

[11/5/79-Not Submitted-DF]

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THE WHITE HOUSE

WASHINGTON

~~XXXXXXXX~~ WOOSLEY and Ginsburg will be working on the Hill on this issue. *Until we*
~~we~~ hear from them we should HOLD.

Pull -
Revised memo
will be here later
per Alice Rogoff.

DF

ID 794900

THE WHITE HOUSE
WASHINGTON

DATE: 05 NOV 79

FOR ACTION: STU EIZENSTAT

FRANK MOORE *nc*

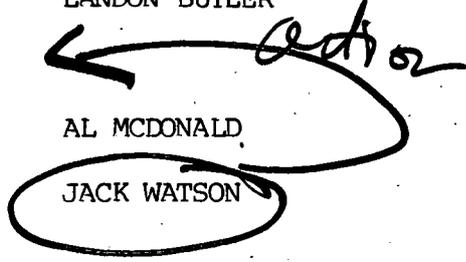
ZBIG BRZEZINSKI *Will have memo (for Dods on)*

CHARLIE SCHULTZE *Amur*

R. ASKEW *will have comments (per Dods on)*

LONDON BUTLER

ALFRED KAHN *Amur*



INFO ONLY: THE VICE PRESIDENT

AL MCDONALD

ANNE WEXLER

JACK WATSON

SUBJECT: MCINTYRE MEMO RE HR 1543 - TRADE ADJUSTMENT ASSISTANCE

11/7 Stu is going to try & have [unclear] called [unclear] Ginsburg

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM WEDNESDAY 07 NOV 79 +
+++++

ACTION REQUESTED:

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

PLEASE NOTE OTHER COMMENTS BELOW:

ID 794900

THE WHITE HOUSE
WASHINGTON

DATE: 05 NOV 79

FOR ACTION: STU EIZENSTAT

FRANK MOORE

ZBIG BRZ EZ



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

NOV 2 1979

MEMORANDUM FOR THE PRESIDENT

FROM: JAMES T. MCINTYRE, JR. *Jim*
SUBJECT: H.R. 1543 - Trade Adjustment Assistance

Issue:

Should the Administration signal a veto of pending legislation amending the trade adjustment assistance program?

Status of Legislation

The Senate Finance Committee on October 23 ordered favorably reported H.R. 1543, which liberalizes the trade adjustment assistance program of benefits to workers and firms adversely affected by foreign imports. Labor Department staff expect the bill to be reported during the week of October 29; Senate floor action could follow shortly thereafter. H.R. 1543 passed the House by voice vote in May 1979, with provisions to which the Administration strongly objected.

Administration Position

OMB and Labor wrote Chairman Long prior to Committee markup, stating the Administration's positions on three major issues in the House-passed bill. These letters concluded by urging the Committee to make the changes proposed by the Administration and advising that, without those changes, enactment of the legislation would not be in accord with the President's program. This advice indicates such serious objection that a veto would be considered if the legislation were not changed.

On two of the issues--concerning retroactive benefits and the period of time worked to qualify for benefits--the Senate Finance Committee amended the bill to conform to the Administration's position. On the third and most important issue, however--eligibility of workers--the Committee did not adopt the Administration's position, but instead adopted the House-passed provision.

Eligibility

Under present law, workers are eligible for benefits if they lose jobs from firms that produce goods directly affected by imports. In December 1977, you decided that the Administration should propose broadening eligibility to cover workers from firms that are less directly affected by imports--defined as firms that provide 50% or more of their output of goods (parts) to trade-impacted firms. H.R. 1543, however, would make eligible workers whose firms provide any essential parts or services to trade-impacted firms, whether or not they represent a significant portion of the firms' output. (As originally introduced in the Senate, the legislation would have made eligible workers from firms which provide at least 25% of their output of parts or services to trade-impacted firms.)

Considerations

Expansion of the program beyond 50% goods only coverage would extend benefits to workers increasingly remote from trade impact and do little to promote their adjustment.

The Labor Department estimates that this provision of H.R. 1543 alone would cost about \$100 - \$120 million per year. Uncertainties are great, and we are not confident that the cost of such an expanded program would be held at this level. Our budget ceilings do not include that cost. In anticipation of enactment of the legislation, Labor has requested 92 additional full-time permanent staff, and estimates an additional \$222 million in fiscal year 1980 and \$181 million in 1981 to cover increased benefits under all the worker provisions in the bill.

This legislation was one of the issues discussed with organized labor during negotiations leading to the national accord. We did not reach agreement on the eligibility issue, but organized labor is aware of our position.

If the provision on eligibility of workers is not amended on the Senate floor, it will not be subject to resolution in conference on the bill since both the House and Senate versions are the same. We believe the only way to get this provision changed on the Senate floor would be to indicate clearly to Senator Long, Majority Leader Byrd, and other key members of the Senate that if this provision is not changed to conform to the Administration's position, the legislation will be vetoed.

Recommendation

I recommend that a veto signal be transmitted to the Senate by White House and OMB congressional liaison and that the Secretaries of Labor and Commerce and the Special Trade Representative also be instructed to send a clear veto signal to the Senate.

Decision

Inform the Senate that without the proposed change in the worker eligibility provision the legislation will be vetoed.

Continue to oppose the legislation in the Senate, but do not issue a veto signal.

Cease opposing the legislation and work with the House-Senate conferees to support the Senate position on the other major issues.

THE WHITE HOUSE
WASHINGTON

BUTLER COMMENT ON OMB
MEMO ON WHETHER OR NOT
CAN VETO THREAT

LANDON SAYS THIS IS A
UAW AMENDMENT. OMB
SHOUDD TAKE INTO CONSDIERATION

LANDON HAS NO COMMENT
FOR THE PRES - TALKWED
TO JOHN WHITE

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

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

ACTION
FYI

<input checked="" type="checkbox"/>	VICE PRESIDENT
<input checked="" type="checkbox"/>	JORDAN
	CUTLER
	DONOVAN
<input checked="" type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	MCDONALD
<input checked="" type="checkbox"/>	MOORE
	POWELL
<input checked="" type="checkbox"/>	WATSON
	WEDDINGTON
<input checked="" type="checkbox"/>	WEXLER
<input checked="" type="checkbox"/>	BRZEZINSKI
	MCINTYRE
<input checked="" type="checkbox"/>	SCHULTZE
	ANDRUS
<input checked="" type="checkbox"/>	ASKEW
	BERGLAND
	BROWN
	CIVILETTI
	DUNCAN
	GOLDSCHMIDT
	HARRIS
	KREPS
	LANDRIEU
	MARSHALL

	MILLER
	VANCE
<input checked="" type="checkbox"/>	BUTLER
	CAMPBELL
	H. CARTER
	CLOUGH
	CRUIKSHANK
	FIRST LADY
	FRANCIS
	HARDEN
	HERTZBERG
	HUTCHESON
<input checked="" type="checkbox"/>	KAHN
	LINDER
	MARTIN
	MILLER
	MOE
	PETERSON
	PRESS
	SANDERS
	SPETH
	STRAUSS
	TORRES
	VOORDE
	WISE

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

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

November 6, 1979

MEMORANDUM FOR RICK HUTCHESON

FROM: GEORGE EADS *GE*

SUBJECT: H.R. 1543 - TRADE ADJUSTMENT ASSISTANCE

CEA strongly concurs with OMB's recommendation that a veto threat should be issued on this legislation. If Trade Adjustment Assistance is to be a positive form of adjustment to import competition at a reasonable cost, it must be targeted at firms and workers of firms seriously affected by higher imports. Broadening the range of coverage raises the program's costs without a corresponding increase in benefits.

Attachment

LOGGED

Date 11/5

TO: DIRECTOR

THE WHITE HOUSE

WASHINGTON

Routing

CLSI/SC

DATE: 06 NOV 79

FOR ACTION: STEJ BIZENSTADT

FRANK MOORE

ZBIS BRZEZINSKI

CHARLES SCHULTZ

R. ASKEW

LONDON BURLER

ALFRED KRIN

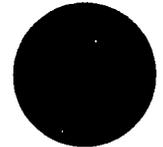
INFO ONLY: THE VICE PRESIDENT

AL McDONALD

ANNE MEYLER

JACK WATSON

cc ME



SUBJECT: MCINTYRE MEMO RE MR 1547 - TRADE ADJUSTMENT ASSISTANCE

due

+ RESPONSE DUE TO RICK HUTCHESON, STAFF SECRETARY (455-7050) +

+ BY: 1200 PM WEDNESDAY 07 NOV 79 +

ACTION REQUESTED:

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

PLEASE NOTE OTHER COMMENTS BELOW:

11/5



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

NOV 2 1979

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Continue to oppose the legislation in the Senate, but do not issue a veto signal.

Cease opposing the legislation and work with the House-Senate conferees to support the Senate position on the other major issues.

Received no label
DK

THE WHITE HOUSE

WASHINGTON

November 5, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON *Jack*

SUBJECT:

AN ADDENDUM: REMARKS AT THE RATIONING BILL SIGNING CEREMONY

The Rationing Bill that you are signing this morning includes provisions to establish a national energy emergency conservation response program. Under these provisions, you are provided with the authority to set mandatory conservation targets to respond to a declared emergency. The states are given the flexibility to design programs that will meet the set goal. These provisions are the direct result of the work of Dick Lamm as Chairman of the NGA Natural Resources Committee and NGA staff. Dick was personally involved in formulating the concept and worked hard toward its adoption. He and NGA also actively supported the adoption of a rationing program.

Dick was invited to the signing ceremony, but cannot attend due to a prior commitment to address the UN on the refugee situation in Cambodia. (He just returned from a trip to China). Though no governors will be in attendance at the signing, NGA staff will be present. It would, therefore, be appropriate to commend Dick Lamm, and NGA for their work on the bill.

THE WHITE HOUSE

WASHINGTON

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