and acceptable political settlement. Developing a viable political structure is not a simple task, but is a vitally necessary one.

We in the United States must have a clear and correct perception that Northern Ireland is the major priority of the new Government. Those of us who oppose nationalist violence and counsel confidence in political initiatives will lose much of our effectiveness if some political progress is not made.

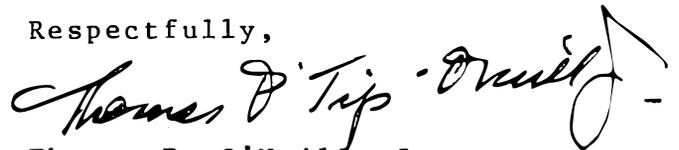
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Naturally, Prime Minister Thatcher and Mr. Atkins need some time to plan and develop their policy towards Northern Ireland. And as you pointed out in your statement of August, 1977 it is our policy to be impartial and to refrain from supporting a specific proposal.

As President you have shown an unprecedented willingness to express our nation's interest in the problem of Northern Ireland, and I am sure that a personal expression of interest by you to Mrs. Thatcher will encourage the new Government to pursue a political solution more vigorously.

I deeply appreciate your efforts in the past concerning this question and thank you for your continued interest.

Respectfully,



Thomas P. O'Neill, Jr.
The Speaker

O'D/ek

The President
The White House
Washington, D. C.

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* TALKING POINTS *

1. The recent increase in Parliamentary representation for Northern Ireland without some concession in return from Ulster Unionists such as accepting proportional representation cost the British government considerable support among Irish American political leaders.
2. The Labor Party's lack of a Parliamentary majority seemed to inhibit political progress in Northern Ireland and raise suspicions of some political understanding between Labor and the Unionists.
3. Mrs. Thatcher's significant majority permits bold and decisive leadership on this issue.
4. The new Secretary of State for Northern Ireland, Mr. Humphrey Atkins, seems to have started well and he seems to be more realistic about U.S. interest in the issue.
5. Any political settlement must resemble the power sharing agreement of 1973. Responsible Irish American leaders support a united Ireland but in reality are aware that Protestant acceptance will be gradual and gained through interim arrangements similar to those suggested by Republic of Ireland opposition leader

TALKING POINTS

Page Two (2)

Garret FitzGerald.

6. The past year has been a costly one for the British in retaining the support of Americans interested in the issue as well as maintaining credibility with Irish-American political leaders. The issue is receiving greater attention in this country and a sense of political momentum rather than just an emphasis on security is vital to reverse the trend of growing criticism of British handling of the problem.
7. While moderate Catholic leader, John Hume did extremely well in the recent European Parliament elections, Rev. Paisley has increased his support as well. Consequently, the lack of political progress has not been beneficial to the more moderate Unionists and may therefore offer an opportunity for encouraging some accommodation by them.
8. Problems in Congress for the British are just beginning as Rep. Biaggi shifts his focus from hearings on human rights violations which the Speaker blocked to the pursuit of anti-British legislation i.e., blocking arms sales.

2858

THE WHITE HOUSE
WASHINGTON
7/17/79

Bob Linder

The attached was returned in the President's outbox today and is forwarded to you for appropriate action. Please have delivered to Secretary Andrus.

Rick Hutcheson

cc: Arnie Miller

THE WHITE HOUSE
WASHINGTON

7/16/79

Mr. President:

Arnie Miller concurs.

Rick/Bill



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

JUN 22 1979

The President
The White House
Washington, DC 20500

Dear Mr. President:

The salaries of the Alternate Federal Members of the Delaware and Susquehanna River Basin Commissions have been fixed at the rate for GS-18 under 5 USC. This pay fixing authority is vested in the President by Public Law 87-328 for the Alternate Federal Member of the Delaware River Basin Commission and by Public Law 91-575 for the Alternate Federal Member of the Susquehanna River Basin Commission.

The two Alternate Federal Member positions will be covered by the Senior Executive Service (SES) created by the Civil Service Reform Act of 1978. Therefore, new pay rates must be approved for each of these positions within the SES pay rates. Under the provisions of the Civil Service Reform Act of 1978, incumbents of positions covered by the SES must be offered a salary in SES which is equal to or greater than their current salary. I have determined that a rate of ES-5 (\$51,450) to be appropriate for these positions. Therefore, I recommend that you fix these pay rates at ES-5 under the authorization of Public Law 87-328 and Public Law 91-575.

Respectfully,

Lucile D. Andrews
SECRETARY

APPROVED:

Jimmy Carter

THE WHITE HOUSE
WASHINGTON

2858

Date: July 3, 1979

MEMORANDUM

FOR ACTION:

Tim Kraft
Arnie Miller *concur*

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

ANDRUS MEMO RE SALARIES OF THE ALTERNATE FEDERAL
MEMBERS OF THE DELAWARE AND SUSQUEHANNA RIVER BASIN
COMMISSIONS

**YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:**

TIME: Thursday

DAY: 12:00

DATE: July 5, 1979

ACTION REQUESTED:

Other: Your comments

STAFF RESPONSE:

I concur. No comment.
Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE
WASHINGTON

2858

Date: July 3, 1979

MEMORANDUM

FOR ACTION:

Tim Kraft
 ARnie Miller

FOR INFORMATION

[Handwritten signature]

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

ANDRUS MEMO RE SALARIES OF THE ALTERNATE FEDERAL
MEMBERS OF THE DELAWARE AND SUSQUEHANNA RIVER BASIN
COMMISSIONS

NOTE

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: Thursday

DAY: 12:00

DATE: July 5, 1979

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

AM.

No comment.

Please note other comments below:

fr
THE WHITE HOUSE
WASHINGTON
17 Jul 79

Hamilton Jordan

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the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson



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	WISE

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	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE
WASHINGTON

June 14, 1979

*Ham
J*

MEMORANDUM FOR PRESIDENT CARTER

FROM: LOUIS MARTIN *LM*
SUBJECT: REPLACEMENT FOR ATTORNEY GENERAL BELL

The impending departure of Griffin Bell from the Justice Department offers a unique opportunity to name a Black Attorney General. This appointment would bring national attention and credit to the Administration and would strongly bolster support and confidence in the Black and minority communities across the country.

The following are some of the possible candidates whose qualifications and national reputations merit your serious consideration:

1. Clifford Alexander - Secretary of the Army
2. Wiley Branton - Dean of Howard University Law School
3. Drew Days - Assistant Attorney General for Civil Rights
4. Patricia Harris - Secretary of HUD
5. Leon Higgenbotham - U.S. Circuit Judge, Third Circuit
6. Wade McCree - U.S. Solicitor General

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THE WHITE HOUSE

WASHINGTON

Date: 6/18/79

MEMORANDUM

FOR ACTION:

FOR INFORMATION:

Hamilton Jordan
Tim Kraft
Bob Lipshutz
Arnie Miller

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Martin memo re Replacement for Attorney General Bell

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME:

DAY:

DATE:

ACTION REQUESTED:

Other: Your comments

STAFF RESPONSE:

I concur. No comment.
Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Cabinet Meeting

7/17/79

THE WHITE HOUSE
WASHINGTON

7-17-79

Camp David

Me - Staff - Cabinet

Loyalty

Constituency

Hill - Legislation

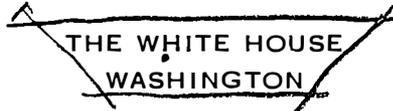
Subordinates

Competence - commitment - enthusiasm

Ham

Resignations

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- + use or del sp
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- It's 10:11
- Not bad access
-
- Schultze
- Disloyalty
- Undercut by constituency
- " " with staff
- My loyalty to lab

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THE WHITE HOUSE
WASHINGTON

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Stu.

You, McI & Sch should
move immediately with
the Congressional staffs
& Congress leaders to
present our ideas on
energy in the strongest
terms. Give me at
earliest time an assess-
ment of the problems &
substantial differences.

J. C.

cc Haan

7/17/79

THE WHITE HOUSE
WASHINGTON

Leadership breakfast 7-17-79

- > Energy Security Corp. - full discretion -
synfuels, uncon gas
- > Energy Mobil. Bd - Fed/St/Loe
- > Standby rationing 20%?
- > Strong windfall tax - by recess
- > Draft together - OMB-DPS-DoE - staffs
- > Report out by recess
- > Camp David
- > Nicaragua
- > T.p. - N. Ireland
- Expense allowance for W.H
- HCC
- { Econ - hold firm
- { Targeted fiscal assistance
- SALT II
- Turkey MAP

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Support
S.A.

Cross Landing

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bipartisan congressional leadership
meeting/breakfast 7/17/79

To: Mr. O'Neill

From: Ari

Bi-Partisan Leadership Breakfast:

Planning a schedule for consideration of the President's new, legislative energy recommendations presents difficulties. Details of the proposals for an energy security corporation and for an energy mobilization board will not be available for at least a week. Jurisdictional judgments cannot be made without review of the details.

Meanwhile the House is moving forward on related legislation. The Commerce Committee will today begin markup of a conservation and standby rationing bill entirely consistent with the President's recommendations. The Ways and Means Committee will, as soon as it has disposed of the Administration's proposed modifications of the foreign tax credit, move on to decisions about the distribution of receipts in the energy security fund. The Committee will exercise exclusive say over the enactment of tax credits. Programs to be funded out of the fund will be subject to the normal authorization and appropriation process. Banking Committee action on the solar bank is awaiting the Administration bill.

More problematic is the handling of the fast track and synthetic legislation which in many respects parallel the mobilization board and the energy security corporation respectively. The fast track, Udall bill, was jointly referred to Commerce and Interior. Both subcommittees (Dingell and Udall) have action planned. But they are ahead of the Administration. Dingell is troubled about whether to cancel a Friday hearing because the Administration witnesses he has invited say they cannot be prepared. The House has already approved the Moorhead bill. Dingell is planning to move a complimentary bill providing for production under the supervision of civilian authorities. (The Moorhead bill entrusts the Department of Defense with responsibility). Neither bill is in conflict with the broad outlines of what the President advocates, except that the President would organize the effort in a new quasi-public Energy Security Corporation.

2B. Senator Byrd plans to amend the Moorhead bill with fast track including some kind of mobilization board, a beefed up synthetics effort and perhaps other incentives for energy production, and move right to conference. This despite the fact that when the House amended the Senate passed Defense Production Act with the Moorhead bill, Senator Byrd insisted that the product be referred to Senate Banking, and Energy.

Senator Byrd's strategy involves several risks. It will surely mean a very large conference, crossing many committee lines. It may mean conference action on legislation never brought before the House. This could perhaps be avoided by moving House bills similar to the expected Senate amendments to the floor quickly and folding them into the same conference. Doing this will necessitate quicker Administration decisions on detail than can currently be expected. The biggest risk is that this approach will diminish the pressure for a strong windfall profits tax-pressure established by the President's explicit linkage of ~~the~~ spending with enactment of the tax.

1B. Highest priority should go to quick action on a program to help the poor meet this winter's heating bills.

THE WHITE HOUSE
WASHINGTON

7/17/79

Hamilton Jordan

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Rick Hutcheson

bcc: T. Kraft

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		VOORDE
		WARREN
		WISE

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		STRAUSS
		VANCE

THE WHITE HOUSE
WASHINGTON

July 12, 1979

Ham
7
Comment
J

MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT *TK*
ARNIE MILLER *AM*

SUBJECT: Governor Joe Garrahy

In your upcoming efforts to draw the country together to tackle the energy problem, we feel that you should attract some outstanding people to help you.

If you select new leaders for the Department of Energy, we feel that you should bring in people who by their coming would symbolize the need for personal sacrifice and national resolve.

For example: the leader of a very large corporation could leave his position and come in to help you. Leading political figures could suspend their careers to come and help you to pull the Nation together.

We met with the Governor of Rhode Island, Joe Garrahy, who is Chairman of the New England Governors Conference and a strong supporter of yours. He has served in Rhode Island for two terms as the Lt. Governor and two terms as the Governor. He is prepared to resign in September and join this Administration to help you.

We propose to create a position at the Department of Energy that is at a level equivalent to an Assistant Secretary or Under Secretary. It would be concerned with monitoring the impact of our energy policies. Garrahy could work well with mayors, consumer groups, minority groups and others to devise ways of conserving energy and ways to ease the hardships on particular groups. Garrahy is ready to come.

We could time Garrahy's announcement for next week as a response to your upcoming speech.

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THE WHITE HOUSE
WASHINGTON

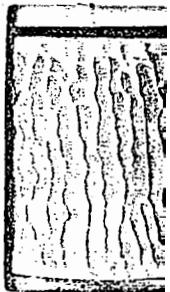
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Frank Moore

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Rick Hutcheson

The Vice President
Hamilton Jordan
Stu Eizenstat
Jack Watson



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THE WHITE HOUSE

WASHINGTON

July 15, 1979

Frank J

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE

SUBJECT: Weekly Legislative Report

I. DOMESTIC POLICY ISSUES

1. Energy

Senate

The Senate Energy Natural Resources Committee will continue its hearings on synfuels and R&D programs through most of this month, thus practically assuring that no bill (even the Moorhead Amendment) will be passed by the Senate before the August recess. The Administration will be asked to testify on a broad range of energy initiatives (synfuels, energy mobilization board, as well as specific energy programs and funding) on July 24th. Committee members are anxiously awaiting announcement of our new energy proposals, but any failure on our part to respond expertly and authoritatively on July 24th will permit the Committee and the Senate to proceed with their own ideas.

The Finance Committee, after its trip to Louisiana this weekend, will continue and hopefully conclude hearings on the House-passed windfall profits tax bill on the 18th and 19th. Markup will begin the following week; there is a possibility that the Committee could complete action after 2 or 3 days of markup.

The Senate Leadership would like to complete floor action on the windfall profits tax bill by the August recess.

*We must
move
fast!*

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House

The House Subcommittee on Energy and Power passed a bill to provide you with the authority to put an Administration gas rationing plan in effect 30 days after the plan has been before Congress providing one house has not vetoed it. You would be required to report to Congress 90 days after this Act was enacted.

The legislation assures that if a catastrophic shortfall occurs it will be shared equally among the various states and that only a shortage of catastrophic magnitude would trigger rationing.

The full committee will mark-up the bill Tuesday or Wednesday.

2. Appropriations

Schedule

Monday, July 16	--	Conference report on supplemental Conclusion of District of Columbia (House floor votes)
Tuesday, July 17	--	Foreign Assistance (House floor vote)
		Begin consideration of Appropriations Bills (Senate Floor)
		State-Justice (Senate full committee mark-up)
		Treasury-Postal Service (Senate subcommittee mark-up)
Wednesday, July 18	--	Interior (House full committee mark-up)
TENTATIVE		
Thursday, July 19	--	HUD-Independent Agencies (Senate full committee mark-up)

Supplemental

The conference was completed on the supplemental on Wednesday. The bill's totals are as follows:

(in millions of dollars)

	<u>Administration</u> <u>Request</u>	<u>Conference</u>	<u>Congressional</u> <u>Change</u>
1979 BA	16,902	13,615	-3,287
Program supp. ...	14,311	(11,226)	-3,085
Pay supp.	(2,592)	(2,389)	(-203)

The bill contains \$1.5 billion to implement the Egyptian-Israeli peace treaty, \$800 million for black lung benefits, and \$1.1 billion in SBA disaster funding. For Defense, it provides funding for four Iranian ships and for the priority MX and AWACS programs.

The conference version includes a general provision that allows HEW to borrow against 1980 AFDC and Medicaid appropriations in order to comply with the Michel amendment relating to reductions for "fraud, abuse, and waste." A recent GAO opinion supports this action, which would prevent massive cutbacks in the programs this summer.

For the food stamp program, the Congress provided \$900 million, a decrease of \$139 million from our request, to cover increases in bonus costs and State administrative costs of the program. Our entire request of \$985 million to initiate the home ownership assistance program was denied.

The House will vote on the conference report on Monday, with the Senate expected to follow soon thereafter.

Agriculture

The Senate Appropriations Committee marked up this bill last Thursday. The bill includes the following:

	Budget Authority (\$ in millions)	
	<u>House</u>	<u>Senate</u>
Request	18,324	18,324
Changes not affecting 1980 programs	-873	-851
Policy changes	-751	-634
Home ownership assistance	(-1,015)	(-813)
Other.....	(+264)	(+179)
Special milk program	((+110))	((+110))
Agricultural conser- vation program...	((+65))	((+65))
Soil Conservation Service.....	((-35))	((+17))
Other.....	((+124))	((-13))
Total change.....	<u>-1,624</u>	<u>-1,485</u>
Congressional Level.	16,700	16,838

Energy & Water Development

The Senate Appropriations Committee marked up this bill on Wednesday afternoon.

	Budget Authority (\$ in millions)	
	<u>House</u>	<u>Senate</u>
Request	11,276	11,276
Changes not affecting 1980 programs....	-680	-643
Denial of full funding.....	(-487)	(-505)
Other.....	(-193)	(-138)
Policy changes.....	-139	-33
Department of Energy	(-183)	(-105)
Other.....	<u>(+44)</u>	<u>(+72)</u>
Total change.....	<u>-819</u>	<u>-676</u>
Congressional level	10,457	10,600

Even though the committee received a letter from Jim McIntyre stating he would recommend a veto if funds were provided to resume construction of the Yatesville and Bayou Bodcau projects, they went ahead and included the funds. The proponent, Senator Huddleston, stated that the funds would be withdrawn in conference if the committee received a "firm" notice from the White House that the President would veto this bill if the two projects were funded. We are fearful that if the projects go to conference, the prospects for removing them there are not good.

We are working with Senator Johnston and Senator Magnuson in the hope they will offer an amendment to delete the two projects on the Senate floor.

The committee provided for 26 new water project starts -- 12 unrequested starts, in addition to 14 of the 16 requested. The new starts are not fully funded. If they were fully funded, the cost of these water projects in the Senate bill would exceed the request level by \$234.6 million. In comparison, fully funding the new starts in the House bill would cost \$165.8 million more than the budget request. These particular increases are considerably lower than those of recent years.

They result in a net increase of \$92 million in 1980 outlays.

A reduction of \$42.2 million was made to the request for the Water Resources Council. This is \$13.6 million below the House amount. The Senate action is consistent with authorizing legislation reported in the Senate that deletes funding authorizations for certain functions, primarily for independent water project review and technical assistance grants for conservation.

The other issue of concern is the Tellico Dam provision which we will work to have deleted on the Senate floor (it is also in the House bill).

Labor-HEW

The Senate Appropriations Committee marked up this bill on Thursday and Friday. They accepted Chairman Magnuson's impact aid proposal to eliminate payments for Category B

*B not
Corrected,
I will
veto the
bill*

students in those school districts for which such aid represents 1 percent or less of the total school budget (unless the "B" student population in the district exceeds 2,000). We are reasonably optimistic of our chances in conference.

The committee also agreed to include \$250 million for CSA's energy crisis intervention program in response to John White's letter in support of additional funds above the budget request of \$40 million.

A Chiles amendment to reduce the Title VI public service jobs program to a 100,000 jobs level at the end of 1980 -- resulting from a BA cut of \$505 million -- was defeated by a vote of 9-13.

3. Department of Education

The Department of Education bill passed the House on Wednesday by a vote of 210-206. The only significant amendment added that day was an anti-abortion amendment offered by John Ashbrook.

The Conference Committee will require careful management in order to strip the offensive amendments from the bill.

We must first fight instructions to the conferees binding them to the House position on anti-busing, prayer etc. In addition we face several other hurdles before the bill reaches conference. Both the Government Operations Committee and the full House must vote next week to send the bill to conference. The Senate must also vote on the House passed version. This is a particularly dangerous point because the bill can be further amended by the Senate making "non-conferencable" the noxious amendments.

The House will begin the process Tuesday.

4. Hospital Cost Containment/National Health Plan

Senate

The Finance Committee voted 11 to 9 to table the Nelson Amendment:

For Tabling

Against

Harry Byrd
Talmadge
Bentsen
Gravel
Dole
Packwood
Heinz
Wallop
Roth
Danforth
Durenberger

Long
Nelson
Moynihan
Matsunaga
Baucus
Bradley
Ribicoff
Chafee
Boren

*Get the
V.P. working
on this.*

The Committee subsequently voted to order the Talmadge Bill reported.

The Finance Committee will not consider health issues again until it finishes work on the energy tax bill. It will then resume mark-up of National Health Insurance legislation and hopefully finish before the August recess.

House

The House Ways and Means Committee failed to produce a quorum Friday afternoon and recessed until Tuesday. Ullman did not work to get a quorum because Rostenkowski had left and withdrawn his proxy. He is upset about problems with HEW in his district. HEW is working to correct the situation.

We now have 18 solid votes and should not have to accept any damaging amendments.

The House Commerce Committee may begin mark-up next week.

5. AMTRAK

The Amtrak authorization is scheduled for floor action on Wednesday. The legislation was reported by Congressman Florio's Transportation Subcommittee of House Commerce and

contains Secretary Adams' proposed restructuring of the Amtrak system plus the Administration approved funds to run additional trains that can meet well-defined ridership criteria.

Congressmen Gore and Fowler are proposing an amendment to freeze the existing Amtrak system for another year. At this point the outcome on Gore and Fowler is very uncertain. WHCL will work with DOT CL on Monday to coordinate our efforts.

6. Alaska National Interest Lands

Last Tuesday, the Senate Energy Committee defeated by 9-5 a motion by Senator Mike Gravel to hold Alaska field hearings on the Alaska lands legislation. The Committee is now scheduled to resume consideration of the legislation on July 17, and is expected to report Senator Jackson's bill, S.9, before the August recess, with, hopefully, few amendments.

7. SBA

The Appropriations Conferees on the SBA Supplemental Appropriations Bill included legislative language establishing disaster rates at 3 percent for homes and 5 percent for farmers or businessmen unable to secure credit elsewhere. This enables SBA to be responsive to disaster victims in Mississippi and elsewhere.

Try to hold our position

The Conferees, however, dropped those portions of the disaster assistance compromise (the Huddleston amendment) which would have required farmers to turn to FmHA and set cost of money interest rates for those able to secure credit elsewhere. These portions remain before the Small Business Conference Committee.

SBA does not expect the Small Business Conference Committee to resolve this issue in the near future.

8. Davis-Bacon

After nearly six hours of negotiations an agreement was reached on the Military Construction Authorization Bill Thursday which resulted in a referral of the bill to the Labor and Human Resources Committee. The Committee will be required to report back to the Senate by July 26 and the bill will be considered anytime between July 30 and August 1.

The only two amendments which will be in order are the Williams motion to strike the Davis-Bacon repealer and the Exon amendment which would raise the threshold of Davis-Bacon coverage from contracts of \$2,000 to contracts of \$50,000. Secretary Marshall is scheduled to testify before the Committee on July 17. DOL believes that we have the votes on the Williams motion. However, the outcome of the Exon amendment remains unclear since it is very appealing to Senators for "back home consumption".

9. Targeted Fiscal Assistance

Treasury reports that the House Intergovernmental Relations Subcommittee is likely to mark-up targeted fiscal assistance Tuesday. To date we do not have the votes to win. Committee staff feel that the legislation should be altered to meet Chairman Fountain's specifications.

WH and Treasury officials are working with interest groups to find acceptable alternatives.

In the Senate, Senators Long and Bradley have been working together to schedule a markup in the Finance Committee. A tentative date of July 23 or 24 is being considered.

10. Busing Discharge Petition

House votes are scheduled for July 24. Justice and WHCL are working closely with Peter Rodino and Don Edwards. So far the effort is going very well. Our hope is that we can get a majority on the first procedural vote thereby killing the issue.

11. Food Stamps

After defeating an effort by Rep. Ashbrook (R-Ohio) to weaken the measure, the House Wednesday passed, 335-81, an Administration-backed bill to raise the food stamp spending ceiling for FY 1979. Related legislation is expected to be considered soon by the full Senate.

12. Nominations

Federal Reserve

Fred Schultz has been nominated for both membership and the vice chair. Senate Banking reported the nomination on Friday 8-4. Senator Proxmire opposed the nomination and encouraged his committee to at least deny Schultz the vice chair position.

ICC

Senate Commerce reported the three--Darius Gaskins, Marcus Alexis and Tad Trantum on Friday. Gaskins was targeted by the Teamsters and ATA because of his CAB work experience with Fred Kahn. He received only nine votes from the 17 member committee, while the others received 14. We anticipate further challenges on the floor.

II. FOREIGN POLICY ISSUES

1. SALT

The SFRC hearings have gone well this week. The Committee staff has told us that the Senators feel that our witnesses were well prepared. Some Senators tried to take on Rowny, but he came out relatively unscathed.

There has been a great deal of discussion of amendments, reservations, and understandings. Church and Javits have circulated a draft of a proposed reservation which states that the backfire commitments are essential to the obligations assumed under the Treaty and to understanding the U.S. right to deploy a comparable aircraft. Their two other draft understandings note that the Agreed Statements and Common Understandings are of the same force as the Treaty and that the Protocol cannot be extended without advice and consent. The drafts will be discussed in an executive session on Friday. No vote will be taken until September. We continue to say that the language is unnecessary, but we will study it.

2. Security Assistance Conference

The Security Assistance conference scheduled for Friday was postponed again. The postponement stems from the impasse between the House and the Senate over the \$50 million MAP request for Turkey. The House side has been seeking some indication that the Administration might back off. Having found none, Zablocki has agreed to go to Brademas and O'Neill with a compromise that includes some amount of MAP. The Security Assistance conference has now been moved to the week of July 23; given the reluctance to face the Turkey issue, it is not inconceivable that the conference would be postponed until after the August recess.

3. Panama

The Senate Armed Services Committee began mark-up of the Panama implementing legislation Friday and will continue next week. Senator Levin is confident he has the votes necessary to keep the bill free of treaty violations. The bill is expected to provide for the corporate form of management for the Canal Commission. It will include some provisions -- such as paying early retirement costs and interest out of tolls -- which differ from the Administration bill.

The bill will probably come to the Senate floor either late next week or the week of July 23-27. We expect opponents to try to attach undesirable amendments on the floor; but so far we have no evidence of a serious threat. We will step up our educational effort with Senators and staff following the markup. We hope an acceptable bill will be on your desk before the August recess.

4. Technical Assistance (Helms Amendment) Refugee Funding

The Conference Committee on the FY '79 Omnibus Supplemental decided on Wednesday to include both the \$27.7 million needed to restore Helms Amendment cuts and the \$15 million for refugee assistance added by Senator Boschwitz during Senate floor debate.

Upcoming conferences on the Development Assistance bill and the State Authorization bill will consider language repealing the Helms Amendment restriction on use of US assessments for technical assistance. This troublesome restriction -- leaving the US unable to fulfill its UN obligations should be behind us by the end of the month.

The House voted Thursday to restore \$41.2 million to the FY '80 State Appropriations bill -- funds, cut in committee, which are required to meet UN assessments for technical assistance purposes. John Slack sponsored the amendment to restore the money in his own bill; it narrowly passed, 215-190. Similar action will now be required by the Senate.

5. International Development Cooperation Administration

Monday the Senate approved the reorganization plan creating IDCA 51-45. The House followed suit on Wednesday by a vote of 256-156. Nevertheless we will face an uphill battle with members of the Senate Appropriations Committee. 15 of the 28 committee members voted against the plan.

Get VP's help

6. Export Administration Act

There is a good chance the Bill will come before both Houses next week. Commerce, State, DOD, and NSC have been working to develop a legislative strategy which we hope will produce an acceptable bill. They are preparing for floor amendments which will be offered in the national security and short supply areas.

7. Selective Service Registration

The House Rules Committee is scheduled to resume consideration of FY '80 DoD authorization bill (H.R. 4040) on Tuesday. Congressman Dodd intends to offer a motion to send the bill back to the Armed Services Committee with instructions to delete the sections exempting the Selective Service from reorganization and regarding the reinstatement of registration.

If Dodd is not successful, the bill will most likely come to the floor before the end of the month. Representatives Schroeder, Carr and Seiberling are leading the effort to delete the registration section during full House consideration.

III. MISCELLANEOUS

White House Congressional Liaison and HUD Congressional Liaison made Congressional notifications this week on 28 Urban Development Action Grants for metropolitan areas. As you know, the UDAG program is part of your national urban policy and is designed to encourage joint public-private ventures to combat local economic and physical distress. Congressional interest in these grants is generally high. A few of them are worthy of mention:

- Columbus, Georgia received \$1.9 million for a convention hotel. Jack Brinkley was ecstatic.
- Waterloo, Iowa was granted \$4.63 million to be used as a capital improvement loan by the Rath Packing Company. Senator Culver had been working with us on this for a long time and gave us credit in his press statements.
- Chicago received \$10 million for industrial rehabilitation for the Wisconsin Steel Company; the larger EDA loan guarantee of \$90 million is expected to be approved shortly as part of the same package. Congressman Murphy--and Mayor Byrne--will do a joint press conference with Jack Watson and Bob Hall when the package is finally approved.
- New York City received three UDAGs totalling over \$5 million. Two went to the South Bronx.

SCHEDULE

House

Monday, July 16

H.R. 3951 National Capital Transportation Act
H.R. 4393 Treasury-Postal Appropriations
H.R. 4580 D.C. Appropriations

Tuesday, July 17

H.R. 4473 Foreign Assistance Appropriations, FY 80

Wednesday, July 18

H.R. 3996 AMTRAK Reorganization Act
H.R. 4440 Transportation Appropriations, FY 80
H.R. 3917 Health Planning and Resources Development
Amendments of 1979
H.R. 7 Monetary Control Act of 1979
H. Res. 317 Disapproving President's recommendation to
extend certain waiver authority under the
Trade Act of 1974 with respect to Romania
H.R. 4040 DOD BY 80 Authorizations
H.R. 4034 Export Administration Act Amendments of 1979

Thursday and Friday

H.R. 2462 Maritime Authorization FY 80
H.R. 3633 Nurses Training Act Amendments of 1979
H.R. 3236 Disability Insurance Amendments of 1979
H.R. 3683 Consolidated Farm and Rural Development Act
Amendments

THE WHITE HOUSE
WASHINGTON

17 Jul 79

FOR THE RECORD

WATSON, EIZENSTAT, JORDAN
RECEIVED COPY OF ATTACHED.
ORIGINAL TO SCHLESINGER.

THE WHITE HOUSE
WASHINGTON

7-17-79

To Jim Schlesinger

Re Post & other stories.

There is a disturbing lack
of support from DOE indicated
in implementing the 78° re-
quirements.

a) Speak strongly for it &
require Millhone, Simmons, et al
to do the same.

b) Eliminate all possible
loopholes & exceptions

c) Prepare immediately an
order from me to all federal
employees, here & all over U.S.,
to enforce the new regulations.

J. C.

cc Ham, Stu

THE WHITE HOUSE
WASHINGTON

17 Jul 79

FOR THE RECORD

HAMILTON, STU AND MOORE HAVE
COPIES OF THE ATTACHED.

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

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE <i>→ add</i>
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

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

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

THE WHITE HOUSE
WASHINGTON

7/17/79

Jody Powell

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

Rick Hutcheson

*passed
unanimously
yesterday*

RESOLUTION BY DEMOCRATIC COUNTY OFFICIALS
NATIONAL ASSOCIATION OF COUNTIES CONFERENCE
JULY 17, 1979

Jody

President Jimmy Carter has issued a challenge to the American people to rally around the courses of action required to meet our critical problems.

President Jimmy Carter has waged peace in an unprecedented manner. There has been a commitment to preservation and guarantee of human rights in the world.

President Jimmy Carter has met the challenge of the bureaucracy and red tape that traditionally has oppressed local government and he is winning,

President Jimmy Carter has kept his commitment to counties; we have been consulted, involved and given access in this Administration. In an unprecedented effort, county government has visibility in the Carter Administration. There is a voice for county government in the White House. It is that of the President.

We, the Democratic County Officials of the National Association of Counties express our support for President Jimmy Carter. He has been true to the principles of the Democratic party. We look forward to his renomination and his re-election.

He is a man leading us in the most difficult of times. He has reached out to all of us to join him in his historic effort to retain our wholeness as a nation. As elected leaders at the local level, we commit our loyalty and our resources to the President. As Democratic county officials, we endorse Jimmy Carter in 1980.

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE

WASHINGTON

17 Jul 79

Bob Lipshutz

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

Rick Hutcheson

THE WHITE HOUSE

WASHINGTON

July 16, 1979

ok
J

MEMORANDUM FOR THE PRESIDENT

FROM: () BOB LIPSHUTZ *BL*

SUBJECT: Bishop College

You may recall that officials of Bishop College, a black university in Dallas, Texas, have been the subject of criminal investigation conducted by the U.S. Attorney over the past two years. To date numerous indictments and convictions have been obtained, including the recent indictment of Milton Curry, President of the college, for misappropriating Federal funds.

One of the areas currently under investigation is whether college officials and persons acting on their behalf made false representations to HEW and the White House in order to obtain continued Federal funding of the college. As part of this investigation, an Assistant U.S. Attorney recently interviewed White House staff and was permitted to review records of White House communications with HEW and private individuals about Bishop College.

The Assistant U.S. Attorney has requested copies of some of the documents reviewed, among which are the following records containing your personal notes:

1. a typewritten note from Susan Clough to you summarizing a call she took for you on June 30, 1978 from the Rev. Martin Luther King, Sr. and Dr. Benjamin Mays;
2. your handwritten notes, dated July 11, 1978, relating to a telephone conversation you had with Daddy King on that date;
3. handwritten notes from you to Jack Watson, dated May 3, 1979, inquiring about the status of the Bishop College matter.

Copies of these documents as they will be provided to the U.S. Attorney are attached (notations in the originals which are unrelated to the Bishop College matter have been deleted).

We believe that it would be appropriate to release copies of the documents requested and plan to do accordingly.

**Electrostatic Copy Made
for Preservation Purposes**

C

June 30, 1978

Mr. President --

Daddy King and Dr. Benjamin Mays were calling today to express their concern about attached article which appeared in The Atlanta Journal last Friday, June 23rd.

Dr. Mays noted that the implication is that only the black colleges are getting Title III money, whereas the whites are too.

The black colleges which have educated the larger proportion of professionals increasingly find it very difficult to compete with the white institutions.

Dr. Mays also complained about another quote in the article (I see that it's not actually a quote, but an observation of the reporter) (last graph) that says black private colleges have been the poorest institutions in American higher education. Dr. Mays again says that that implies only black.

"poor" in financial assets

Daddy King noted that Secretary Califano won't do anything without the President's knowledge or comment or request.

Dr. Mays said he appreciates very much the conference in D.C. he had with you.

--Susan

He spent the first 10 years in that vocation on the way up. He spent the next 10 years on the way out.

Mayor Maynard Jackson officially showed him the door Thursday when he fired Whalen, whose colorful, erratic career has resembled a roller-coaster ride, finally ending in a steep plunge.

Whalen has managed to get his name strung across the headlines in three major police scandals in the last nine years. "It's all a damn lie," Whalen said in his defense in an interview Thursday.

Whalen said his troubles started after he "went after the big gamblers, the white guys," in the early 1960s. Somebody in City Hall has wanted to get him ever since, he said.

But Whalen's name didn't make big print until 1969, when he was involved in a campaign contributions scandal with Howard Massell, the brother of soon-to-be-mayor Sam Massell. Whalen escorted Howard Massell to different nightclubs where Massell "assessed" nightclub owners for contributions to his brother's mayoral election campaign that they did not necessarily want to give.

See WHALEN, Page 14-A

that do business with GSA.

The estimate, made by Vincent R. Alto, GSA's special counsel in charge of investigating the widening circle of abuses being uncovered at the government agency, is the first public indication of the possible scope of the scandals since they were first publicized in March.

Alto told the Senate Governmental Affairs subcommittee on federal spending practices that the total waste of taxpayers' money exceeds \$100 million a year when non-criminal negligence is taken into account.

Alto, a former federal prosecutor, said the criminal activities include "sweetheart" contracts negotiated with certain compa-

pointed less than two months ago by GSA Administrator Jay Solomon, "prior to these investigations, there were no checks and balances (to guard against stealing)."

Testimony at the first of two days of hearings on GSA included lurid details of the organized crime dealings of a company paid by GSA to install security systems in government buildings, tales of charges made to government credit cards for having the same government vehicle washed four times in one day and an account of the installation by GSA of a \$40,000, leak-paneled office for a government worker in Boston's John F. Kennedy Building.

See GSA, Page 14-A

HEW Audits Black Colleges, May Hold Millions in Grants

By GRAYSON MITCHELL
The Los Angeles Times

WASHINGTON — In what was described as a crackdown on fraud and mismanagement, the government is threatening to withhold millions of dollars in federal aid from a number of the nation's 71 private black colleges.

The Department of Health, Education and Welfare, in a change in policy, is about to notify at least nine of the institutions that future aid from a program created to help the schools will be withheld until the results of government audits of each college are known.

Officials said it had not yet been deter-

mined how many of the 71 schools, in addition to the nine, would be audited.

The aid program, launched under Title III of the Higher Education Act of 1965 and known as Aid to Developing Institutions, awarded nearly \$60 million last school year to private black colleges, with the average individual award amounting to \$590,000.

The black colleges, which in the past have educated a huge proportion of the nation's black teachers, doctors, lawyers and other professionals, today find it increasingly difficult to compete with predominantly white institutions for black students

See COLLEGES, Page 14-A

Street Scenes

Construction worker, finished with a job high over Piedmont Avenue, maneuvering the bucket of his cherry picker to pick magnolia blossoms.

Driver of Fulton County sheriff's car lighting cigarette, then tossing empty package and matchbook into street.

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Furman Bisher.....	1D	Weather Digest.....	2A

of "Trap," at 9 on Ch. 4. Arriving Jack Klugman, takes evening G.P. in a small town and problems, at 10 on Ch. 2.

Atlanta Braves open a four-game series against the Giants in San Francisco Monday.

A New Play Project 1978 concert "Mekimah" presented by Trinity Mill Road, tonight and Saturday.

Summer weekend is forecast for a fair and warm weather forenoon, Saturday and Sunday, with a high near 90. Details on Page 2-A.

Atlanta Journal
6/23/78 p. 1

Telephone call-Reverend Martin Luther King, Sr

7/11/78

THE WHITE HOUSE
WASHINGTON

10:30 am

7/11/78

MLK

= Bishop College

71 private black colleges ?
" white "

THE WHITE HOUSE
WASHINGTON

5-3-79

To Jack Watson

Re D. King

What is status of:
a) Bishop College vs HEW?

(Very brief memo ok)

JC

2949

THE WHITE HOUSE
WASHINGTON
17 Jul 79

Frank Moore

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

Rick Hutcheson

Zbig Brzezinski

EV SMALL-originals attached
for handling.

THE WHITE HOUSE
WASHINGTON

July 16, 1979

ACTION

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI *ZB.*

SUBJECT: Letters to Senators Javits, Baker and Ribicoff on Human Rights and the Summit

Attached at Tabs A-C are identical letters for you to sign to Senators Javits, Baker and Ribicoff, responding to their letter at Tab D. Aronson has cleared the draft.

The Senators wrote to ask that you raise human rights issues at the Summit. Many letters were received to this effect (including other Congressionals) and these were handled directly by State. We thought, however, it would be useful for you to reply directly to this letter because of the importance of the three Senators, and because it is an appropriate way for you to put into the record that you did discuss human rights matters with Brezhnev. We have phrased it in a way that gets the point across without being provocative.

RECOMMENDATION:

That you sign the letters at Tabs A-C.

Approve Disapprove

THE WHITE HOUSE

WASHINGTON

July 17, 1979

To Senator Jack Javits

Thank you for your letter of June 14, cosigned by Senators Ribicoff and Baker. In the letter you asked that I encourage President Brezhnev to release more political prisoners and to ease Soviet emigration policies.

As you know, furthering the observance of fundamental human rights by all nations, including the right of free emigration, is a major goal of this Administration. In this regard, we have sought to encourage the Soviet authorities on numerous occasions, both publicly and diplomatically, to take a less harsh and more responsive attitude to the human rights aspirations of their own citizens.

We have achieved some success. In the last eighteen months the rate of Soviet Jewish emigration has increased markedly. In fact, this year promises to be an all-time record year for such emigration. The number of Soviet Jews permitted to emigrate could reach 50,000 or more. We remain concerned, of course, by the number of long-standing cases which remain unresolved and by the arbitrary treatment which is sometimes accorded emigration applicants.

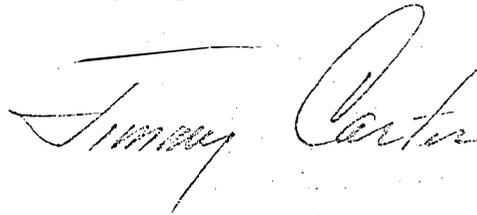
The Summit meeting with President Brezhnev provided me the opportunity to state my concerns about these matters. The emigration issue was thoroughly aired with the Soviets both before and

during the Summit and there can be no question that they understand our point of view. In addition, we brought to Soviet attention both a list of special hardship cases and a list of Soviet Jews denied emigration permission to Israel.

I share your concern about the tragic circumstances of prisoners of conscience such as Anatoly Shcharansky. We have repeatedly urged the Soviets to release persons imprisoned for political reasons and the Summit provided another opportunity to do so.

You may be assured that our human rights concerns will continue to be an integral part of our ongoing dialogue with the Soviet authorities. I will continue to do all I can to ease the plight of imprisoned human rights activists and those denied the right of emigration from the Soviet Union.

Sincerely,

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

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

THE WHITE HOUSE

WASHINGTON

July 17, 1979

To Senator Howard Baker

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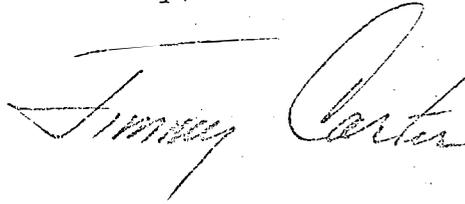
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The Honorable Howard H. Baker
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

July 17, 1979

To Senator Abe Ribicoff

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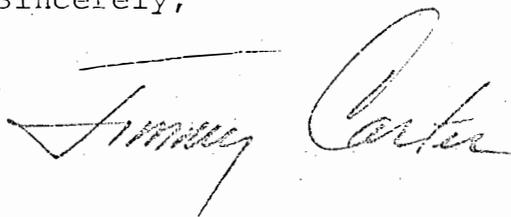
The Summit meeting with President Brezhnev provided me the opportunity to state my concerns about these matters. The emigration issue was thoroughly aired with the Soviets both before and

during the Summit and there can be no question that they understand our point of view. In addition, we brought to Soviet attention both a list of special hardship cases and a list of Soviet Jews denied emigration permission to Israel.

I share your concern about the tragic circumstances of prisoners of conscience such as Anatoly Shcharansky. We have repeatedly urged the Soviets to release persons imprisoned for political reasons and the Summit provided another opportunity to do so.

You may be assured that our human rights concerns will continue to be an integral part of our ongoing dialogue with the Soviet authorities. I will continue to do all I can to ease the plight of imprisoned human rights activists and those denied the right of emigration from the Soviet Union.

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 word "Sincerely,".

The Honorable Abraham Ribicoff
United States Senate
Washington, D.C. 20510

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CONGRESSIONAL
LIAISON

United States Senate

WASHINGTON, D.C. 20510

June 14, 1979

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Dear Mr. President:

On the eve of your historic meeting with Chairman Brezhnev, we wish to give you our support and encouragement for raising with the Soviet government our deep and abiding mutual concern for the plight of the many Soviet citizens who have suffered grievously as a result of their desire to exercise what Americans consider to be a basic human right - the right to emigrate to another land.

Of special concern is the fate of all of the "Prisoners of Conscience" who still languish in Soviet prisons, labor camps, and remote sections of that country, many in an increasingly precarious state of health. Anatoly Shcharansky for example is reportedly very ill and growing weaker and he certainly is a celebrated case in point.

The recent release of a number of well-known Soviet prisoners and the overall increase in the number of Soviet emigrants is very welcome and encouraging. However, there are new reports of a further tightening of application procedures and of new restrictions on who is eligible to apply for an exit visa. We hope that you will seek assurances from Chairman Brezhnev that concern about a retrogression in Soviet policy is groundless, that a permanent easing of the Soviet attitude

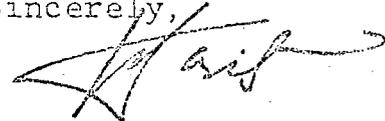
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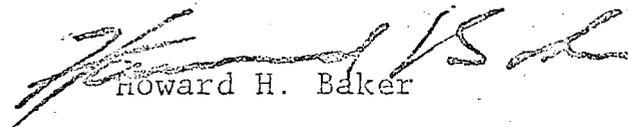
toward emigration will now become the official government policy, and that the Soviet government may adopt a standardized and published application procedure for those desiring to secure an exit visa. In particular, we hope you will express concern for the release of the remaining "Prisoners of Conscience," and because of the hardships involved, expeditious treatment would also be most fitting for those whose repeated requests to emigrate have heretofore been denied, often on capricious and contradictory grounds.

Deeply mindful of your own long-standing commitment to human rights, we hope that you will seek the occasion of this meeting to apprise Chairman Brezhnev of your views on this question. Also, we hope that the expressions of support of so many Americans will aid you in impressing upon Chairman Brezhnev their deeply held views that the successful resolution of this issue would make a great contribution to improved understanding between our country and the Soviet Union.

Mr. President, as you embark on this historic mission for our country, our hopes and our prayers for success go with you.


Abraham Ribicoff

Sincerely,

Jacob K. Javits


Howard H. Baker

UNITED STATES ARMS CONTROL AND DISARMAMENT AGENCY
WASHINGTON

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✓

OFFICE OF
THE DIRECTOR

July 2, 1979

Dear Mr. President:

In Vienna, you asked me for three or four of the SALT II fountain pens. I have included four. I thought you would like one for President Brezhnev, one for yourself, and perhaps Mrs. Carter and Amy would like one.

Warm regards,



George M. Seignious II

The President
The White House

*I have ordered more so
if you want them
please advise.
V.R.
G.M.I.*

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for Preservation Purposes