

8/2/79

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo	<p>From Brzezinski to The President (one page) re: Visit by P.M. Thatcher/enclosed in Hutcheson to Brzezinski 8/2/79</p> <p>OPENED 8/24/93</p>	7/31/79	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres. Handwriting File
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THE WHITE HOUSE
WASHINGTON
8/2/79

Zbig Brzezinski
Phil Wise

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

Rick Hutcheson

~~CONFIDENTIAL~~

3222

THE WHITE HOUSE

WASHINGTON

CONFIDENTIAL

July 31, 1979

①

ACTION

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI *ZB.*

SUBJECT: Visit by Mrs. Thatcher (C)

Mrs. Thatcher wants to make a working visit to Washington to meet with you and has suggested the period September 16-19 for this purpose (she will be en route to Ottawa). Cy Vance favors such a meeting at that time, but the schedulers have confirmed that September dates are not possible. (C)

I recommend instead that you try for a November meeting and that you phone Mrs. Thatcher to that effect. If you agree to a call, I will provide appropriate talking points covering additional subjects. (C)

RECOMMENDATIONS

That you meet with Mrs. Thatcher in September as Cy suggests. (C)

 Approve Disapprove

That you ^{*send a message thru Cy to*} ~~call~~ Mrs. Thatcher and suggest that she come in November. (C)

 ✓ Approve Disapprove

J

~~CONFIDENTIAL~~
Review 7/30/85

DECLASSIFIED
E.O. 12356, Sec. 3.4
PER *3/6/83 NK HIRE MR NLL-92-739*
BY *[Signature]* NARS, DATE *7/23/93*

~~CONFIDENTIAL~~

9:30 AM

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THE WHITE HOUSE
WASHINGTON

①

August 1, 1979

MEETING WITH THE UNITED DEMOCRATS OF CONGRESS

Thursday, August 2, 1979
9:30 a.m. (20 minutes)
The State Dining Room

From: Frank Moore

I. PURPOSE:

To discuss, with approximately 85 moderate Democrats from the House of Representatives, matters of mutual interest; this is an informal gathering to air ideas and open up lines of communication.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN:

Background: The United Democrats of Congress (UDC) was organized in 1972 during George McGovern's candidacy for the Presidency, when it was felt that an "anchor" was needed to stem the party's shift to the left. The UDC prides itself on being the "vital center" of the party. Membership has grown steadily, and now the UDC has about 100 Members.

The potential political value of such an organization to this Administration is obvious. This group has a higher support rate than any other. You were the first candidate to appear before the UDC in 1976. When Bob Strauss was Chairman of the Democratic Party he often called upon the UDC for advice and support.

Press Plan: White House photographer only.

Participants: The President, Frank Moore, Bill Cable, Terry Straub, the United Democrats of Congress (list is attached).

III. SCENARIO:

You will be introduced by Congressman Gunn McKay (D-Utah), who is Chairman of the UDC and a strong and dependable Carter Democrat. You will then make one or two minutes of short remarks, then open it up for questions.

IV. TALKING POINTS

Mention how happy you are to have the opportunity to meet again with the UDC; they have become even stronger and more influential than when you first met with them three years ago.

You respect their views, and hope that they will mention to you now and in the future their concerns and ideas.

You need them to unite and get behind your energy program.

THE WHITE HOUSE

WASHINGTON

MEETING WITH THE UNITED DEMOCRATS OF CONGRESS

PARTICIPANTS

MEMBER	STATE	SUPPORT THIS SESSION
McKay, Gunn	Utah	90.0
Addabbo, Joe	New York	58.3
Alexander, Bill	Arkansas	100.0
Anderson, Glenn	California	53.8
Annunzio, Frank	Illinois	92.9
Anthony, Beryl	Arkansas	71.4
Bailey, Don	Pennsylvania	64.3
Barnard, Doug	Georgia	64.3
Beilenson, Tony	California	85.7
Bevill, Tom	Alabama	53.8
Biaggi, Mario	New York	54.5
Boland, Eddie	Massachusetts	100.0
Boner, Bill	Tennessee	78.6
Bouquard, Marilyn L.	Tennessee	30.8 ←
Breaux, John	Louisiana	63.6
Brooks, Jack	Texas	84.6
Byron, Beverly	Maryland	21.4 ←
Coelho, Tony	California	78.6
Corman, Jim	California	90.0
Corrada, Baltasar	Puerto Rico	--
Cotter, Bill	Connecticut	85.7
D'Amours, Norm	New Hampshire	42.9 ←
Danielson, George	California	100.0
Dicks, Norm	Washington	92.3
Dodd, Chris	Connecticut	66.7
Duncan, Bob	Oregon	92.3
Early, Joe	Massachusetts	53.8
English, Glenn	Oklahoma	30.8
Ertel, Allen	Pennsylvania	53.8
Fazio, Vic	California	78.6
Ferraro, Geraldine	New York	53.8
Flippo, Ronnie	Alabama	45.5
Frost, Martin	Texas	66.7

Fuqua, Don	Florida	60.0
Gephardt, Dick	Missouri	100.0
Giaimo, Bob	Connecticut	100.0
Ginn, Bo	Georgia	85.7
Guarini, Frank	New Jersey	69.2
Hance, Kent	Texas	35.7
Hanley, Jim	New York	85.7
Harkin, Tom	Iowa	38.5
Hefner, Bill	North Carolina	84.6
Heftel, Cec	Hawaii	85.7
Hightower, Jack	Texas	76.9
Hubbard, Carroll	Kentucky	37.5
Huckaby, Jerry	Louisiana	36.4
Ireland, Andy	Florida	33.3
Johnson, Bizz	California	83.3
Jones, Ed	Tennessee	64.3
Jones, Jim	Oklahoma	72.7
Kogovsek, Ray	Colorado	76.9
LaFalce, John	New York	88.9
Lederer, Ray	Pennsylvania	71.4
Lehman, Bill	Florida	92.9
Levitas, Eliot	Georgia	38.5
Luken, Tom	Ohio	53.8
McCormack, Mike	Washington	81.8
McDonald, Larry	Georgia	14.8
McHugh, Matt	New York	92.9
Mineta, Norm	California	84.6
Montgomery, Sonny	Mississippi	35.7
Moorhead, Bill	Pennsylvania	92.3
Murphy, John	New York	78.6
Murphy, Morgan	Illinois	72.7
Murtha, John	Pennsylvania	92.9
Neal, Steve	North Carolina	69.2
Patten, Eddie	New Jersey	92.9
Pepper, Claude	Florida	100.0
Pickle, Jake	Texas	71.4
Price, Mel	Illinois	85.7
Roe, Bob	New Jersey	71.4
Rose, Charlie	North Carolina	85.7
Rostenkowski, Danny	Illinois	100.0
Russo, Marty	Illinois	83.3
Simon, Paul	Illinois	92.9
Smith, Neal	Iowa	91.7
Spellman, Gladys	Maryland	69.2
Stack, Ed	Florida	78.6
Stark, Pete	California	63.6
Stump, Bob	Arizona	0.0

Traxler, Bob	Michigan	87.5
Ullman, Al	Oregon	91.7
Watkins, Wes	Oklahoma	16.7
Whitley, Charles	North Carolina	78.6
Wilson, Charles H.	California	50.0
Wolff, Lester	New York	57.1
Won Pat, Antonio	Guam	--
Wright, Jim	Texas	100.0
Zeferetti, Leo	New York	50.0

THE WHITE HOUSE

WASHINGTON

August 2, 1979

FOR THE RECORD:

JODY POWELL RECEIVED A COPY OF
THE ATTACHED.

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input checked="" type="checkbox"/>	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
<input checked="" type="checkbox"/>	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

August 1, 1979

CHARLES L. SCHULTZE, CHAIRMAN
GEORGE C. EADS
LYLE E. GRAMLEY

MEMORANDUM FOR THE PRESIDENT

From: Lyle E. Gramley *LEG*

Subject: A Forecast Leak to the New York Times

*ok
as amended
J*

Tomorrow (Thursday, August 2), the New York Times will carry a story that discusses an economic forecast update prepared recently by an EPG Deputies group. The forecast is considerably more pessimistic than the economic assumptions underlying the Mid-Year Budget Update, which were sent to Congress on July 12. Highlights of the two forecasts are provided in the table below.

	<u>1979</u>	<u>1980</u>
Real GNP Growth, Percent (Fourth Quarter to Fourth Quarter)		
Mid-Year Budget Update	-0.5	2.0
Internal Forecast	-1.4	1.1
Unemployment Rate, Percent (Fourth Quarter)		
Mid-Year Budget Update	6.6	6.9
Internal Forecast	6.7	8.2

This leak will be potentially damaging in two respects:

- 1) Since it represents a forecast made so soon after the Mid-Session Budget Update, it will appear that we misled the Congress and the public.
- 2) Since it discusses tax cuts as a possible way to stimulate the economy, it will call into question our current position that we are not planning to shift gears in our economic policy.

As near as I can tell, Ed Cowan of the New York Times has been given a copy of the actual document sent by the EPG Deputies group to EPG Principals. The material in this memo, however, has not yet been discussed by the EPG nor placed on the EPG agenda.

In response to the inevitable press questions that will arise tomorrow, I plan to make the attached statement, whose substance was agreed upon at an EPG meeting this afternoon.

August 2, 1979

The Administration's official economic forecast is contained in the mid-year report to Congress released on July 12.

The forecast referred to in the New York Times article represents ^{only one} a staff view of the economic outlook. It was developed as ^{one} a part of the normal process of constantly evaluating the progress of the economy. This forecast has not been reviewed by the Economic Policy Group, nor has it ^{even} been placed on the EPG agenda. It does not ^{, of course,} represent an official Administration forecast.

The Administration remains of the view that the current period of economic weakness will be brief and mild, and that recovery will resume next year. The Administration is committed to maintaining a steady course of economic policy, because inflation is still our number one economic problem.

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THE WHITE HOUSE
WASHINGTON

8/2/79

Jim McIntyre

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

The original has gone to Bob Linder who will distribute them to the agencies, as well as copies to the White House Staff.

Rick Hutcheson

cc: Bob Linder

THE WHITE HOUSE
WASHINGTON
8/1/79

Mr. President:

Jody recommends that you not sign the attached memo. He suggests that the directive should be sent by Jim McIntyre rather than you.

He also notes, with reference to point 3, that the wording is too strong. He thinks that it should be phrased:

"Suggestions of deviation from this Administration's budgetary policies should be cleared with the Director of the Office of Management and Budget."

Rick

THE WHITE HOUSE
WASHINGTON

August 1, 1979

MR. PRESIDENT:

BILL MILLER, STU EIZENSTAT AND LYLE
GRAMLEY HAVE READ THIS AND CONCUR.

JIM McINTYRE

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HEADS OF

EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: The Administration's Budgetary Policy

and proposals to deviate from existing budget proposals,

There continues to be speculation about changes in the Administration's budgetary policy. This ~~speculation~~ is undesirable and tends to undermine the anti-inflationary purpose of ~~that policy~~. The following four points should be clearly understood:

1. Economic conditions at ~~the present time~~ do not require a change in budgetary policy, *this year,* including any tax reduction program, and I do not ~~now~~ contemplate proposing any such change.
2. I remain committed to a policy ^a of fiscal and monetary restraint as ~~the~~ centerpiece of this Administration's anti-inflation program.
3. *Any* ~~No~~ suggestions ^{for} of deviations from this Administration's budgetary policies ^{or proposals} are to be ~~discussed publicly without direct clearance from me or from the Director of the Office of Management and Budget.~~ *cleared with*
4. We will ^{, of course,} continue to ~~closely~~ monitor the course of the economy as we consider our economic policies.

our budget proposals and our policy.

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THE WHITE HOUSE

WASHINGTON

August 2, 1979

MEMORANDUM FOR THE HEADS OF

EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: The Administration's Budgetary Policy

Speculation about changes in the Administration's budgetary policy and proposals to deviate from existing budget restraints are undesirable and tend to undermine the anti-inflationary purpose of our budgetary policy. The following four points should be clearly understood:

1. Economic conditions do not require a change in budgetary policy this year, including any tax reduction program, and I do not contemplate proposing any such change.
2. I remain committed to a policy of fiscal and monetary restraint as a centerpiece of this Administration's anti-inflation program.
3. Any suggestions for deviation from this Administration's budgetary policies or proposals are to be cleared with the Director of the Office of Management and Budget.
4. We will, of course, continue to monitor the course of the economy as we consider our economic policies.

Jimmy Carter

THE WHITE HOUSE
WASHINGTON

8/2/79

Stu Eizenstat

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

The signed enrolled bill has been given to Bob Linder.

Rick Hutcheson

cc: Bob Linder

THE WHITE HOUSE

WASHINGTON

August 2, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
STEVE SIMMONS *Steve*
SUBJECT: Enrolled Bill S. 961 - "The Speedy Trial Act Amendments of 1979"

Stu - J
See no need for your staff to duplicate the OMB memo. You might, instead, underline pertinent phrases
J

THE BILL

The Speedy Trial Act of 1974 mandates that as of July 1, 1979 Federal criminal cases must be dismissed if not brought to trial within 100 days of arrest. S. 961 would postpone for one year, until July 1, 1980, the effective date of the Speedy Trial Act, and clarify other ambiguous provisions in that Act.

Among the purposes of the Speedy Trial Act are to minimize the unfairness and expense to a defendant and the community of keeping an individual in jail for lengthy periods of time pending trial, and to provide speedy justice to prevent further criminal activity by those charged while awaiting trial. Over the past several years, the Justice Department has been phasing in the narrower prosecution time limits in an attempt to meet the guidelines by July 1, 1979. Despite its best efforts, a detailed study by the Department indicates that if the dismissal sanction were to go into effect at this time, thousands of felony cases would have to be dismissed. To solve this problem, Justice originally submitted legislation that would have expanded the time limit from arrest to trial to 180 days, and altered separate time limits in the bill governing certain stages of the prosecution process before trial. The Senate and House rejected as premature the extension to 180 days and simply postponed the effective date. In addition to postponing the effective date, the enrolled bill would:

- Require the filing of an indictment within 30 days, and the commencement of a trial within 70 days after that for a total arrest-to-trial period of 100 days.

- Clarify the situations which a judge may exclude from the 100 day time limit such as delay resulting from pre-trial motions, consideration of proposed plea bargains, or when the judge believes the "ends of justice" would be served.

- Allow a district court's chief judge to obtain permission from the circuit judicial council to grant an emergency suspension of the time limits for up to one year due to court congestion.

VOTES IN CONGRESS

House: 416-1

Senate: Voice Vote

AGENCY AND STAFF RECOMMENDATIONS

Justice and OMB recommend you sign the bill. Justice notes that although the legislation "is not ideal, it does significantly improve the law and removes...the prospect of large numbers of unwarranted dismissals". Justice emphasizes that the July 1, 1979 effective date of the original Act has already passed, and thus it is very important to have the bill signed as soon as possible.

Bob Lipshutz and we agree that you should sign the bill.

DECISION

Sign S. 961 (Recommended)

Veto S. 961



THE WHITE HOUSE

WASHINGTON

August 1, 1979

MEETING WITH SENATOR LLOYD BENTSEN AND MR. EDDIE SINGER

Thursday, August 2, 1979
12:00 p.m. (10 minutes)
Oval Office

From: Frank Moore *f.m./pd*

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I. PURPOSE

To discuss energy.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: During a recent anti-inflation consultation meeting, Senator Bentsen asked Stu Eizenstat to arrange a meeting for him and Eddie Singer, an energy expert from Texas, with you. The Senator indicated that the request for the meeting was urgent. Bentsen indicated that Mr. Singer had some exceptionally good ideas on energy.

B. Participants: The President
Senator Lloyd Bentsen (D-Texas)
Eddie Singer
Secretary Charles Duncan
Frank Moore

C. Press Plan: White House Photo only.

III. TALKING POINTS

None necessary.

IV. BACKGROUND ON EDDIE SINGER

Eddie Singer, who was born in 1915, is an independent oil producer. He serves on the Board of Directors of such corporations as: Gulf Oil, Ralston Purina, First City National Bank, Corpus Christie Bank and Trust, Whitney Communications Corp. of New York. Additionally, he has been active in civic projects in Texas and has most recently been instrumental in the formation of the Corpus Christie Art Foundation.

12:20 PM

THE WHITE HOUSE

WASHINGTON

August 1, 1979

PHOTO SESSION WITH MILDRED FRASER, LOUISE OWEN AND JOHN CABLE

Thursday, August 2, 1979
12:20 p.m., (3 minutes)
The Oval Office

From: Bill Cable 

I. PURPOSE

To meet and be photographed with the mothers and brother of two of your staff members.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

Background: Bill Cable's mother, Mrs. Mildred Fraser, and his brother, John Cable, reside in Rockford, Illinois. John has been working for the summer as an intern for Congressman Frank Thompson on the House Administration Committee. This is the second year he has done this. Mrs. Fraser is visiting the Cables for a month. She teaches Biology at the Community College in Rockford. She has been most impressed by the visibility of your religious convictions as she is a Charismatic Catholic.

Mrs. Louise Owen, Bob Thomson's mother, is visiting from Imbler, Oregon. She will be visiting with Bob, as well as his sister, Jeri Thomson James, who gave birth to a baby daughter on Tuesday, Kaitlin Campbell James.

Participants: The President, Mrs. Fraser, Mrs. Owen, John Cable, Bill Cable, Bob Thomson

Press Plan: White House Photographer

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THE WHITE HOUSE

WASHINGTON

August 2, 1979

9
/

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE FM/KT

The Senate has appointed conferees on the rationing and conservation bill. This means that the bill can not be completed this week. The conference will not convene until after the recess.

**Electrostatic Copy Made
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12:25 PM

THE WHITE HOUSE

WASHINGTON

August 1, 1979

MEETING WITH SENATOR DONALD STEWART

Thursday, August 2, 1979

12:25 p.m. (3 minutes)

The Oval Office

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

I. PURPOSE

To help Senator Stewart publicize the major theme in his reelection campaign - helping rural areas in Alabama.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: Senator Stewart will appear in your office to present you with a plan he and his advisers have devised for rural health care in Alabama. He is the first Senator from Alabama in anyone's memory who cared at all about such things. After the photo opportunity, he will step outside the West Lobby to announce a \$100,000 HEW grant to the State to aid in establishing an Office of Rural Health Affairs.

In early 1979, Senator Stewart outlined his proposal to the Domestic Policy Staff to provide \$11.9 million over a five year period to establish and operate an Alabama Office of Rural Health Affairs. The major thrust of the proposal was for primary health care, through the development of up to 16 physician practices in rural Alabama; and for maternal and infant care through the development of highly specialized neonatal intensive care units in six regional centers.

The maternal and infant health proposal is not consistent with the present statute (Title V of the Social Security Act) or with the program objectives which stress primary care activities.

The other portion of the original proposal for primary care activities serves as the basis for the grant being announced by Senator Stewart.

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The \$100,000 will finance coordinating activities in the new Office of Rural Health Affairs.

The Senator has a violent temper. Our relationship with him on this proposal and on other issues has been stormy.

Our most recent incident involved the selection of Senator Heflin's judicial nominee rather than his own. His reaction to the news was intemperate, as Frank can personally testify.

Nevertheless, the Senator votes with us often. After his reelection campaign, he is likely to be with us even more often on difficult issues. He has the potential of being a great Senator.

- B. Participants: The President, Senator Stewart, Dan Dozier and John Marshall from HEW CL, Frank Moore and Bob Thomson
- C. Press: White House photo and Alabama press only

III. TALKING POINTS

1. You should accept a copy of the Senator's proposal and listen to his brief explanation of it.
2. You should tell him you and your staff will examine it carefully. Obviously, you should make no substantive commitments, since much of the proposal conflicts with current law.
3. You should steer away from discussion of the HEW grant in the Oval Office. He will announce that himself outside.
4. The Governor of Alabama will be making a simultaneous announcement in Montgomery.

THE WHITE HOUSE
WASHINGTON

8/2/79

Frank Moore

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

Rick Hutcheson

cc: Jack Watson

LETTER TO CONG. JIM HOWARD

THE WHITE HOUSE

WASHINGTON

August 2, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON *Jach*

SUBJECT:

Letter to Congressman Jim Howard
regarding Legislation on Uniform
Truck Weights and Lengths

Jim Howard has agreed to introduce the legislation establishing uniform truck weights and lengths during a period of declared fuel emergency. He has asked that you send him a letter indicating your personal interest in its expeditious passage.

I have attached such a letter for your signature. The language of the letter has been cleared with Congressional Liaison Staff, Domestic Policy Staff, Department of Transportation Staff, and the Speechwriters' Staff.

THE WHITE HOUSE

WASHINGTON

August 2, 1979

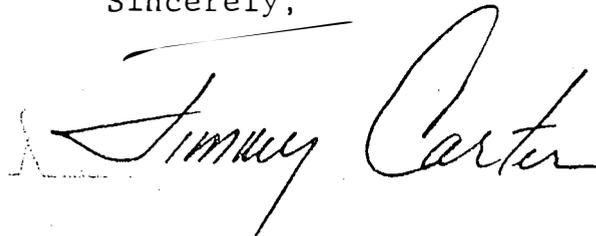
To Congressman Jim Howard

As you know, the issue of uniform limits on truck lengths and weights has been a matter of continuing concern to the Congress and your Subcommittee. The recent work stoppage by independent truckers dramatized concern that the lack of uniformity in State laws regarding truck lengths and weights leads to unnecessary fuel consumption by truckers forced to detour around States with lower limits or to carry less than maximum loads. After reviewing this issue, I have concluded that legislation to establish uniform truck weights and lengths during the period of a Presidentially declared fuel emergency is in the national interest.

I am mindful that the General Accounting Office and others are concerned that changes in truck weights in some States could pose a problem for interstate highway maintenance. In addition, there are broad questions of allocation of highway costs that are related to the truck weight issue. The Department of Transportation is currently studying these questions and will report to the Congress as soon as their studies are completed. I will instruct the Secretary of Transportation to work closely with the Congress and the States to insure that these concerns are dealt with while responding to the need to conserve scarce diesel fuel during periods of Presidentially declared fuel emergencies.

I appreciate your cooperation in this matter.

Sincerely,

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

The Honorable Jim Howard
House of Representatives
United States Congress
Washington, D. C. 20515

cc: Secretary-designate Neil Goldschmidt

THE WHITE HOUSE
WASHINGTON

8/2/79

Frank Moore

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

Rick Hutcheson

cc: Secretary-Designate Duncan

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
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MOORE
POWELL
WATSON
WEXLER
BRZEZINSKI
MCINTYRE
SCHULTZE

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

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

DUNCAN

THE WHITE HOUSE

WASHINGTON

8-2-79

To Sen. Lloyd Bentsen

I have discussed further
with Charles Duncan the
matter which you and Mr.
Singer brought to me.

This is, indeed, an
intriguing idea which I
have asked Charles to per-
sue.

Thank you,

Jimmy

cc Duncan

THE WHITE HOUSE
WASHINGTON

8/2/79

The Vice President

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

Rick Hutcheson



THE VICE PRESIDENT
WASHINGTON

August 1, 1979

Good
J

MEMORANDUM FOR: THE PRESIDENT
FROM: THE VICE PRESIDENT *WJ*
SUBJECT: Implementation of Executive Order 12036

On 13 July, a meeting was convened by my staff and the NSC to check on progress made toward issuance of procedures called for by Executive Order 12036. All agencies concerned reported that significant progress had been made and that all issues should be resolved by 15 August. The Attorney General assures me that the implementing procedures are so close to resolution, that issuance of interim guidelines is not necessary and would only cause confusion and additional delay.

Pursuant to your note of 4 June to me, the agencies have acted, and I believe that the 15 August deadline can be met. I am sending a memo to the Attorney General making it clear that I expect no further delay on this matter.

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for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

8/1/79

Phil Wise
Fran Voorde

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

Rick Hutcheson

cc: Stu Eizenstat

3250



Phil has
seen. Please
Fran
send
a copy.

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	IMMEDIATE TURNAROUND
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	LAST DAY FOR ACTION -

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
	RAFSHOON
	SCHNEIDERS
✓	VOORDE
	WARREN
✓	WISE

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

THE WHITE HOUSE
WASHINGTON

July 30, 1979

*Phil -
Brief mts ok
J*

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Tom Joe

Tom Joe would very much like to see you briefly and then bring his family by for a picture.

Tom feels he has some very important things to present to you and given his work with you over the last eight or nine years, I think it is worth doing.

cc: Phil Wise
Fran Voorde

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THE WHITE HOUSE

WASHINGTON

August 2, 1979

C/

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON JR

SUBJECT: Environmental message

I agree with Stu that we should send up the environmental message on schedule.

The message probably sounds better than it is. The month of August probably is the slowest month for news, with many columnists, etc. on vacation.

This message is also consistent with the tone and themes that you have been using in your speeches. And despite the flack from the environmentalists, we are on the right side for the broader interest.

cc: Stu Eizenstat

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THE VICE PRESIDENT

WASHINGTON

August 1, 1979

MEMORANDUM TO THE PRESIDENT

FROM: THE VICE PRESIDENT *WJ*

On Monday I spoke to Governor Brendan Byrne about assuming the chairmanship of the Carter Mondale campaign in New Jersey. He agreed.

I have asked Evan Dobbelle to follow-up with a review of our proposed New Jersey structure and strategy with the Governor. Also, Evan will be required to spend a day in New Jersey in the near future as the guest of the Governor.

*Frank Lautenberg
agreed to be N.J.
Finance Chairman*

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THE WHITE HOUSE
WASHINGTON

8/2/79

Secretary-Designate Miller
Alfred Kahn

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

Rick Hutcheson

cc: *Charlie Schultz*
Tom McIntyre
Sta Cogen/AT

UNIVERSITY OF MINNESOTA
TWIN CITIES

Department of Economics
1035 Business Administration
271 19th Avenue South
Minneapolis, Minnesota 55455

cc
Bill Miller
Fred Kahn
J

July 25, 1979

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT (C: D: S)

FROM: Walter W. Heller

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for Preservation Purposes

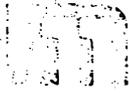
SUBJECT: A Postscript on Camp David

1. You might like to hear one small example of the pay-offs on your "operation outreach" at Camp David. As a direct result of that meeting, I was able to convey a more informed and sympathetic view of the White House approach to the economic and energy problems, with emphasis on your candor and realism about inflation, recession, and energy, your careful balancing of the economic and humanitarian considerations, and your determination to hold spending in check and protect the dollar.
2. By chance, my schedule of meetings and briefings in the ten days following the session at Camp David enabled me to carry the message to my fellow board members of Northwestern National Life Insurance, International Multifoods, National City Bank of Minneapolis and General Growth Properties of Des Moines; to the top fund managers of Capital Group Companies in Los Angeles and Stein Roe and Farnham in Chicago; to the House Budget Committee; and to 500 members of the Minneapolis Downtown Economic Council. The upshot is that some rather influential people have, I would hope, a better understanding and feel for your economic and energy policies.

WwH:ljh

cc: Vice President Walter Mondale

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MARKING BY Jay DATE 7/25/90



UNIVERSITY OF MINNESOTA
TWIN CITIES

Department of Economics
1035 Business Administration
271 19th Avenue South
Minneapolis, Minnesota 55455

July 25, 1979

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT (C.S.)

FROM: Walter W. Heller

SUBJECT: Inflation, Wage-Price Restraint, and Anti-Inflation Tax Cuts

1. After our July 10 meeting at Camp David, Stu Eizenstat felt it might be useful to do a follow-up memo on inflation and measures to cope with the wage-price spiral. The basic thrust of my memo is this:
 - We are at a critical and contradictory turning point on inflation: downward in the overall rate but upward in the underlying or bedrock rate.
 - Mandatory controls are the wrong response, being defective in principle and ineffective in practice, at least, in curbing food and oil price jumps.
 - Therefore, it is imperative to beef up the wage-price guidelines (as modified in light of economic reality).
 - A carefully structured tax cut could buttress your wage-price restraint program, ease cost pressures, and boost business incentives (thus fighting inflation and recession simultaneously).
2. We are on the threshold of a paradoxical dual turning point in inflation:
 - The overall inflation rate should drop from its torrid 13-1/2% rate to less than 10% by year-end as the economy softens, beef and other food prices ease somewhat, the fuel price explosion slows down, and mortgage interest rates taper off. In other words, there is a downturn in "demand-pull" and "external shock" inflation just ahead.
 - But at the same time, we are on the verge of a upturn in the underlying "cost-push" or "wage-push" inflation rate. This demands a closer look.
3. Thus far, thanks in large part to the much maligned but not ineffective wage-price guidelines, the jumps in food, fuel, and mortgage costs have not ballooned wage increases:

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MARKING BY Jaz

DATE 7/25/90

July 25, 1979

Page Two

- . The rate of increase in the average hourly earnings index in the past three months has been lower than in either of the past six or past twelve months.
 - . Pay increases (wages and fringes) in the past twelve months (June 1978 to June 1979) were lower than in the preceding twelve months.
 - . In spite of some outsized union settlements, you may recall that Doug Fraser called the Teamsters' settlement the most moderate in memory. During the House Budget hearing last week, Congressman Frenzel agreed that it was a "miracle."
4. But the honeymoon seems to be just about over, and the game of wage catch-up is about to begin -- catch-up with soaring food and fuel prices and non-union catch-up with unions. One hears on all sides that employers can't hold the line any longer, and I see it first-hand as a member of the Compensation Committee of International Multifoods (8,544 employees).
- . Companies feel that as a matter of equity -- and for fear of union in-roads on the three-fourths of the labor force that is not organized -- they'll soon have to step up increases in non-union wages.
 - . With little or no productivity gains out of which to absorb a wage increase, the great bulk of wage boosts will pass through to price boosts.
 - . As a result, the present bedrock or basic inflation rate of around 6-1/2% to 7% could well be boosted to 8% or more. The gradual winding down of inflation would become vastly more difficult.
5. Can anything be done to stop or slow down this process of imbedding the food-fuel-home price bulge into the wage and cost structure and thus into the hardcore inflation rate? Why not slap on direct controls? First, because they are so costly in terms of lost economic freedom, cheating and chicanery, a bloated bureaucracy, and distortions in resource flows. Second, the bad actors in the 1978-79 inflation are largely beyond the reach of mandatory controls:
- . Take food: trying to repeal the laws of nature by freezing beef and grain and other food prices simply won't work (as was amply demonstrated in 1974).
 - . Take fuel: U.S. controls could hardly be applied to OPEC prices.
 - . Take housing: the big culprit here is the surge in mortgage interest rates, not a proper subject of controls since interest rates are themselves an important tool of monetary policy.

6. At this critical point, the wage-price guidelines come back into their own as the key instrument for scaling back wage demands and de-escalating price boosts. They are a vital link in the policy chain: as fiscal-monetary restraint (plus the OPEC oil drag) reduces demand pressure, your wage-price restraint policy will help translate the cutback in demand into a cutback of wage and cost pressures rather than a loss of jobs and output. What steps need to be taken to fortify the guidelines?

- . First, the White House should reaffirm quickly and emphatically that the wage-price guidelines are still in full force and effect, that they have been moderating wage and price increases (outside the food-fuel-housing complex), and that they will be modified to make them more equitable and effective in the light of economic realities. //
- . Second, liberalize the wage guidelines somewhat in the light of events, especially for workers without cost-of-living protection, and tighten the price guidelines to prevent companies on the profit-margin standard from using mark-up pricing to convert cost increases into profit increases. (Using a two-year cumulative pay and price standard would provide more flexibility and reward those who had complied in 1979.)
- . Third, mount a determined and highly visible campaign to show the general public and labor in particular that price violators (a) are held up to public ridicule (b) are denied government contracts, and (c) in special instances, are made the object of direct presidential attention. Presidential involvement has its risks, but nothing so dramatizes the government's full commitment to the program as direct presidential intervention (as in the Sears case).
- . Fourth, stress again and again (in the spirit of your highly effective appeal to the American conscience that Sunday night after Camp David) that, given lagging productivity and the loss of real income to OPEC, there is simply no way that one group or union or industry can make big advances in real income or living standards without taking it out of someone else's hide. Unless and until we boost productivity or work harder and longer, excessive wage and price increases will simply be a case of "beggar thy neighbor."
- . Fifth, use a carefully crafted tax cut to put new life and starch into the wage-price guidelines. In particular, (1) use payroll tax cuts to cut business costs and boost workers' take-home pay, thereby making it easier to comply with the guidelines; (2) to safeguard cooperating workers against the ravages of a new inflationary break-out, revive the tax credit plan for real wage insurance, and (3) provide sharply liberalized depreciation for businesses, but make it available only to those who certify that they are complying with your wage-price guidelines. (Please see details in attached memo, "Fighting Inflation and Recession with a Tax Cut.")

~~Not to be~~
Not to be
proposed this
year

WWH:ljh

cc: Vice President Walter Mondale



UNIVERSITY OF MINNESOTA
TWIN CITIES

Department of Economics
1035 Business Administration
271 19th Avenue South
Minneapolis, Minnesota 55455

July 25, 1979

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT (C.O.I.)

FROM: Walter W. Heller

SUBJECT: Fighting Inflation and Recession with a Tax Cut

1. While it may be too early openly to declare for a tax cut, and while January 1, 1980 is probably the earliest practical effective date, I strongly believe that there is an open-and-shut case for a sizable tax cut and that the earlier it is announced, the more support it will provide for your anti-inflationary program:
 - . By 1980, the OPEC oil price increases will be siphoning about \$25 to \$30 billion a year out of consumers' pockets. That blow comes on top of a tough fiscal-monetary policy that was already designed to slow down the economy.
 - . There are severe constraints on monetary policy (to protect the dollar in the face of foreign interest rate boosts) and on spending policy (as the matter of Presidential philosophy and the country's mood). Under these circumstances, the tax cut to neutralize or offset the OPEC "oil tax" is a prudent move to limit the depth and duration of recession, not an irresponsible move to pump up the economy.
 - . A carefully crafted tax cut can couple the restoration of purchasing power with reductions in cost and price pressures. In fact, every dollar of a properly structured tax cut would contribute to a reduction of cost and price pressures and/or an increase in productive incentives.

2. The major components of such an anti-recession, anti-inflation tax cut of \$25 to \$30 billion might be as follows:
 - . A \$15 to \$20 billion cut in payroll taxes. Every dollar of payroll tax cut for employers is a dollar cut in business costs and price pressures. Every dollar of payroll tax cut for employees is an increase in take-home pay that government can offer workers as part of the price for accepting more restrained wage increases. And payroll tax cuts are a particularly fitting response to OPEC price increases that hit the lower income groups disproportionately hard through zooming gasoline and heating oil prices. The integrity of

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MARKING BY Jay DATE 7/25/90

July 25, 1979

Page Two

the social security system would be protected by transferring the financing of health insurance to general revenue financing.

- . A revised form of wage insurance would be a second important anti-inflationary component of the tax cut. It would be an important inducement for wage earners to comply with the wage guidelines. In contrast with the sky-rocketing prices of oil, food, and home building that led Congress to shy away from wage insurance this year, the 1980 environment should be one of receding inflation. As further insurance that it would not bust the budget, the cost could be limited by applying the co-insurance principle and by putting a cap on the amount of tax credits. The first payments under the real wage insurance plan would be made in 1981.
 - . On the side of business incentives and stimulants to productivity, it is clear that the time has come for more generous depreciation allowances. This action would cut the effective cost of every capital outlay by business. If eligibility for this tax benefit were limited to those companies that certify compliance with the wage-price guidelines, it would add clout to your wage-price program.
3. One final point: the biggest threat to your inflation-control program in the next 18 months is that the explosive increases in food and energy prices will get built into wage settlements. If these price increases -- which largely reflect real income losses -- spill over into bigger boosts in wages, the fight to contain the basic or underlying inflation rate in this country will be lost. But if the White House could strike a bargain, or form a social compact, with labor by offering a meaningful quid pro quo of wage insurance coupled with boosts in take-home pay through payroll tax cuts, the anti-inflation program would be immeasurably strengthened. Even if labor did not formally endorse the program, these tax actions would increase its appeal to millions of individual workers and to the public in general.

WWH:ljh

CC: Vice President Walter Mondale

Walter W. Heller
July 28, 1979

*Scheduled for
Publication Thursday,
August 2*

WHAT KIND OF A TAX CUT?

With an eye cocked on the dollar, the Federal Reserve recently tightened credit and President Carter appointed the internationally respected Paul Volcker to head the Federal Reserve System. These moves confirm the historic November 1 commitment to defend the dollar, even at some expense to the domestic economy. They confirm further that actions to keep the OPEC "oil tax" from dragging us into too deep and too long a recession will have to come primarily from the fiscal rather than the monetary side. And with the country, the Congress, and Carter firmly determined to hold federal spending in check, it becomes ever clearer that tax cuts are the way to go.

But not any old tax cuts. They have to be carefully contoured to fit the shape of today's economy. The purchasing power lost to OPEC must be restored in ways that will reduce the cost and price bulges in today's economy and provide incentives to boost productivity in tomorrow's. Can it be done? Yes.

A tax cut to neutralize the \$25 to \$30 billion OPEC oil drag can be so structured that every dollar of tax relief will ease cost and price pressures and/or boost productive incentives. The centerpiece would be a \$15 to \$20 billion cut in social security payroll taxes on employers and employees. Consider the advantages:

- Every dollar lopped off the employers' net payroll tax would be a dollar cut in business costs. Given the prevalence of mark-up pricing, this should quickly pass through to consumer prices. It is widely agreed that through this process most of the employer-paid payroll tax eventually ends up on the backs of employees. The same process should work in reverse.

- Every dollar lopped off the employees' payroll tax is an increase in take-home pay that government can offer workers as part of the price for accepting more restrained wage increases. In the face of what will be predominately a cost-push inflation in the period ahead, this potential easing of wage-push pressure has particular relevance.
- Payroll tax cuts are an especially fitting response to OPEC price increases that have been pummeling lower income groups with sky-rocketing gasoline and heating oil prices. The payroll tax, like the "OPEC tax", makes no concessions for small incomes or big families, a bane when the tax rises, but a boom when it drops.

So payroll tax cuts are tailor-made to fit the needs of an economy badgered by both inflation and recession. But what of the integrity of the social security system? That integrity can be readily protected by shifting ^{hospital} health insurance from payroll tax to general revenue financing. Unlike old age and survivors insurance and unemployment compensation, there is no particular link between wages and health benefits. The shift to general revenue financing would be good short-run fiscal policy, good long-run social policy, and good for the consumer price index.

What would it cost? A payroll tax cut of \$21.5 billion (the projected 1980 tax revenues for the ^{hospital} health insurance program) could be enacted at a net revenue cost of \$17.7 billion to the overall federal budget. Because payroll taxes are a deductible business expense, the \$10 billion-plus of employers' payroll tax savings would boost business income tax liabilities by \$3.7 billion.

If the health insurance transfer proves too controversial, there is an easy alternative: simply grant a refundable credit against income taxes for a specified percentage of payroll taxes paid. Congressman Gephardt, for example, has introduced a bill pegging the cut at 20% for both employers and employees. This would do the trick, but since it operates through the income tax in a more roundabout way, it might blur the favorable impact of the tax cut on costs and prices.

A second, closely related, component of the anti-inflationary tax cut would be a revised form of real wage insurance. This year's proposal wilted under the heat of price run-ups in oil, food, and home building. In contrast, 1980 should be a year of receding inflation, a much more reassuring context in which to consider wage insurance.

Changes in the plan would have to be geared to any changes in the base line of the White House wage-price standards. Instead of calling for income tax credits for complying wage earners if the consumer price index rises by more than 7%, as in this year's proposal, the benchmark might be raised to 8%.

At an inflation rate half a percent above the norm, the 1979 proposal would have cost \$2.5 billion. If legislation for 1980 were to allow \$5 billion for the wage insurance plan, it would cover reasonable contingencies. To assure that it would not bust the budget in case of a new inflationary breakout, one could apply the co-insurance principle and also put a cap on tax credits at three percentage points above the inflation base line. But such limits would correspondingly dilute the inducement to comply with the wage restraints.

Some observers consider wage insurance a first step towards income tax indexing, a view that attracts some and repels others. But both sides are missing the point. Unlike indexing, which would try to accommodate inflation by indexing taxpayers against it, wage insurance would serve as an incentive to unions and workers to comply with the wage guidelines and thereby join the battle against inflation. The point is to fight inflation, not adjust to it.

One should note that most of the revenue impact of any wage insurance plan would be delayed until 1981. But with a scheduled payroll tax increase of \$15 billion coming up in 1981, the White House and Congress need to take a two-year perspective on tax cuts in any event.

A third major piece of the anti-inflationary tax cut would be a significant easing of depreciation allowances. It is clear that the time has come for such action partly as a response to high inflation rates and partly as an incentive for the increases in business investment and productivity that can help curb inflation in the longer run.

Last year, Congress enacted a major cut in the capital gains tax, thereby improving the general atmosphere for investment. Next year, it should focus more directly on decisions to invest in plant, machinery, and equipment by allowing more rapid write-offs that would cut the effective cost of every capital outlay by business. This measure could also add clout to the wage-price restraint program if, as Arthur Okun has suggested, companies would have to certify compliance with the wage-price guidelines in order to qualify for accelerated depreciation.

A first-year cut of about \$5 billion in business tax liabilities would be an appropriate target for the easing of depreciation allowances. A careful appraisal of revenue impacts in future years will be essential. Senator Bentsen's 10-5-3 plan, which would start at \$5 billion but zoom to \$30 billion by 1984, goes beyond reasonable budget bounds.

Even as modest a tax cut as the one here proposed -- only slightly more than one percent of next year's \$2.5 trillion GNP -- has to be tested for its impact not just on the cost and supply side of inflation but also on the demand side. In this connection, one should take into account that we are at a curious dual turning point on inflation, downward in the overall rate but upward in the underlying rate:

- . The overall rate should drop from its torrid 13.3% in the first six months of this year to less than 10% by year-end as the economy softens, beef and other food prices ease, the fuel price explosion slows down, and mortgage interest rates taper off. In other words, there's a downturn in "demand-pull" and "external shock" inflation just ahead.
- . But at the same time, we are on the verge of an upturn in the underlying "cost-push" or "wage-push" inflation rate.

There is no reason to believe that the proposed tax cuts would reverse the easing of demand inflation. The tax cut is designed not to pump up the economy but to control the damage done by OPEC's rapacious price increases. True, tax cuts cannot restore the real income that the 1979 price explosion is leeching out of the consumers' pockets. But without tax cuts to offset the OPEC drag on purchasing power, recession will lengthen and deepen. ^{To} ~~the~~ insult of lost output, jobs, investment, and productivity would be added ~~to~~ the injury of lost real income. On inflation's demand side, then, an OPEC-offsetting tax cut poses no threat.

What of the cost and supply side? Thus far, thanks in large part to the much-maligned but not ineffective wage-price guidelines, zooming food, fuel, and home building costs have not been built into wage increases. Contrary to widespread impressions, the rise in the average hourly earnings index actually tapered down during the twelve months ending in May and average pay increases from June 1978 to June 1979 were lower than in the preceding twelve months.

But the honeymoon seems to be just about over. The game of wage catch-up is about to begin -- catch-up with soaring food and fuel prices and non-union catch-up with unions. As a matter of equity and for fear of union inroads on the three-fourths of the labor force that is not organized, companies feel that they will soon have to step up increases in non-union wages. With little or no productivity gains to absorb the wage increases, the great bulk of wage boosts will pass through to price boosts. The present bedrock or basic inflation rate of around 7% could well be boosted to 8% or more, thus making the winding down of inflation vastly more difficult.

To forestall or at least minimize the imbedding of the food-fuel-home price bulge into the wage-price structure, into the hardcore inflation rate, requires that the wage-price guidelines be revised, reaffirmed, and revitalized. A carefully crafted tax cut could go a long way in putting new life and starch into the guidelines and slowing down the price-wage-price merry-go-round. To summarize:

- . Payroll tax reductions to cut business costs and boost ~~the~~ workers' take-home pay will make it easier to practice price-wage moderation.
- . Real wage insurance will help induce union and worker compliance.
- . Liberalized depreciation could, as suggested, serve as a spur to business compliance with price-wage standards.

If the government could strike a wage-moderating bargain with labor by offering a meaningful menu of tax actions to boost take-home pay and provide real wage insurance, prospects for curbing cost-push inflation would brighten overnight. Even if a formal endorsement is out of reach, such tax actions will strengthen the appeal of the wage-price restraint program to millions of workers and to the public in general.

While it is too early to push the panic button on a tax cut, it is none too early to push the planning button. Given the realities of the political process and in particular the budget process, January 1, 1980 is probably the earliest practical effective date for a tax cut. Even that date will require prompt planning, firm proposals by fall, and hearings late in the year as a prelude to rapid action after Congress convenes next January. But the earlier the tax cut is announced, the more support it can provide for the wage-price restraint program.

Recently, Vice President Mondale aptly noted that most of the tough economic problems we face involve "solutions that inevitably front-load pain and back-load pleasure." Surely, that is true of the energy problem and the use of economic slack and slowdown to cope with the inflation problem. But a tax cut, properly structured, can be both front-loaded and back-loaded with pleasure.

THE WHITE HOUSE
WASHINGTON
8/2/79

Stu Eizenstat

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

Rick Hutcheson

cc: Tim Kraft
Frank Moore
Rick Hernandez

LETTER FROM BALTASAR CORRADA -
PROCLAMATION

3250

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

ACTION
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FIRST LADY
GAMMILL
HARDEN
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JAGODA
LINDER
MITCHELL
MOE
PETERSON
PETTIGREW
PRESS
RAFSHOON
SCHNEIDERS
VOORDE
WARREN
WISE
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SCHLESINGER
STRAUSS
VANCE

BALTASAR CORRADA
RESIDENT COMMISSIONER, PUERTO RICO

JOSÉ E. DEL VALLE
ADMINISTRATIVE ASSISTANT

COMMITTEES:
EDUCATION AND LABOR
INTERIOR AND INSULAR AFFAIRS

Congress of the United States
House of Representatives
Washington, D.C. 20515

July 31, 1979

WASHINGTON OFFICE:
1319 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
AREA CODE: 202-225-2615

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AREA CODE: 809-753-4240

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PONCE, PUERTO RICO 00731
AREA CODE: 809-843-5640

PERSONAL AND ~~CONFIDENTIAL~~

The President
The White House
Washington, D. C.

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*She
brief Comment
J*

Dear Mr. President:

This note concerns an urgent matter of vital importance to your standing in Puerto Rico.

The results of Puerto Rico's first presidential primary early next year will not only decide our delegation's vote at the 1980 Democratic National Convention but may also be regarded nation-wide as a test of each candidate's popularity among urban and Hispanic voters. You surely know that many Puerto Rican Democrats today are being wooed by the supporters of other potential candidates critical of your urban and social policies.

You have a unique opportunity, however, to gain tremendous good will by issuing a Presidential Proclamation settling the long dispute over our submerged lands. This issue vitally affects our economy, our energy self-sufficiency and our pride and dignity as a people. We have presented to your Domestic Council staff the text of a carefully drafted proclamation removing any legal ambiguity in hopes of your issuing it very soon.

Please have your office notify me in advance of its issuance, so that we can make certain it receives the greatest possible public acclaim. If for some reason you cannot issue this proclamation, please, before that announcement is made, permit us to look for ways of offsetting its negative impact.

We are grateful for the friendship and support that you and your wife have long extended to Puerto Rico and are certain you will be with us on this issue as well.

Sincerely,


Baltasar Corrada, M. C.
Resident Commissioner,
Puerto Rico

DETERMINED TO BE AN ADMINISTRATIVE
MARKING BY Jes

DATE 7/31/90

AGENDA

MEETING WITH THE PRESIDENT

August 2d, 1979

- Timing of Changeover *~ 8/21 vs. Pres vacation*
- Organizational Issues
 - Deputy Secretary *Charles Curtis or John Sunshell*
 - FERC
 - George Fumich (*Byrd*)
 - Advisory Committee
 - Other Matters
- DOE/White House Relationships
- Strategic Petroleum Reserve
- Control and Allocation Issues

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