

10/22/79 [3]

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 10/22/79 [3]; Container 136

To See Complete Finding Aid:

http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf

THE WHITE HOUSE

WASHINGTON
10/22/79

The Vice President
Hamilton Jordan
Al McDonald
Jody Powell
Lloyd Cutler
Anne Wexler
Stu Eizenstat
Sarah Weddington
Hedley Donovan
Frank Moore
Jack Watson
Jim McIntyre
Alfred Khan

Re: Cabinet Summaries

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

Rick Hutcheson

EYES ONLY

THE WHITE HOUSE
WASHINGTON
10/22/79

Administrator Cleland

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

Rick Hutcheson



Veterans
Administration

OCTOBER 18 1979

Electrostatic Copy Made
for Preservation Purposes

cc Max

*Help me all you
can
J*

TO : The President
THRU : Rick Hutcheson, Staff Secretary
FROM : Administrator of Veterans Affairs



VA Presidential Update

* → Joint Hearing - An Oct. 25 oversight hearing on the VA medical program will - for the first time - be held jointly by the Senate and House Veterans Affairs Committees. I and other VA witnesses will testify. Committee Chairmen Alan Cranston and Ray Roberts say they will air charges that OMB has imposed overly severe budget restrictions on the program; that VA is not providing prompt and efficient medical treatment owing to reductions in personnel and hospital beds, and that VA waiting lists and admission schedules are manipulated to mask deficiencies. In announcing the hearing, the chairmen said, "Signs of serious overload and stress are showing up throughout the system."

Thinning Ranks - Number of living Spanish American veterans in the United States has now dropped below 200 mark. Of the 392,000 participants in that war, only 198 (average age nearly 100) now survive.

* → Election Forecast - In a recent speech and interview Veterans of Foreign Wars Commander Howard Vander Clute said VFW's nearly 2 million members "probably" would not support your reelection "because of President Carter's record on handling matters of importance to veterans." This contention flies in the face of an earlier - and more realistic - Vander Clute statement that he didn't expect VFW to actively support any one candidate for President, because "VFW is too diversified racially, religiously, economically and politically for such an attempt to succeed."

Obligation Performance - For nearly a decade Congress has been highly critical of VA for failure to obligate funds authorized for hospital construction. The committees have claimed - rightfully - VA delays escalate costs due to continuing inflation. Through streamlined procedures I ordered, we obligated a record \$317 million in FY '79, achieving 95% of the much higher goal I set. Included is more than \$30 million for our minority set aside program - the most in VA history and 50% over our FY '79 goal.



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

cc
Jim
J

October 20, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Jim McIntyre *Jim*
SUBJECT: OMB Activities Report

**Electrostatic Copy Made
for Preservation Purposes**

Citizens' Agenda for the Eighties Commission - Hedley Donovan, Al McDonald and I have worked out the structure and charter of the Commission and will be forming an internal advisory group with several of your senior advisers. I believe you have been briefed on all these aspects. In addition, you should know that I will approve the selection of the Commission's Executive Director, and maintain administrative responsibility for the Commission and staff operations. Most funding and administrative support for the Commission's Task Forces will be provided by the agencies, so you will not need to request a supplemental appropriation at this time.

*A
woman
would be
good*

White House Staff Expansion - I have been working closely with Hamilton, Al McDonald and Hugh Carter to assess the need for the new positions, and how to add them without stimulating too much Congressional and public criticism. Frank's staff will be testing the water on the Hill over the next few days. I will get you my own thoughts early in the week, after I know the results of Frank's consultations.

Department of Education - We have put together our implementation staff, led by Harrison Wellford and with good cooperation from Fred Bohlen of HEW. My staff has prepared a budget account for the new department, and negotiations with GSA for space are well underway. White House Personnel is moving on staffing, and we will be reviewing their recommendations.

Energy Security Cooperation/Energy Mobilization Board Planning: John White is chairing a group that is making preparations to establish the EMB after it is enacted. John White and John Sawhill are co-chairing the ESC Group, making similar plans.

OMB's New Civil Rights Unit: On October 1, I established the position of Assistant to the Director for Civil Rights. It will be a small, but very significant unit, reporting directly to me to assess the performance of all the agencies on civil rights issues. This step has been well received, both in the civil rights community and the press (see the attached New York Times editorial.)

thousand rooms that looms over Lhasa. Then, 20 years ago, after the Chinese suppressed Tibet's rebellion, he fled to India. The so-called Tibet Autonomous Region has been firmly under Peking's control ever since.

It's hard to imagine the Chinese granting Tibet independence, but they have recently replaced the Chinese governor in Lhasa with a Tibetan. Elsewhere in China they have also shown more tolerance to Catholics and Moslems. So perhaps Tibetans will someday again be able to greet the Dalai Lama. He has said that he has learned things from his enemies, that had he

This Dalai Lama, the 14th, was chosen to rule when he was 2 years old, by an even more direct process than the average Kennedy: He was a son of farmers who, from an array of objects placed before him, grabbed straight for those that had belonged to the 13th Dalai Lama. This was taken as a sign of spiritual reincarnation. There was a prophecy that the 14th Dalai Lama would one day leave Tibet, later return, yet still be the last "Ocean of Wisdom." We have a feeling he'll be able to take whatever comes and we wish him success in preserving his cultural and religious heritage.

Civil Rights and the Budgeters

Whatever troubles President Carter may have with minority groups on other fronts, his Administration has done well on civil rights enforcement. It has revamped the Equal Employment Opportunity Commission, and the Department of Health, Education and Welfare has worked doggedly to desegregate Southern colleges. Now the Office of Management and Budget is creating its own civil rights unit to watch over Federal agencies.

Civil rights groups for decades have asked for such a unit in O.M.B. or its predecessor bureau. Budget examiners can hold departments to account to assure compliance with civil rights mandates. Previous Presidents created such offices but usually buried them

deep inside the budget bureaucracy. Mr. Carter is the first to put such a unit immediately under the O.M.B. director.

The new group will surely be busy. Beginning next month, it will participate in budget session with various departments to insure that the Government's civil rights efforts aren't unduly sacrificed to austerity. With closer O.M.B. monitoring, Federal agricultural agents, for instance, should be more inclined to help small farms run by blacks. Backed by the budget office, the Labor Department can press mayors a bit harder to give public service work to poor minorities. Unfortunately, the new unit is much too small to do all these jobs and more. But it's a good start.

The Editorial Notebook

Till Taxes Do Us Part

Like tens of thousands of affluent couples, David and Angela Boyter enjoy a week or two in the Caribbean each winter. But the Boyters add a wrinkle: They use their time in the sun to obtain a quickie divorce. Then, when they return home, they get married again. There is method to this madness. By ending the year as single adults, they can cut their Federal income taxes by a fourth.

The Boyters argue that such tax divorces are a legal means of avoiding "the marriage penalty" — the provisions of the tax system that put a heavier burden on couples whose partners earn roughly equal amounts than it does on single people. The Internal Revenue Service says the Boyters' divorces are simply "sham transactions" and has taken them to court to recover the lost taxes.

The legal precedents in this case are murky. In some instances the courts have tossed out tax avoidance schemes because they had no purpose other than avoiding taxes; in others they have taken a more literal view of the law. As a practical matter, one wonders whether this is the best way for the I.R.S. to spend its time. Relatively few couples, after all, would be

There's No Escape From Some Unfairness To Singles or Couples

"singles' penalty" — which, in turn, was Congress's answer to yet another quirk in the tax code. Long ago, the Supreme Court ruled that state community property laws gave married couples the right to split their combined incomes and then file separately to reduce their total taxes. After World War II, a number of states adopted the community property approach purely as a favor to married residents. Rather than wait for all the other states to plow through the loophole, Congress in 1948 reduced taxes for married couples sufficiently to make separate returns unrewarding.

There was a rub. In acknowledging the privilege for couples, Congress denied an equivalent tax benefit to those who were not married. Discrimination against unmarried people became a standard grievance of tax reformers; Congress acted once again, reducing the tax on single persons.

Far from settling the issue, that only

were permitted to file separately — hence the creation of a brand new marriage penalty.

The simplest way out would be to make everyone pay taxes as an individual earner. But that wouldn't necessarily be fair or practical. Consider Mrs. Jones, who makes \$60,000 while her spouse stays home with the kids. Mr. and Mrs. Smith, by contrast, each earn \$30,000. The Jones family would end up paying something like \$20,600 in taxes while the Smiths would pay about \$16,800. Can a simplifying reform with results like that be regarded as fair?

A less simple alternative would be to provide two-earner couples like the Boyters with a tax credit, leaving the tax structure intact but reducing the impact of the marriage penalty. This idea meets a rough-and-ready test for equity. The tax credit, after all, would compensate working couples for the loss of time they would otherwise have to manage their households. And in a world with growing numbers of working wives, the two-earner tax credit has much political appeal.

But no reform of the progressive income tax could satisfy everyone. It is simply not possible to create a system in which single people are treated the

THE WHITE HOUSE
WASHINGTON

October 21, 1979

C

MEMORANDUM FOR THE PRESIDENT

**Electrostatic Copy Made
for Preservation Purposes**

FROM: ALFRED E. KAHN *fel*

SUBJECT: Weekly Activities Summary

Pay Advisory Committee

The first meeting of the Pay Advisory Committee went very smoothly. There will clearly be strong differences in philosophies and on specific issues: it is now evident that the first discussions will be on whether there should be any numerical standards at all. But the Committee is a good one, and we must hope that its members will make a sincere effort to dampen the inflationary spiral. Charlie, Bob Russell and I will do what we can, discreetly, to encourage that kind of attitude.

I will discuss these matters with you in greater detail when we meet this week.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

October 20, 1979

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*

Subject: CEA Weekly Report

C
**Electrostatic Copy Made
for Preservation Purposes**

Budget Overview. We are in the process of developing economic assumptions for planning the FY 1981 budget. I spoke to you about this subject on Friday.

Regulation. We have just completed with Fred Kahn's staff and CWPS a review of where we stand on regulation reform initiatives. As you know, the situation for trucking deregulation has changed dramatically with the new composition on the ICC. We are now in a position where we need not settle for just any so-called deregulation bill in the Congress. We ought to be able to choose between whichever turns out looking better: ICC actions or the bill that finally comes out.

There has been a slowdown in regulatory activity by Executive agencies over the last several months. However, things are heating up again. In the next six months, we are likely to be involved in a number of important regulatory questions.

Chrysler. We are reviewing the latest Chrysler proposal for assistance. One of the most important issues is whether there is a reasonable prospect that Chrysler can indeed be made a viable company with the \$750 million in loan guarantees it proposes. If not, we would be involving the U.S. Government in a drawn-out but losing battle, with the likelihood of further aid requests in the future. In that case, we should look instead to actions that could salvage jobs and production rather than the company as an entity.

Housing and Interest Rates. The recent action by the Fed and the resulting high interest rates are bound to have a negative impact on housing. Already we see interest rates hitting usury ceilings in a number of states. I will be calling a meeting of the Interagency Committee on Housing and Housing Finance to review this problem and to consider what, if any, actions the Administration should take.



Electrostatic Copy Made
for Preservation Purposes

1

Department of Energy
Washington, D.C. 20585

October 19, 1979

MEMORANDUM FOR:

THE PRESIDENT

FROM:

CHARLES W. DUNCAN, JR.

SUBJECT:

Weekly Activity Report
October 15-19, 1979

1. Home heating oil: This week's data show that primary stocks of home heating oil were 239.6 million barrels on October 12. I sent a telegram to each of the major refiners thanking them for their cooperation in building stocks and notifying them that our first priority is to assure distribution of these stocks.

2. Oil shale: Next week I will travel to Colorado to visit eight oil shale development sites. I will also visit the Solar Energy Research Institute and the Western Area Power Administration.

3. Spot market: There are increasing indications that more crude will be moving through the spot market next year. Currently the spot market accommodates about 5% of crude sales. Estimates for next year range up to 25%. This will increase pressure on prices and highlights the importance of implementing the mechanism we discussed in Paris for making the spot market more transparent.

4. Yamani meetings: I had a long luncheon meeting on Tuesday with Sheik Yamani this week and saw him again on Thursday at dinner. The Saudi position, as explained by Yamani, is encouraging on both price and supply.

5. Alaska gas pipeline: We met with Randall Meyer, the Chief Executive Officer of Exxon to discuss their new proposal with respect to the pipeline. John Sawhill is reviewing this proposal with the Justice Department and the other producers. Substantial progress is being made. The financing still presents difficult problems.



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

October 19, 1979

MEMORANDUM FOR THE PRESIDENT

THROUGH: Rick Hutcheson, Staff Secretary

FROM : Neil Goldschmidt

**Electrostatic Copy Made
for Preservation Purposes**

SUBJECT: Significant Issues for the Week of October 15

Energy Legislation - Today the Senate Finance Committee, in a major victory for the Administration and specifically DOT, earmarked \$15 billion in outlays (which represents the full \$16.5 billion transportation program you proposed) in the Energy Security Trust Fund. The Committee has tentatively decided to create a separate account within the Trust Fund for transportation programs. Next week it may consider creating two separate Trust Funds, which we will oppose. Urban officials throughout the United States have been very active in helping us pursue today's important action by the Finance Committee.

Milwaukee Railroad Update - The Administration has supported efforts of the Trustee of the bankrupt Milwaukee Railroad to reduce the railroad to a viable midwest core system through abandonment of its uneconomic western lines. Congressman Florio has legislation pending in the House which could freeze the entire Milwaukee system until potentially May, 1980. Although I have met with Congressman Florio, and he has accepted some of our suggested improvements in the legislation, he has not budged on the major issue of maintaining service on the full line through Federal assistance into 1980. Senators Cannon and Magnuson have introduced similar but independent bills. We are working closely with Senator Magnuson to find a compromise which will obtain our major objectives. We will probably not be able to satisfy the Senators from Montana for whom continuation of Milwaukee service has become a major State issue; we are making efforts to alleviate problems of specific shippers and communities who would be affected by abandonment of Milwaukee track. At the request of Senator Baucus, DOT is cooperating with OMB and Domestic Policy staff in a review of economic impacts of the proposed restructuring of the Milwaukee Railroad.

Public Appearances in Support of Energy Initiatives and Urban Policy - On October 15 I addressed the American Association of State Highway Transportation Officials on your energy and urban policy initiatives at an appearance in Hartford, Connecticut. Today in Baltimore I jointly announced with Mayor Schaefer and members of Maryland's Congressional delegation approval of a \$10 million Urban Mass Transportation Administration grant under your urban initiatives program in support of three commercial and residential

development projects associated with Baltimore's Rapid Rail Transit System. On October 22 I will address the Northeast-Midwest Congressional Coalition in support of your energy initiatives. On October 26 I will address the U.S. Conference of Mayors meeting in Portland, Oregon on automobile efficiency.

Aviation Legislation - The Aviation Safety and Noise Reduction Act legislation pending before the House Rules Committee contains provisions unacceptable to the Administration for policy and budgetary reasons. In anticipation of possible House Rules Committee action, I wrote Speaker O'Neill and Chairman Bolling that I might have to recommend that you not sign the legislation if passed in its present form. The Rules Committee has not yet scheduled the bill for consideration.



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

October 19, 1979

C
Electrostatic Copy Made
for Preservation Purposes

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

Chicago Has Ten Days to Present Acceptable School Desegregation Plan. We advised the Chicago Board of Education on October 18 that the Department was initiating the process of referring their desegregation case to the Justice Department. This action will take place because the Board neither adopted a legally acceptable plan nor committed itself to do so by October 17. Unless one of these conditions is satisfied within the next ten days, the matter will be referred to the Department of Justice.

Brooklyn Jewish Hospital Gets Reprieve. The New York press, over the past week, has greatly publicized the growing fiscal problems of Brooklyn Jewish Hospital. Hospital officials won a nine-day reprieve from Federal Bankruptcy Court Judge Costa, who agreed to hold off closing the hospital for an additional week. The State has submitted a proposal for an additional \$10.4 million in aid to hospitals in the Bedford Stuyvesant area. This proposal as well as other options will be analyzed by the Department during the next week.

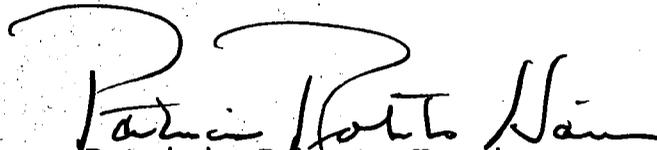
The Brooklyn Jewish experience is illustrative and a precursor of deeply rooted financial problems facing many urban hospitals. Both the New York City and New York State governments have appealed to the Department to take a greater role in the financing of deficits of urban hospitals in underserved areas. I will keep you up to date on developments on this front.

Testimony Given on Low-Income Energy Assistance Program. I delivered testimony on October 18 before the House Subcommittee on Labor-HEW Appropriations on the Administration's supplemental request for funds to assist low-income individuals in paying fuel bills this winter. The Subcommittee is meeting today to consider whether to handle the Administration's request separately as an urgent supplemental or to allow the matter to be addressed during the conference on H.R. 4930, the FY 1980 Interior Appropriation legislation, which contains \$1.2 billion in the Senate version for low-income energy assistance. We also are consulting with the relevant authorizing committees on the formula to be employed for distribution of these funds in FY 1980. We expect Congress to move quickly on this legislation.

Speech Before National Press Club. In my speech before the National Press Club on October 17, I outlined the key components of this Administration's legislative program to improve conditions for the Nation's most needy citizens. The speech focused on the accomplishments of the Carter Administration and the need for Congress to take swift action on new initiatives and program reforms proposed by you.

Congressional Action on Welfare Reform and Hospital Cost Containment. The House Rules Committee is expected to consider a request by the Ways and Means Committee for a rule on welfare reform legislation, H.R. 4904, on October 23. They also are expected to take up a rule on the Hospital Cost Containment legislation next week, thus providing the opportunity for the House to consider these two major initiatives during the week of October 28. We are working closely with members of the relevant authorizing committees and Rules Committee on these two items.

HEW Moves Ahead with New Fluoridation Grant Program. With the launching of the fluoridation grant program in September, 1,075,000 persons will be provided access to fluoridated water. For the combined fiscal years of 1979 and 1980, our goal is to fluoridate water supplies for 3,400,000 individuals in smaller communities and in rural schools. As a result of our efforts, 34 schools in rural areas and 110 communities with populations under 25,000 that requested support were funded. The response from the States to the announced fluoridation program was far better than we expected, and we anticipate an even greater response in the second grant review cycle scheduled for February 1980.


Patricia Roberts Harris



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

October 19, 1979

MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

Electrostatic Copy Made
for Preservation Purposes

1. THE DOLLAR AND THE MARKETS

- . During the early part of the week the financial markets steadied considerably after last week's turbulence. Today, however, stock prices fell on reports that the Federal Reserve was about to increase the discount rate to 13 percent. Predictions of an impending credit crunch and oil price increases were other major investor worries.
- . The dollar was stable against major European currencies while appreciating against the Japanese yen.
- . The Japanese intervened strongly to support the yen under pressure due to a number of factors, including oil price and supply considerations and a large wholesale price increase.
- . Gold trading has become less volatile following our Tuesday, October 16, announcement that future gold sales will be subject to variations in amounts and dates, rather than fixed scheduled monthly amounts.
- . Interest rates moved significantly higher following Federal Reserve open market operations on Thursday.

2. WINDFALL PROFITS TAX

- . As you know, the windfall profits tax bill was formally reported out of the Senate Finance Committee today. The Committee will be returning on Wednesday, October 24, to consider 8-10 outstanding amendments. We hope to avoid any further revenue losses.
- . We will be analyzing the changes made by the Committee and will be providing you further information in the near future.

3. MULTILATERAL DEVELOPMENT BANKS

- . The appropriation bill will be in Conference beginning Tuesday, October 23, and there will be a significant battle to get House conferees to yield to the Senate on eliminating restrictive amendments.

- . This is a very important foreign policy issue which would be a disaster to lose. We are doing everything we can to give support to the Senate side.

4. TARGETED FISCAL ASSISTANCE

- . While the Speaker is becoming increasingly interested in this legislation, he is reluctant to agree to a strategy which would irritate Chairman Jack Brooks.
- . At some point we will have to be more forceful in advocating such a strategy in the House since the Government Operations Committee is not going to move this bill along voluntarily.

5. CHRYSLER

- . On Wednesday evening, Chrysler submitted to us a revised loan guarantee request seeking \$750 million in Federal aid. The revised request contains some additional material but appears to be little changed from the original plan other than in lowering the requested amount from \$1.2 billion to \$750 million. It makes unrealistic assumptions in some areas and does not contain all the data necessary for us to make a comprehensive analysis. We are nevertheless proceeding on an accelerated basis to produce an analysis on which decisions can be taken.
- . In testimony before a House subcommittee on Thursday, Chrysler Chairman Iacocca seemed to back away from the \$750 million figure. He stated that he used this figure primarily to meet Treasury's dollar limitation, that Chrysler would prefer the originally requested \$1.2 billion, and that there are substantial risks concerning its ability to satisfy the remainder from other sources.
- . Today UAW President Douglas Fraser testified that the UAW is prepared to make concessions to the company in its current round of collective bargaining but no amounts have surfaced yet.

- Meanwhile members of the Michigan delegation in the House and the Senate have introduced bills providing for federal assistance to Chrysler, but without specifying dollar amounts.

A handwritten signature in black ink, appearing to read "Bill", written in a cursive style.

G. William Miller



CABINET ECONOMIC POLICY GROUP

DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

October 19, 1979

9

MEMORANDUM FOR THE PRESIDENT

FROM: G. WILLIAM MILLER
CHAIRMAN, ECONOMIC POLICY GROUP

SUBJECT: EPG Activities

file

Electrostatic Copy Made
for Preservation Purposes

Executive Committee Meeting of October 15, 1979

- . Considered and approved statement of Administration's position that legislation restricting the President's discretion on deregulating sales of gasoline was inappropriate.
- . Heard briefing by Treasury Assistant Secretary Lubick and Deputy Assistant Secretary Sunley on value added tax.
- . Tentatively decided that I should testify on value added tax legislation which Representative Ullman is expected to introduce; the testimony will point out, without being entirely negative, major problem areas:
 - impact on inflation;
 - impact on capital formation;
 - impact on balance of payments; and
 - impact on income distribution.
- . Agreed that OMB and the Labor Department would prepare a decision memorandum to you on ~~deferring~~ implementation of a switch to a new rate at which extended unemployment benefits are triggered.
- . Suggested to OMB and the Labor Department that any switch to a new trigger rate should not adversely affect persons currently receiving extended unemployment benefits.

Executive Committee Meeting of October 18, 1979

- . Reviewed a variety of possible administrative changes under the Davis-Bacon Act and Service Contract Act.
- . Agreed on a specific timetable for implementation of certain reforms and further study.



Office of the Attorney General

Washington, D. C. 20530

October 19, 1979

Principal Activities of the Department of Justice
for the Week of October 15-19, 1979

1. Meetings and Events

The Attorney General addressed the National Council of Jewish Women at the Department of Justice on the subject of the Department's initiatives in juvenile justice and civil rights. The Attorney General and the Director of the FBI participated in the dedication ceremony of a memorial plaque to J. Edgar Hoover given by former agents of the FBI. This weekend, the Attorney General will be addressing the New Mexico Bar Convention in Albuquerque on the Department's civil rights program.

2. Personnel

During the past week, Robert M. Smith started work in the Department as a Special Assistant to the Attorney General and as Director of the Department's Public Information Office. Mr. Smith, a correspondent for the Washington Bureau of the New York Times for five years, has been practicing general trial law in the San Francisco area for the past three years. The Attorney General appointed Jose H. Uranga, a supervising attorney in the Lands and Natural Resources Division of the Department, to be Special Assistant to the Attorney General for Energy.

3. Judicial Selection

There are 20 judicial vacancies (5 under the new law and 15 regular vacancies) that have not yet been presented to the President for tentative approval.

The five remaining Omnibus Act positions are: First Circuit Court of Appeals (1 seat), District of Arizona (2 seats), Northern District of Illinois (1 seat) and Middle District of Florida (1 seat). Candidates previously given tentative approval for one Arizona seat and the Northern District of Illinois have been withdrawn from further consideration, and we are awaiting new recommendations. The recommendation for the second Arizona seat was turned down because of the candidate's age. Here, too, we are waiting for a new recommendation. With respect to the vacancy in the Middle District of Florida, we are awaiting final reports from the FBI and ABA.

The majority of the 15 regular vacancies have occurred in the past 30 to 45 days and are a result of retirement, death or elevation to appellate courts. We anticipate receiving recommendations for a number of these positions within the next 30 to 60 days. However, we anticipate an annual vacancy rate of 25 to 35 positions.

4. Taiwan Treaty Suit

Judge Oliver Gasch ruled on Wednesday that the President had no authority to unilaterally terminate this country's mutual defense treaty with Taiwan and enjoined Secretary of State Vance from completing the abrogation. The Department filed a notice of appeal and is seeking expedited appeal to the full Court of Appeals for the District of Columbia.

5. Special Counsel Curran's Report

Special Counsel Paul Curran announced that his exhaustive inquiry into loans to the President's family business had turned up no evidence that any proceeds had been diverted to the 1976 campaign or of any wrongdoing. Mr. Curran said that no indictment could or should be brought against anyone and that no further action would be taken.

6. East Baton Rouge Desegregation Case

On October 16, the Department filed a motion to intervene in a private suit seeking to desegregate the school system of East Baton Rouge, Louisiana. The case was originally filed by the NAACP in 1956, and the school system, which the United States Commission on Civil Rights recently called one of the three most intransigently segregative systems in the country, has not made any significant improvements during the 20 years of litigation.

7. Removal of Two FBI Agents

Director William Webster of the FBI announced that he was dismissing one agent and suspending another following investigation into charges that the two agents had stolen money earmarked for informers and had discussed participation in a theft ring. A criminal investigation into these charges is being conducted by the Department.

8. Airlie Foundation Director Convicted

A federal grand jury convicted Dr. Murdock Head, the Executive Director of the Airlie Foundation, of conspiring to bribe two members of Congress, Daniel J. Flood and Otto E. Passman, and other Government officials.



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

9/1

October 19, 1979

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson
Staff Secretary

**Electrostatic Copy Made
for Preservation Purposes**

SUBJECT: Weekly Report

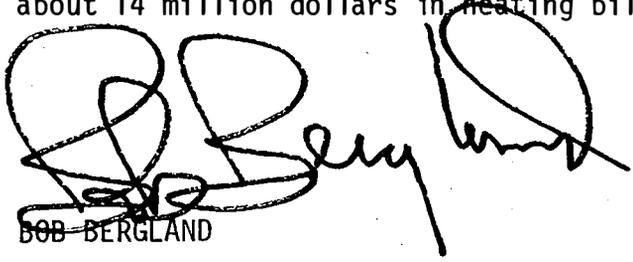
1980. Before the speeches and with no attempt to stack the audience, the results of the Union County (Creston, Iowa) straw poll at the Democratic fund raiser Saturday night were:

President Carter.....163
Senator Kennedy..... 53
Undecided..... 32

I have contacted other cabinet members and the dinner for next Wednesday is on track.

FEED GRAINS. Will announce Monday--pending your approval--no set-aside for 1980 by opening the reserve for 1979 crops. Although it will have no measurable economic impact, it will be popular and ease the stress on transportation caused by record crops.

ENERGY. We have expanded a wood fuel program to all 50 counties of 6 northeast states using recoverable hardwood. It has the potential of saving 777 thousand barrels of oil and save homeowners about 14 million dollars in heating bills compared to heating oil.


BOB BERGLAND



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

1

October 19, 1979

Electrostatic Copy Made
for Preservation Purposes

MEMORANDUM FOR: The President
Attention: Rick Hutcheson, Staff Secretary

Subject: Weekly Report of Major Departmental Activities

Focus on Urban Needs. The latest cycle of Urban Development Action Grants funding will coincide with today's White House meeting focusing on urban policy. At the White House event Urban Development Action Grants will receive recognition as an excellent example of the urban policy's emphasis on public/private partnerships for community revitalization. In the latest round of funding 31 cities and one urban county will receive over \$90.2 million to create private sector jobs, help people buy new or rehabilitated homes and build local tax bases. The 42 projects selected are expected to leverage at least \$489 million in private investment, save 3,500 existing jobs, provide employment for 6,061 construction workers and create 12,982 new positions in the private sector.

Mortgage Bankers Receive Anti-Inflation Message. In a speech to the Mortgage Bankers Association meeting in Chicago on Monday, I discussed the dangerous atmosphere in the housing market in which home buyers are treating housing like stock in a portfolio rather than as a roof overhead. I supported recent Federal Reserve Board actions as proper and necessary in the fight against inflation. I also cited many of the accomplishments of this Administration and asked for continued public/private cooperation in addressing our social and economic needs.

Further HUD Aid for the Handicapped. The Department has selected ten cities in which to hold seminars to promote increased housing opportunities for handicapped persons. Sponsored by the Office of Independent Living, the seminars are part of a new HUD technical assistance program known as HANDI-TAP.

Miss Lillian's Visit to Philadelphia Senior Citizens. The Philadelphia media gave heavy coverage to the recent visit of Lillian Carter to the Germantown House senior citizen apartments in Philadelphia. Miss Lillian addressed about 500 people and received a number of gifts which were handcrafted by the residents of the apartment house. Germantown House was built with assistance provided through HUD's Section 202 Direct Loan Program for Housing for the Elderly or Handicapped.

Moon

Moon Landrieu

Community WASHINGTON, D.C. 20506
Services Administration



19 OCT 1979

MEMORANDUM TO THE PRESIDENT

ATTENTION: Rick Hutcheson, Staff Secretary

FROM: Graciela (Grace) Olivarez *GO*
Director
Community Services Administration

Electrostatic Copy Made
for Preservation Purposes

SUBJECT: Weekly Report of Significant Agency Activities
(October 15 - 19, 1979)

Energy Crisis Assistance Program

On Thursday, October 18, 1979, I testified in support of the Administration's supplemental budget request for an additional \$150 million in Fiscal 1980 for the Energy Crisis Assistance Program. My testimony, presented before the Labor-HEW Appropriations Subcommittee, explained that the money would be used to provide emergency assistance to those whose income is not greater than 125 percent of the poverty level and can be used to pay fuel bills, establish credit with energy vendors and provide emergency cash assistance as well as other emergency services. I anticipate that plans for operating the program in New England will be approved within the next 10 days and that plans submitted by states in other areas will be reviewed and approved in the very near future.

Harlem Commonwealth Council cuts Government Paperwork

The attached article by Roger Wilkins of The New York Times described the innovative efforts of the Harlem Commonwealth Council, one of this Agency's Community Development Corporations, to help unemployed youth get training and employment with private employers. The Council works with private employers in finding youth for one-to-three year apprenticeships and then relieves the employers of the paperwork and monitoring burdens normally associated with federally-financed training programs.

Attachment



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OCT 19 1979

Electrostatic Copy Made
for Preservation Purposes

MEMORANDUM TO THE PRESIDENT

OFFICE OF THE
ADMINISTRATOR

SUBJECT: WEEKLY STATUS REPORT

The subject of acid rain will be the main environmental issue raised at your meeting with Prime Minister Clark on November 2 in Canada. In fact, acid rain will probably be the leading environmental/political issue the U.S. and Canada will face in the 1980's.

Over the past 25 years, the problem of acid rain has been getting significantly worse. At one time, high levels of acidity were confined to a few small areas in the Northeast. Now, however, the area impacted includes the entire Eastern half of the country.

Acid rain may have very serious adverse effects. Some have been documented by actual field investigations, while others are so far suggested only by experimental evidence. Among the effects are:

- o Eliminating fish life. More than 45 percent of the lakes in the Adirondacks, for example, no longer contain fish because of acid rain. Similar, though less severe impacts, have been documented in New England, Eastern Canada, Northern Europe and other areas.
- o Crop and forest damage. This has not yet been proven. However, based on experimental evidence, it seems virtually certain that acid rain is affecting crop and forest growth because essential nutrients are leached from the soil by acid rain.
- o Damage to buildings. Monuments, bridges and other steel structures, and painted surfaces, all suffer deterioration from acidic air pollution.

Acid rain is different from traditional pollution problems because it is a function of total emissions. The greater our emissions total, the worse the problem. Our existing programs are good at reducing locally high concentrations of pollution but have not reduced total emissions.

In the U.S. the problem of acid rain results mainly from power-plant emissions. Our recently adopted standards for coal-fired power plants control new plants strictly but do not affect existing ones. Current emissions totals from existing plants may well need to be reduced to avoid major additional damage due to acid rain over the next two decades.

While the 10-year research effort you called for in your Environmental Message proceeds, we believe it is important to study the costs of a range of strategies which would produce near-term reductions in total emissions from existing plants.


Barbara Blum
Acting Administrator

THE SECRETARY OF COMMERCE
WASHINGTON, D.C. 20230

9

October 19, 1979

FYI

REPORT TO THE PRESIDENT

**Electrostatic Copy Made
for Preservation Purposes**

I am pleased to be able to announce on Tuesday, October 23, your decision to send the China Trade Agreement to Congress. I will do this following my opening meeting with Chinese Foreign Minister Li Qiang.

Under Secretary Hodges has just returned from a highly successful visit to Japan in connection with the opening of Boatique America. Luther also spoke to the Yomirui International Economic Society. The Japanese government was very supportive of this visit and the initial sales of U.S. consumer goods from the ship have been most encouraging.

Bob Hall advises me that the Vice President's announcement yesterday of additional EDA funding for the Martin Luther King Freedom Hall Complex in Atlanta was well received by the over 2,000 attendees and the local press. I am pleased that our contribution has made it possible for this important facility to become a reality. The convention center, archives building, research and related facilities funded by the \$3.5 million in grants provided by EDA are expected to attract additional researchers and visitors to the Complex, thereby generating jobs and income for area residents.

Next week Commerce will submit a revised tourism policy proposal to OMB. The tourism policy we have pursued over the last year has been widely criticized and has virtually no chance of Congressional acceptance. No Senator or Member of Congress is willing to advocate our position. Our revised policy should assuage the criticism at very little cost in dollars and people.


Juanita M. Kreps



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

C

October 12, 1979

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson
Staff Secretary

SUBJECT: Weekly Report

**Electrostatic Copy Made
for Preservation Purposes**

PAY. Our food assistance programs will stop Monday unless Congress completes action today. Union officials have notified our meat inspectors to stop action if their paycheck covers only one week.

HOUSE. Chairman Foley will seek a special rule to permit House floor amendments to increase 1979 and 1980 wheat and feed grain target prices.

A large, stylized handwritten signature in black ink, appearing to read "Bob Bergland".

BOB BERGLAND

THE WHITE HOUSE
WASHINGTON

①
-

October 22, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: LLOYD CUTLER

LNC

RE: Rock Island Emergency Board

On September 20 you created an Emergency Board to examine the labor dispute on the Rock Island railroad. Today the Board reported that an agreement among the parties has been reached.

The agreement will have no immediate effect on the Rock Island system, since that system is now being operated by another carrier--the Kansas City Terminal Company--under the directed service order issued on September 26 by the Interstate Commerce Commission. The Commission issued its order after finding that the Rock Island lacked the financial resources required for satisfactory rail performance. The accord announced today will, however, make it somewhat more feasible for the Rock Island to resume operations following the period of directed service.

~~Attached~~ is the Board's report.

LNC

**Electrostatic Copy Made
for Preservation Purposes**

REPORT
TO
THE PRESIDENT
BY
EMERGENCY BOARD
NO. 191

APPOINTED BY EXECUTIVE ORDER 12159, DATED SEPTEMBER 20,
1979, PURSUANT TO SECTION 10 OF THE RAILWAY LABOR ACT,
AS AMENDED.

To investigate disputes between Chicago, Rock Island and
Pacific Railroad Company and certain of their employees
represented by the United Transportation Union and the
Brotherhood of Railway, Airline and Steamship Clerks,
Freight Handlers, Express and Station Employees.

(National Mediation Board Case Nos.
A-10287, A-10303, A-10324, A-10313
and A-10314)

WASHINGTON, D. C.

October 22, 1979

Washington, D. C.

October 22, 1979

The President
The White House
Washington, D. C.

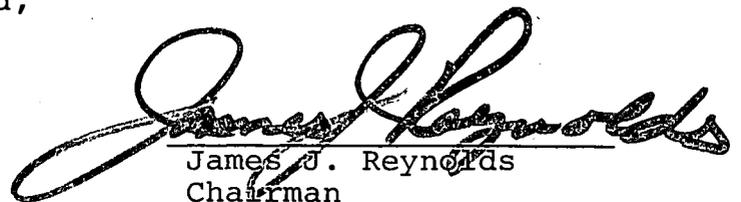
Dear Mr. President:

On September 20, 1979, pursuant to Section 10 of the Railway Labor Act, as amended, and by Executive Order 12159, you created an Emergency Board to investigate disputes between the Chicago, Rock Island and Pacific Railroad Company and certain of its employees represented by the United Transportation Union and the Brotherhood of Railway, Airline and Steamship Clerks, Freight Handlers, Express and Station Employees.

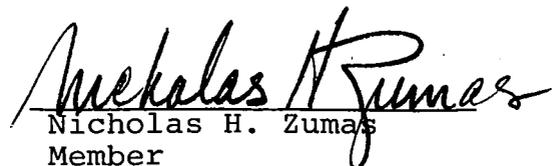
Following its investigation of the issues in dispute, the Board developed recommendations that were accepted as the basis for a settlement of those issues that separated the parties from agreement.

The Board now has the honor to inform you of a settlement of the issues out of which these disputes arose and to submit its Report concerning the recommendations that led to the settlement.

Respectfully submitted,


James J. Reynolds
Chairman


Ida Klaus
Member


Nicholas H. Zumas
Member

I. CREATION OF THE EMERGENCY BOARD

Emergency Board No. 191 was created by President Carter on September 20, 1979, by Executive Order No. 12159, pursuant to Section 10 of the Railway Labor Act, as amended (45 U.S.C. 160).

The creation of the Emergency Board was based upon the recommendation of the National Mediation Board (NMB) because of the existence of a strike by the United Transportation Union (UTU) and the Brotherhood of Railway, Airline and Steamship Clerks, Freight Handlers, Express and Station Employees (BRAC) against the Chicago, Rock Island and Pacific Railroad Company (Rock Island), which the NMB found was depriving the Middle West of essential transportation service.

The strike followed a long period of unfruitful negotiations between the parties which commenced in early 1977, mediatory efforts by the NMB, rejection of proffers of arbitration, and rejection of the recommendations of a Special Board of Inquiry by one of the labor organizations.

The President appointed the following members of the Board: James J. Reynolds, former Under Secretary of Labor and retired President of the American Institute of Merchant

Shipping, Washington, D. C., chairman; Ida Klaus, member of the New York State Public Employment Relations Board, Attorney and Labor Arbitrator, New York, New York, member; Nicholas H. Zumas, Attorney and Labor Arbitrator, Washington, D. C., member.

II. HISTORY OF THE DISPUTES

The Rock Island is the fourth largest rail carrier of grain in the western region of the United States, operating over some 7,500 miles of track in 13 midwestern states.^{1/} Since March 17, 1975, the Rock Island has been in reorganization under Chapter 77 of the Bankruptcy Act under the direction of a trustee appointed by the U. S. District Court for the Northern District of Illinois, Eastern Division.^{2/} BRAC represents some 1,600 employees on the Rock Island. UTU represents some 2,500 employees on the property. These employees are organized in three branches: UTU(E) representing firemen, UTU(S) representing switchmen, and UTU(T) representing conductors and brakemen.

^{1/} Currently, the Rock Island's operations are being conducted by Kansas City Terminal Railway Company under the Directed Service Order of September 26, 1979, issued by the Interstate Commerce Commission.

^{2/} The Court directed the Trustee on October 10, 1979, to present a plan of reorganization or a plan of liquidation within 60 days.

The BRAC-Rock Island Dispute

On April 1, 1977, pursuant to Section 6 of the Railway Labor Act, BRAC served the Rock Island with a Notice of its desire to revise wages and work rules. On April 28, 1977, an initial conference was held to discuss the revisions sought by BRAC. At this conference, the Carrier informed BRAC that it would not grant the National Railway Labor Conference (NRLC) power of attorney to negotiate wages and work rules on a National basis for the Rock Island. The Rock Island determined to proceed with negotiations separately. The Rock Island did not submit formal Section 6 Notices at that time, but submitted a number of proposed rules changes for informal discussion with BRAC.

During the negotiations in 1977 no agreement was reached. On December 22, 1977, the Rock Island elected to serve formal Section 6 Notices. On January 10, 1978, BRAC served additional Section 6 Notices for concurrent handling. Negotiations on the formal Section 6 Notices began in January 1978 and continued at various times through August 1978, with no agreement.

On August 8, 1978, BRAC invoked the services of the National Mediation Board (NMB).^{3/} Mediation sessions were held in January and May of 1979. On June 20, 1979, the NMB

^{3/} The case was docketed as NMB Case No. A-10313. A companion case involving the Peoria Terminal was docketed as NMB Case No. A-10314.

proffered arbitration, which was rejected by the Carrier and accepted by BRAC. On August 11 and 17, 1979, the NMB resumed "mediation in the public interest" in Washington, D. C.; however, no agreement was reached. On August 28, 1979, BRAC struck the Rock Island.

The UTU-Rock Island Dispute

On January 3, 1977, the three branches of UTU served Section 6 Notices for changes in wages and work rules. An initial conference was held on these Notices on February 1, 1977, at which time it was agreed to suspend further negotiations until a later date. The Rock Island served its Section 6 Notices on August 29, 1977. Supplemental Section 6 Notices were served by the parties between September 1977 and July 1978.

Negotiations between the Rock Island and each of the three branches of UTU were conducted separately. Bargaining with UTU (E & S) commenced in September 1977, and with UTU(T) in October 1977. The negotiations with the three branches continued at various dates through August 1978, and one joint session was held on March 22, 1978. On June 15, 1978, UTU(T) invoked the services of the NMB.^{4/} On July 12, 1978, and on August 23, 1978, UTU(S) and UTU(E), respectively, also invoked

^{4/} The case was docketed as NMB Case No. A-10324.

the services of the NMB.^{5/} Mediation sessions were held on both a separate and joint basis on various dates between September 1978 and March 1979. While these sessions did not produce a settlement, the focus of the dispute was narrowed.

On April 6, 1979, the NMB proffered arbitration to the parties, which was ultimately rejected by both parties. Mediation was resumed on May 21, 1979, and on May 23, 1979, the parties agreed to a mediator's proposal to establish a Special Board of Inquiry to investigate and make recommendations concerning the issue of retroactive pay. The Special Board began hearings on July 26, 1979, and issued its Report and Recommendations on August 27, 1979. Two days later, UTU struck the Rock Island.

Following the strikes by BRAC and UTU, the National Mediation Board held further "mediation sessions in the public interest" on September 11, 1979.

III. ACTIVITIES OF THE EMERGENCY BOARD

The Board convened in Washington, D. C., on October 2, 1979, for on-the-record ex-parte hearings with BRAC and on October 3, 1979, with UTU. Similar on-the-record ex-parte hearings were held with the Rock Island on October 4, 1979, concerning its dispute with BRAC, and on October 5, 1979, concerning its

^{5/} These cases were docketed as NMB Case Nos. A-10303 and A-10287, respectively.

dispute with UTU.

Transcripts and exhibits submitted to the Board were exchanged at the direction of the Board. After a recess to provide time for a careful review of the materials exchanged, the Board commenced a series of off-the-record discussions with the Rock Island on October 11, 1979. A series of off-the-record discussions was commenced with BRAC on October 13, 1979, and with UTU on October 15, 1979. These discussions provided the Board with further views on the issues in dispute, and with reactions to what had been presented by the other side in each of the disputes.

The Board commenced intensive mediation efforts on October 16, 1979. While these efforts were helpful in narrowing the areas of dispute, several key issues remained unresolved. The Board therefore concluded that the best course of action in aiding the parties to reach a final agreement would be to make recommendations and urge their acceptance as a basis for settling all unresolved issues. During the following two days, these recommendations were presented to the parties. On October 18, 1979, they were accepted as a basis for agreement on all unresolved issues.

IV. ISSUES

Out of this long history of unsuccessful negotiations and mediation efforts, there emerged two major issues. On

the one hand, the Rock Island, experiencing severe financial difficulties, was determined to obtain substantial relaxation of work rules which it insisted were inhibiting its ability to effectively operate its rail system. On the other hand was an equally determined adherence by the labor organizations to the preservation of the principle of full retroactivity in this industry. Both BRAC and UTU were seeking application of some benefits of their National wage settlements with NRLC, some aspects of which went back to January 1, 1978.

In the case of BRAC-represented employees, the period of retroactivity ended on October 5, 1979, when BRAC returned to work under the ICC Directed Service Order. In the case of UTU-represented employees, the period of retroactivity ended on May 1, 1979, when National wage rates were implemented on the Rock Island pursuant to the May 23, 1979, agreement reached under the auspices of the National Mediation Board.

As early as 1977, the Carrier contended that it could not and would not pay any retroactive wages because of its precarious financial condition, as evidenced by its bankruptcy and the creditors' demand for liquidation of the railroad. It was the Rock Island's position in negotiations that, while retroactive pay was out of the question, it would, upon necessary rules modifications, pay the National wage scale under the following conditions:

- A. The full National wage scale would become effective on January 1, 1978, if settlement was reached in 1977.
- B. The full National wage scale would become effective on the first day of the calendar month in which negotiations were concluded, for settlements reached on or after January 1, 1978.

The Rock Island recognized in 1977 that certain unions negotiating at the National level might not reach agreement with the NRLC until some time after January 1, 1978, and that the amount due its employees under the first alternative could not be calculated until National settlement. It did not view payment of the increased wages as retroactive because agreements under the first alternative above were reached prior to the effective dates specified in the National Agreement, and the Carrier had the benefit, as of January 1, 1978, of the rule relief sought. Thus, cost savings could begin to provide the resources needed to pay the National rate, and the funds could be realized pending resolution of the National rate. Five unions settled their negotiations with the Rock Island in 1977 under the first alternative.

Seven unions settled with the Rock Island in 1978 or 1979. In each of those instances, the National wage rate became effective on the first day of the calendar month in which agreement was reached. Retroactivity was "waived" in

the various agreements for periods ranging from two to twelve months. In no case did the Rock Island agree to pay the higher rate retroactive to January 1, 1978, although the Carrier did agree in these negotiations to do so if either BRAC or UTU was successful in obtaining retroactivity. Rock Island based its unwillingness to pay retroactive wages on the ground that if it did not obtain any rule relief from these unions during the retroactive period, it would experience no gain in productivity to help offset the higher operating costs that would result. The Carrier asserted that BRAC and UTU could have received the National wage rate at any time had they been willing to reach agreement on certain proposed rules and rules changes sought by the Rock Island.

Finally, the Carrier asserted that it could not pay retroactive wages, even if it desired to do so, because it had no cash, and would not be able to generate sufficient funds in the foreseeable future. Rock Island estimated that the total cost of retroactivity would approximate \$14 million.

BRAC rejected the Rock Island's arguments primarily on the ground that retroactive wage adjustments are a traditional and expected part of collective bargaining in the railroad industry. That Union asserted that the Rock Island has a moral, if not legal, obligation to make the full wage pattern of the National Agreement applicable to the Rock Island.

BRAC also viewed the bargaining context between itself and the Carrier as being substantially different from the negotiations involving the unions that had settled with the Rock Island. It contended that those unions were asked to make minor or insignificant rules changes that had little impact on earnings or employment in those crafts or classes. By contrast, the demands made upon its members would, if granted, lead to a significant reduction in the number of BRAC-represented employees. In particular, BRAC pointed to the Rock Island's proposals regarding the Train Order Rule and the Holiday Work Rule. The greater complexity of the negotiations involving BRAC would, under the best of circumstances, have led to prolonged and difficult negotiations. This being so, it was the Union's position that it was unfair to penalize its members by refusing to consider retroactive wages as an essential part of the final agreement.

The UTU arguments were in many respects similar to those of BRAC. The rules sought by the Rock Island, particularly in the area of Short Haul-Gathering Service, were complex and far more extensive than the rules changes sought from the non-operating unions. The Rock Island-UTU negotiations were further hampered by the need to coordinate the negotiations among the trainmen, enginemen, and switchmen, and by the interrelationship of UTU with other crafts, especially the

Brotherhood of Locomotive Engineers.

Moreover, UTU asserted that the Rock Island's failure to grant retroactivity in December 1978, at the time that all other issues had been tentatively resolved, was the major factor in the mounting retroactivity claim.

Ancillary issues existed in both disputes, generally involving the Carrier's need for productivity savings to generate resources to pay for the settlement.

In the case of UTU, the most important productivity issue was the Rock Island's proposed Short Haul and Gathering Service agreement. The Carrier wanted to institute these new services as a means of generating additional business. Institution of these services would permit the Rock Island to compete more successfully with the trucking industry.

Articles X and XI of the UTU National Agreement were also in issue, because Rock Island wanted the benefits of the relief afforded to other railroads under the National Agreement.

In the BRAC dispute, the Rock Island sought to suspend for a time the penalty provisions of the Train Order Rule, so that operating craft employees could write train orders. The Carrier also wanted to add an exception to the Rule which would make it inapplicable at blind sidings, upon reinstatement of the Rule.

The Rock Island also sought to amend the Holiday Work Rule to eliminate the requirement that every job be filled on a holiday. It also wanted to reduce the entry rates for new employees during the first two years of employment.

BRAC sought to increase per diem and mileage allowances, and to increase the coverage of the Job Stabilization Program by covering employees who entered service on the Rock Island prior to 1972. BRAC also sought to apply the National Agreement on the Rock Island, except to the extent that the parties provided otherwise.

V. THE BOARD'S RECOMMENDATIONS

The Recommendations made by this Emergency Board were predicated on two conditions: (1) That the Rock Island would resume operations as a reorganized viable entity bearing the approval of the ICC and the District Court; and (2) That there would be a relaxation by the labor organizations of certain work rules, and a willingness to accept innovations, both of which would generate additional productivity savings.

These Recommendations set forth below, were accepted by the parties as the basis for settlement.

Emergency Board No. 191 recommends the following settlement of the dispute between the Chicago, Rock Island and Pacific Railroad and the United Transportation Union:

I. Retroactive Pay

A. The Rock Island will pay full retroactivity under the terms of the National Agreement for the period of January 1, 1978, to April 30, 1979, upon assumption of operations by a successor company under a plan of reorganization approved by the Interstate Commerce Commission and confirmed by the U. S. District Court.

B. Payments will be made in sixteen (16) equal monthly installments, beginning during the first month of operations as outlined in paragraph I.A. above.

II. Wages, COLA, Rules

A. The parties agree to adoption of the May 23, 1979, Memorandum of Agreement and Letters of Understanding covering increased wage rates, COLA, and rule changes affecting the UTU (T), (E), and (S) crafts, effective upon assumption of operations.

B. Articles X and XI of the National Mediation Agreement of August 25, 1978, shall be adopted. National interpretations of these articles shall be applied.

C. The Rock Island will withdraw the Carrier's promulgated rules of August 29, 1979, covering the UTU (T), (E), and (S) crafts.

III. Short Haul - Gathering Service

The parties will adopt the May 23, 1979, Short Haul-Gathering Service Agreement. The UTU General Chairmen will meet with the Rock Island to draft the necessary implementing agreements for the principles contained in the Short Haul-Gathering Service Agreement. The parties will negotiate any additional changes, amendments, or clarifications as may be necessary to assure the success of these new services.

IV. Interchange

The parties agree to negotiate a settlement of the "interchange" dispute.

* * * * *

Emergency Board No. 191 recommends the following settlement of the dispute between the Chicago, Rock Island and Pacific Railroad and the Brotherhood of Railway and Airline Clerks:

I. Retroactive Pay

- A. The Rock Island will pay full retroactivity under the terms of the National Agreement for the period of January 1, 1978, to October 5, 1979, upon assumption of operations by a successor company under a plan of reorganization approved by the Interstate Commerce Commission and confirmed by the U.S. District Court.
- B. Payments will be made in sixteen (16) equal monthly installments, beginning in the first month

of operations as defined in paragraph I.A. above.

II. Wages

A. The wage and COLA provisions as set forth in the National Agreement between BRAC and the National Railway Labor Conference, bearing an effective date of January 30, 1979, shall be applied to the employees, to become effective upon assumption of operations. In applying this section, wage increases and COLA due after said start-up date will be applied on the dates set forth in the National Agreement.

B. Article VIII - Entry Rates, of the National Agreement, effective January 30, 1979, is hereby modified to provide for entry rates of 85% of the basic rate during a new employee's first year of service and 92% for the second year of service, effective upon assumption of operations.

III. Per Diem & Mileage

All existing rules and agreements dealing with traveling away from assigned headquarters point will be amended to provide:

- (A) Lodging expense provided for in Article I, Section A(3) shall be increased from \$4.00 per day to \$7.00 per day;
- (B) Meal allowances provided for in Article I, Sections B(1), B(2) and B(3) shall be increased from \$1.00, \$2.00, and \$3.00 per day respectively to \$1.75, \$3.50 and \$5.25, respectively;

- (C) The allowance for the use of an employee's personal automobile provided for in Article I, Section C(2) shall be increased from twelve (12) cents a mile to fifteen (15) cents a mile; and
- (D) The maximum reimbursement for meals and lodging costs provided for in Article II, Section B shall be increased from \$7.00 per day to \$12.25 per day.

IV. Job Stabilization

The applicable Job Stabilization Agreement (February 7, 1967), will be revised and amended to provide:

- (A) Employees having an employment relationship with the carrier as of December 31, 1971 shall be placed in protected status;
- (B) The protected rates of pay for all employees covered by the revised Agreement shall be the rate of pay of the position occupied on August 1, 1979, or the protected rate in effect, whichever is higher, subject to subsequent increases; and
- (C) In instances where employees are drawing furlough allowances, the allowance will be reduced by any compensation the employee receives under the Railroad Unemployment Insurance Benefits Act, and any compensation received from full time employment in outside industry, obtained following the date of furlough.
- (D) Any employee on furlough as of the date of assumption of operations will be covered upon return to service.
- (E) A protected employee shall have his protected allowance suspended after five years in furlough status, provided, however, that the full protected status of such employee shall be fully restored upon recall to service.
- (F) The parties will negotiate guidelines which will be applied in the consolidation of seniority districts.

V. WORK RULES

A. Train Order Relief. During the first 24 calendar months immediately following assumption of operations, BRAC agrees to waive the three-hour and eight-hour penalty provisions of Rule 17 - Train Orders, provided however, that during said 24 month period, no position handling train orders will be abolished because of or as a result of this waiver.

Prior to the end of the 24 month period, the parties will review the experience under the waiver, with a view to possible extension or modification.

Upon expiration of the 24 calendar month period referred to herein, any work diverted from the craft or class here represented will be returned to coverage by this Agreement, at which time the Rule 17, Paragraph 3(2), will be amended to provide the following exception: "3(2)(d) - That when train orders are relayed from the nearest open train order office on the seniority district involved to train or engine service employees at blind sidings."

B. Holiday Work. Article 54 - Holiday Work, will be amended by addition of the following:

- (a) When a holiday falls on a work day of a regularly assigned employee and his (her) position is to be worked, the regular employee is entitled to be used.
- (b) When necessary work on two or more positions on the same shift is to be performed by one employee, it will be offered in seniority order to employees occupying the positions involved with the highest rate of pay of the position worked.
- (c) When positions to be filled are vacant because of the regular occupant being permitted to lay off, or because there is no regularly assigned incumbent on the holiday, the opportunity to fill the vacant position will be offered to qualified regularly assigned employees on the same shift at the same location whose positions were pulled off or combined with others. If not filled in this manner, the vacancy will be filled in accordance with Article VIII or IX of Rule 13.

C. Vacations. The vacation provisions of the National Agreement referred to above will be made effective and applied upon assumption of operations, but in no event earlier than January 1, 1980.

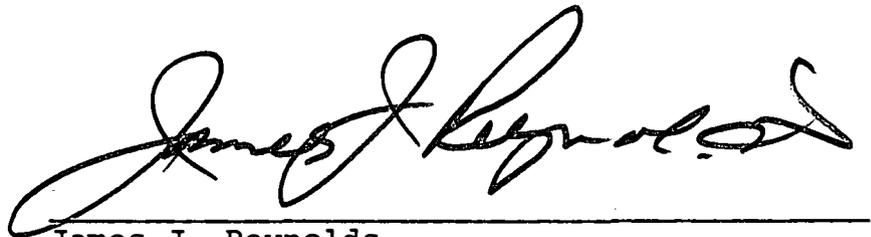
D. The Rock Island will withdraw the Carrier's promulgated rules of August 29, 1979, covering the BRAC-represented employees.

VI. National Agreement

The parties agree that the National Agreement between

BRAC and the National Railway Labor Conference signed on January 13, 1979, and effective nationally on January 30, 1979, shall be applied except to the extent set forth above.

Respectfully submitted,



James J. Reynolds
Chairman



Ida Klaus
Member



Nicholas H. Zumas
Member

10/23/79

Tim Kraft

The attached was returned from the President today and is forwarded to you for your information.

Rick Hutcheson

cc: Susan Clough

Page Two
Phone Call Requests

Steward Winstein (pronounced Winsteen)
Rock Island, Illinois
(o) 309/794-1515

Winstein is the attorney for the U.A.W. in the Rock Island, Illinois area, and was your host in Rock Island during the recent Mississippi River Trip. He is considered the "boss" of the 19th C.D., (not county chairman), and with his support comes the support of the entire district.

Winstein has become disenchanted with the Administration in recent weeks due to the Carter/Mondale Campaign's failure to send staff to Illinois. He is now threatening to cease his support for the Administration.

TALKING POINTS:

You should thank him again for his help in Rock Island during the River Boat trip.

Also thank him for his past and continuing support.

Indicate to Winstein that Bob Torricelli, formerly of the Vice President's staff, will be in Illinois within the week to begin our political organization. With Bob's arrival in Illinois, the Carter/Mondale Campaign is now prepared to focus its resources on the state.

10/22/79

NOTES:

Wants Bob to see him - Friend
of Pres & V. Pres.
Will be difficult for him if
UAW supports someone else

10/23/79

Tim Kraft

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

Rick Hutcheson

cc: Susan Clough
Frank Moore

Page Three
Phone Call Requests

Senator Thomas Eagleton
Missouri
(o) 224-5721
(h) White House Operator

Senator Eagleton and his staff (particularly Chris Clauser - his political aide in Missouri) have been a great help to our efforts in Missouri. He will be the key to our success in that State's caucuses on April 22, 1980. As you are aware, the Senator faces re-election this coming year. The degree of the Senator's active personal help will depend on the difficulty of his race. Presently, we do not believe that the Senator will participate actively in caucuses. He has agreed to encourage his chief fundraiser, Charles Curry, to serve as our co-chair in Missouri. You should thank Eagleton for all of his help and ask if he would consider being our State Chairman, again, he may decline due to his Senate race.

10/22/79

NOTES: Will help in every way.
Will advise on how to
help other 1980 Senators

THE WHITE HOUSE
WASHINGTON

Oct. 22, 1979

PATTI:

Per Rick, I sent a copy
of this to Watson and Weddington.
Phil has seen. I told Rick
Susan wanted the original,
but she doesn't now.

Nell

THE WHITE HOUSE

WASHINGTON

October 19, 1979

ADMINISTRATIVELY
CONFIDENTIAL

*Prefer to endorse
after 11/6, & before
Kisalya's visit early
Dec.*

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*

SUBJECT: Telephone call to Governor George Nigh
(Oklahoma)

*I told him
early in
Nov -
Will coordinate
w/ Jack
Watson
J*

Sarah Weddington has learned that George Nigh is ready to endorse you for renomination and election. As you know, George did not take a position at the Governors' meeting in Louisville.

George would like to receive a call from you to be able to tell you personally of his commitment.

I believe you should make the call today and get George to agree to either (a) have his name listed on the dinner program for October 24th or (b) announce his support on November 2 when the Vice President will be in Oklahoma to speak at the state party Jefferson Jackson dinner, and when we hope to unvail our Steering Committee.

George may suggest that it is better for him to delay announcing his endorsement until after Senator Kennedy has announced. He needs to be told that he can be of maximum help by announcing now, or in early November rather than waiting.

Governor Nigh can be reached at the following numbers:
Home (405) 789-9610 or at the office (405) 521-2342.

**Electrostatic Copy Made
for Preservation Purposes**



STATE OF NEW JERSEY
OFFICE OF THE GOVERNOR
TRENTON

BRENDAN T. BYRNE
GOVERNOR

October 22, 1979

The President
The White House
Washington, D.C. 20500

**Electrostatic Copy Made
for Preservation Purposes**

Dear Mr. President:

Last week I had the privilege of meeting Ambassador Richard Gardner, our Ambassador to Italy. He was extremely helpful to Jean and me and went out of his way to extend every courtesy. Moreover, I had an opportunity to discuss his Administration with a number of people in Florence and Rome, and can assure you he enjoys an outstanding reputation. In his public statements, he is an eloquent spokesman for Carter policy.

You can be proud of him.

Sincerely,

A handwritten signature in cursive script, appearing to read "Brendan".

GOVERNOR

CQ

CONGRESSIONAL QUARTERLY
Weekly Report

Vol. 37, No. 42

• Pages 2309-2384

• Oct. 20, 1979

Lobby Bill Advances

(2327)

Gasohol Fever in Congress

(2321)

Electrostatic Copy Made
for Preservation Purposes

Jerry Brown

Seeking a new coalition

(2329)



Briefing on Windfall Profits Tax

October 22, 1979

WPT Mtg. 10/27/79
ARK - CO - FL - ID - LA
TOP PRIORITIES: MJ - MS - MOJ -
DRUG ADDICT NEB - OH - MN
HOUSE - GOOD JOB
SENATE FINANCE - A BEGINNING
EIGHT FLOOR / CONFLUENCE
OIL CO PROFITS = SOON =
ENORMOUS
TAX MUST BE STRONGER
ONLY 2 PEOPLE'S VOICES
= ATTEMPT TO WEAKEN
= NAT GAS = UTIL RATES =
HEAT OIL SUPPLIES = ^{BANK} SEL. ARE =
CONSERVE = OIL → COAL =
= POOR = PUBLIC XPORT =
SYN FUELS
7/2 OIL → XPORT
PKG FOR AMERICA
WPT is HEART & PROGRAM

LUNCH 10/22/79

DAN/BEITE MILLER
LT FLA AFL-CIO

CLARENCE/JUANITO MITCHELL
← NAACP
+

FERRY/M. LORRD WURF
LT AFSCME PAUL HALL +

ROBERT/BERTHA HEON
LT SOMERSWORTH NY = GEO BALD

SEN JASON/KATHRYN BOE
+ PRES ORE ST SENATE

EMIL PAVICH = TIMID = XPORT
REP, COUNCIL BLUFFS

BILL/KATHLEEN WRIGHT
CIL = WARREN = BRISCOE
HARVEY SLOANE = KATHY
?

Private Lunch in Mansion 10/22/79