

**12/12/79 [1]**

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## WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/ att	Christopher to Carter, 6 pp.	12/11/79	A
attendance list	Briefing and Reception for the Business Council, 5 pp.	12/12/79	C

**FILE LOCATION**

Carter Presidential Papers - Staff Offices, Office of the Staff Secretary, Presidential Handwriting File, 12/12/79 [1]

**RESTRICTION CODES**

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*PJW*

Lorraine Graham (State Representative, Burlington, Vermont)  
(802) 862-0390-H

Representative Graham has been a member of the State House since 1966, and is particularly interested in children with learning disabilities. She was leaning toward Kennedy, but is now uncommitted, and leaning toward you. She attended the New England briefing and was very impressed.

-- Ask her for public endorsement, and for her help in lining up other legislators in conjunction with Esther Sorell and the Lt. Governor Madeleine Kunin.

NOTES:

(Date of call 12-1)

*Col Foster Graham*

*Looks good -  
Will help with campaign  
Husband may call Phil Wise  
stop by W.H. to meet Pres.*

Electrostatic Copy Made  
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*1:10 p.m.*

5:00 PM

THE WHITE HOUSE

WASHINGTON

December 11, 1979

C

MEETING WITH THE BUSINESS COUNCIL

**Electrostatic Copy Made  
for Preservation Purposes**

The East Room  
5:00 p.m.  
December 12, 1979

From: Anne Wexler *AW*

I. PURPOSE

To announce your decisions on the defense budget and to meet with the members of the Business Council and briefly discuss energy and economic issues with them.

II. BACKGROUND AGENDA AND PARTICIPANTS

- A. Background: We have invited the Business Council to the White House to consult on the major economic and energy issues now being considered by the Administration. In addition, Reg Jones, this year's Chairman, wanted an opportunity for you to talk informally with a number of the Business Council members who have been supportive.

Originally, your participation in the meeting was to include brief remarks about energy and economic issues and a few questions from the audience on these issues. Subsequently, it was decided that you would announce your defense budget decision at this meeting. In order to accommodate the desire of Business Council members to ask questions, it has been arranged for you to take a few questions at the end of your participation in the reception in the State dining room which will follow your remarks on the defense budget.

- B. Agenda: Prior to your arrival, I will have made brief introductory remarks and Secretary Miller will have conducted the session on energy and economic issues. Participating with Secretary Miller are Stu Eizenstat, Secretary Duncan, Jim McIntyre, Charlie Schultze, and Fred Kahn.

When you arrive at 5:00, you proceed directly to the podium to make your remarks on the defense budget. Following your remarks, you proceed with the members of the Business Council to the State Dining Room for a reception. During the reception Reg Jones will introduce you to certain key members of the Business Council. After approximately 20 minutes, you should proceed to the microphone in the State Dining Room where you will make brief remarks and answer a few questions.

- C. Participants: The main audience will be approximately 80 members of the Business Council, list attached. In addition to the panelists participating in the earlier discussion on economic and energy issues, Administration representatives in the audience for your defense budget speech will include Deputy Secretary Claytor, the Service Secretaries, the Joint Chiefs of Staff, Deputy Secretary Christopher, and Zbigniew Brzezinski. Frank Moore's office has decided not to invite Senators and Congressmen because Senators are needed on the floor for the Windfall Profits Tax. Advance copies of your remarks will be distributed to them embargoed for 5:00 p.m. However, Senator Percy, as former chief executive of Bell and Howell, is a member of the Business Council and is expected to attend in that capacity.

### III. PRESS PLAN

The White House Press Corps will cover your remarks on the defense budget. An advance text of your remarks is to be distributed by Jody embargoed until 5:00 p.m., in order to assure coverage on the evening news.

There will be no press coverage of the hour preceding your defense remarks and there will be no press coverage of the reception following your defense remarks.

The White House photographer will be present during your defense remarks and will cover the reception.

#### IV. TALKING POINTS

Your remarks on the defense budget have been prepared separately.

The following talking points are suggested for use in the State Dining Room at the end of your participation in the reception.

- o Thank you for joining us today. I am sure that Secretary Miller, Stu Eizenstat, and the others are greatly benefitted from your discussion and your advice. They are my principal economic advisers and everything you have said today will be very important to us as we make decisions over the next several weeks.
- o I will be glad to respond to a few questions.

(Note: After you answer two or three questions, you might want to close by briefly updating the members of the Business Council on Iran, and suggesting that their support at home for the release of the hostages and abroad through their international subsidiaries would be very important. The NSC concurs with this).

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12:00

0

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

December 11, 1979

**Electrostatic Copy Made  
for Preservation Purposes**

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze **CLS**

Subject: Quadriad Meeting on Wednesday, December 12

On Wednesday, December 12, you are scheduled to have lunch with your principal economic advisers and Paul Volcker. This memo sets forth a brief review of recent economic and financial developments and discusses the outlook for next year.

Since the last Quadriad meeting, the financial markets have been adjusting to the changes in Federal Reserve policy that occurred on October 6. The housing market has been affected severely, and you may wish to devote a substantial part of the discussion on Wednesday to developments in the housing sector. Attached to this memo is a summary of the report to the EPG by the interagency task force which has been closely monitoring developments in the housing market.

Recent Economic Developments

The economy late this year continues to show a surprising degree of strength in the face of forces acting to weaken growth. Employment increases have persisted through November, and the unemployment rate has not as yet begun to rise. New orders for durable goods (excluding aircraft) have been moving up since July, following a decline last spring. Retail sales in November increased moderately in real terms. These and other data indicate that the economy has not yet headed into the recession that is so widely expected.

Two principal areas of weakness have developed in the fourth quarter: autos and housing. Unit sales of new cars dropped by 13 percent in October and remained at the reduced October level in November. Housing starts appear to have dropped sharply in November -- a preliminary tabulation, based on a sample of permit-issuing places, indicates a decline of about one-fourth in residential building permits last month. Anecdotal evidence, moreover, suggests that businesses are making strenuous efforts to hold down inventory accumulation because of the very high cost of short-term credit.

Business investment plans remain uncertain. Late last week, the Commerce Department reported that businesses are planning to increase their plant and equipment outlays in the first half of next year at the same rate as in 1979. Evidence from other sources, however, suggests that a curtailment of capital spending plans has begun to occur. Even if the Commerce Department survey proves to be correct, some retrenchment of spending plans would probably take place if declining housing starts and weak auto sales lead to a broader downturn in economic activity.

### Outlook for 1980

Despite recent signs of resilience, a recession seems likely in the first half of next year. Consumer purchasing power will continue to be sapped by rising energy prices. With the personal saving rate already at a very low level, real consumer spending will grow very slowly at best and may decline. Housing starts are likely to decline sharply from recent levels because of reduced availability of mortgage credit and very high mortgage interest rates. Since mortgage credit markets are still in a state of flux -- for example, mortgage interest rates have recently begun to decline -- there is substantial uncertainty about how deep the drop in housing starts will be; our own guess is that starts will fall to around 1.2 to 1.4 million, annual rate, next spring.

If business fixed investment spending stays strong, however, any recession in the first half of next year would be very mild, and the economy would begin turning up again some time during the second half. Even so, real GNP at the close of 1980 would be unlikely to exceed its level in the fourth quarter of this year, so that the unemployment rate would probably rise by about 1 percentage point during the course of the year.

The Administration's forecasting group -- a group of EPG deputies -- is more pessimistic than this about the 1980 outlook. That group expects a decline in real GNP of about 1-1/4 percent over the four quarters of 1980, and a rise in the unemployment rate to about 7-3/4 percent by the close of next year. The Federal Reserve staff is also more pessimistic. They are forecasting a 1-1/2 percent decline in real GNP next year and a rise in the unemployment rate to about 8-1/2 percent by the fourth quarter.

How much of an economic slowdown occurs early next year chiefly depends on three factors:

- o The size of the OPEC price increase in December and the trajectory of oil prices during 1980.
- o The extent of curtailment of business capital spending plans.
- o The amount of decline in interest rates that occurs in the context of a weakening economy. Adverse reaction in the foreign exchange markets may limit the Fed's ability to permit interest rates to fall.

#### Outlook for Inflation

There has been little or no evidence yet of an abatement of inflation. True, energy price increases have moderated somewhat in the past two months, and wholesale prices of finished goods excluding food and energy have risen less rapidly since midyear than in the first half of 1979. But there has been no breakthrough on the inflation front, and the CPI will be rising rapidly over the next few months because of the recent increase in mortgage interest rates.

We expect some moderation of inflation next year. The huge energy price increase of 1979 is not likely to be repeated. Moreover, rising costs will be harder to pass through to prices in a weak economy. The amount of moderation we can realistically expect, however, is small. A major concern is that this year's rise in prices will lead to substantially larger increases in wage rates next year. If that happens, the underlying rate of inflation will worsen appreciably.

So far, the Pay Advisory Committee has not addressed the issue of an overall pay standard for 1980. They are scheduled to do so at their December 18 meeting. The Committee's decisions on the overall standard will have a critical bearing on the progress we make against inflation next year.

#### International Developments

Despite the rise in payments for oil imports from a rate of about \$43 billion in the fourth quarter of last year to about \$80 billion currently, the U.S. merchandise trade deficit has widened by only about \$5 billion over this period.

- o Nonagricultural exports have shown remarkable strength, and recent data do not yet indicate a slowdown. Businesses are generally optimistic about the outlook for exports.
- o Agricultural export shipments are at record levels.
- o Nonoil imports have been roughly flat in volume terms since the first quarter.

Our current account deficit will be very small this year, and remain close to zero next year, even allowing for a further rise in oil prices. The U.S. position appears even more favorable when compared to that of the major foreign countries. Japan is likely to have a current account deficit of \$7-10 billion both this year and next, after large surpluses the past two years. Germany is likely to have a small deficit this year, and a somewhat larger one in 1980.

The dollar, despite periods of sometimes intense pressure, has remained relatively constant on a weighted average basis for the year as a whole. It has depreciated against the German mark and other European currencies, but appreciated against the yen.

Exchange markets, though very nervous, have on balance not overreacted to the uncertainties created by the Iranian situation. The dollar strengthened appreciably immediately after the Fed's October 6 actions, which drove up interest rates sharply, but came under pressure in late November and early December when interest rates began to decline. More recently the dollar has recovered somewhat, partly in response to renewed increases in the Federal funds rate

#### Financial Markets and Monetary Policy

The Federal Reserve tightened monetary policy considerably on October 6, and changed its operating strategy for implementing monetary policy. The principal reasons behind these actions were:

- o The failure of inflation to show any abatement in the second half of the year.
- o The surprising strength of the economy in the third quarter.

- o Growth in the monetary aggregates over the summer at a rate well above the Fed's target ranges, despite sharply rising interest rates.
- o Strong downward pressures on the dollar in exchange markets from June through September.

The Fed's October 6 package:

- o established a much broader range for the Federal funds rate (11-1/2 percent to 15-1/2 percent), and on a few days the rate was well above that range;
- o shifted to a strategy of using bank reserves, rather than the funds rate, as the primary instrument for controlling the growth of the monetary aggregates;
- o raised the discount rate from 11 to 12 percent; and
- o introduced a marginal reserve requirement on net additions to "purchased funds" -- that is, Eurodollar borrowings, loans from corporations through repurchase agreements on short-term securities and Federal funds borrowed from other than member banks.

Interest rates shot up rapidly after the announcement of the Fed's package. By the third week of October the funds rate was averaging over 15 percent and most short-term rates had climbed almost 2-1/2 percentage points from their October 5 levels. After that, however, rates declined sharply through the latter part of November. Although Treasury bill rates have risen over the past two weeks, most other rates have leveled off, and the prime rate has been reduced from a peak of 15-3/4 in mid-November to 15-1/4 last Friday. In the first week of December both short- and long-term rates were about 100 basis points above early-October levels. Stock prices, which took a nosedive after the Fed action, have recovered somewhat. The Dow-Jones fell from 898 on October 5 to 805 twenty days later, but closed at 834 Monday.

Growth of money and credit has been curtailed sharply in the wake of the Fed action. The annual growth rate of M1 fell from 12 percent in September to about 2 percent in both October and November. The rate of increase in M2 declined from 13 percent in September to 9 percent in October and to less than 7 percent last month. The Fed's annual money growth targets for 1979 now appear obtainable.

The effect of the Fed's October 6 actions on the mortgage market is discussed in the attached memo.

Attachment

## Summary of Developments in Housing and Housing Finance

An interagency task force has set up a network to monitor developments in housing and housing finance. The initial results of that effort are summarized in this paper. The results are quite mixed and often contradictory. A dramatic downturn in housing activity appears to be widely anticipated. The available information on home sales and on financial flows, however, gives a somewhat less pessimistic picture, although it does suggest that a significant decline is likely.

- o Deposit flows at S&Ls were surprisingly strong in the first five weeks after October 6, but dropped off substantially in mid-November. Part of both the initial strength and the later decline reflected sales of large-denomination negotiable CD's by S&Ls.
- o October was the worst month in history for deposit outflows at mutual savings banks; outflows apparently continued in November, but at a less rapid pace. MSBs provided less than 4 percent of mortgage market funds during the first three quarters of 1979.
- o Mortgage bankers reported adequate secondary market support for FHA/VA loans, their primary area of activity, but are having difficulties placing conventional mortgages.
- o Many mortgage lenders reported tightening terms for mortgage loans and some withdrew from the market completely. About one-fourth of the nation's S&L's and mutual savings banks stopped making new mortgage loan commitments in October.
- o Sales of both new and existing homes held up well in October, and inventories of unsold new homes at the end of October were the lowest so far this year.
- o Building permits issued declined by 13 percent in October. Information from a sample of permit-issuing places indicates a decline of about 25 percent in permit activity in November.
- o Almost half of the builders responding to a special Census survey indicated that they had cut back planned housing construction since October 1. Projections based on these survey responses imply a decline in housing starts to an annual rate of about 1.3 million units in the second quarter of 1980.

## Summary (con't)

Responses from both lenders and builders indicated that usury ceilings are having an important influence on mortgage credit availability. However, the impact of these ceilings varies widely by region and type of institution.

In interpreting these results, it should be remembered that much of this information was collected during a time of rather severe increases in interest costs and in restrictions on availability. Some of this initial "shock" impact may now be wearing off. Treasury bill rates have recently been about 125 basis points below their October peaks, and mortgage rates have also begun to turn down since early November.

The survey of builders' plans and the permit data imply a decline in starts by the second quarter of next year in the order of 25 to 30 percent. While these results were probably affected by temporary turbulence in mortgage markets, they are in line with starts levels foreseen by many of the large private forecasting agencies. If interest rates decline further, there would be reason to expect improvement thereafter.

THE WHITE HOUSE  
WASHINGTON

Phil has  
seen —

I've told  
2 big's nice about  
talking paint

Wed

THE WHITE HOUSE  
WASHINGTON

9:45

Mr. President:

Amb. McHenry has requested a meeting early next week on the Iranian situation. Shall I schedule or ask Sec. Vance to handle?

- schedule 15 min meeting
- ask Vance to see him
- other

Let Zbig & Cy  
give me talking  
points  
J

Phil

THE WHITE HOUSE  
WASHINGTON

13 dec 79

Frank Moore

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

Rick Hutcheson

C

MEETING WITH SENATOR DAVID DURENBERGER

Wednesday, December 12, 1979  
1:30 p.m. (30 minutes)  
The Oval Office

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

I. PURPOSE

To discuss SALT and make his support public at the appropriate time.

II. PERSONAL INFORMATION, PARTICIPANTS, PRESS ARRANGEMENTS

A. Personal Information

Wife's Name: Penny

Children: Charles  
David  
Michael  
Daniel

Home Town: Minneapolis, Minnesota

Committee Assignments:

Committee on Finance (8)  
Governmental Affairs (8)  
Select Committee on Intelligence (6)

B. Participants: Senator David Durenberger (R-Minn.)

C. Press Arrangements: Off the record

III. BACKGROUND

A. SALT Concerns: From the moment he came to the Senate, Durenberger has made every effort to inform himself on SALT. While the tenor of his questions and comments indicates a generally supportive approach, he has purposefully maintained a public posture of open-mindedness. He had formed a study group with Senator Dole and, as president of the Republican Freshmen, he has organized meetings with experts to learn about SALT and foreign policy.

In a statement in May, he expressed concern about verification, possibility that Treaty might allow the Soviets to attain a qualitative superiority in terms of weapons capabilities, MINUTEMAN vulnerability. He said he believed that most people want to avoid a return to the arms race, but opinion is less clear about whether this Treaty is a good one.

He has invited Minnesotans to write their views about SALT and was impressed with the White House briefing you had on October 12.

Although he voted for the 3 percent and 5 percent defense increase, he has expressed concern about what increased defense spending will mean to domestic programs.

Because of his key role with the Freshmen Republicans, it would be very important to get him to support the Treaty and say so publicly. Although he states he is undecided, we believe he is leaning for the Treaty.

- B. Intelligence Committee Concerns: Durenberger serves on the Intelligence Budget Subcommittee. He is especially worried about our ability to deal with Third World situations (e.g., Iran, Nicaragua) and may press for additional funding in order to improve analytic ability, language and area studies, etc. to remedy the situation. You might respond by saying that we are in the process of reviewing FY 1981 budgets, and you can assure him that the intelligence budget will be adequate to meet our needs.
- C. Additional Issues: Durenberger, as a member of the Finance Committee, has followed the Windfall Profits Tax debate closely but has not taken an active role. He is unlikely to raise the issue with you in this meeting.

*Opinion on SALT in Minn - 1/3 : 1/3 : 1/3  
Has a few reservations & concerns -  
Open mind -*

THE WHITE HOUSE  
WASHINGTON

12 Dec 79

Gus Speth

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

Rick Hutcheson

Stu Eizenstat  
Jack Watson  
Jim McIntyre

	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

	VICE PRESIDENT
	JORDAN
	CUTLER
	DONOVAN
/	EIZENSTAT
	MCDONALD
	MOORE
	POWELL
/	WATSON
	WEDDINGTON
	WEXLER
	BRZEZINSKI
/	MCINTYRE
	SCHULTZE
	ANDRUS
	ASKEW
	BERGLAND
	BROWN
	CIVILETTI
	DUNCAN
	GOLDSCHMIDT
	HARRIS
	KREPS
	LANDRIEU
	MARSHALL

	MILLER
	VANCE
	BUTLER
	CAMPBELL
	H. CARTER
	CLOUGH
	CRUIKSHANK
	FIRST LADY
	FRANCIS
	HARDEN
	HERTZBERG
	HUTCHESON
	KAHN
	LINDER
	MARTIN
	MILLER
	MOE
	PETERSON
	PRESS
	SANDERS
/	SPETH
	STRAUSS
	TORRES
	VOORDE
	WISE

EXECUTIVE OFFICE OF THE PRESIDENT  
COUNCIL ON ENVIRONMENTAL QUALITY  
722 JACKSON PLACE, N. W.  
WASHINGTON, D. C. 20006

Gus  
J

December 11, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: GUS SPETH *Gus Speth*  
SUBJECT: Protecting Freshwater Wetlands

Electrostatic Copy Made  
for Preservation Purposes

In response to your recent question about the federal government's efforts to protect freshwater wetlands, we have the following summary report and recommendations.

Your 1977 Executive Order No. 11990 on Protection of Wetlands and your 1978 Water Policy Message and directives emphasized increased sensitivity to environmental concerns and increased attention to non-structural alternatives for flood control. These policy changes have altered federal agency planning processes. For the past two years the new construction starts recommended by the Army and Interior Departments have generally been environmentally acceptable and have not proposed significant alterations to wetlands. The Soil Conservation Service is conducting an ongoing reevaluation of about 300 previously proposed projects. They have reviewed about 100 of these to date and have deleted 708 miles of proposed stream channelization. SCS has also issued, jointly with the Fish and Wildlife Service, guidelines for stream channel modifications which should greatly restrict channelization in the future. These guidelines will eliminate drainage of permanent wetlands as an eligible project purpose. >

In addition to these improvements in federal construction activities, we can enhance protection of freshwater wetlands by two other means. First, the Heritage Conservation and Recreation Service at Interior has completed their Eastern Inventory of river segments potentially suitable for inclusion in the National Wild and Scenic Rivers System. Included as prime candidates are numerous blackwater rivers in the Southeast, most of which have associated forested wetlands -- a type which has been greatly depleted and is still highly subject to clearing and drainage. As of now, there are no Southern blackwater rivers in the Wild and Scenic Rivers System.

Second, the Corps of Engineers administers a regulatory program under Section 404 of the Clean Water Act which, as a result of our efforts with Congress in 1977, regulates dredging and filling activities in inland wetlands. We do not at this point have information from the Corps on the progress of this program since 1977, but its potential is great.

Recommendations

If you approve, we will:

1. Request the Corps (through the Secretary of the Army's office) to evaluate the results of their Section 404 regulatory program to date, with particular emphasis on the protection of freshwater wetlands; *Just a brief analysis*
2. Work with Interior to develop proposals for inclusion of selected blackwater rivers and associated wetlands in the Wild and Scenic Rivers program.\* *etc*

\*/ The Interior study lists the following Georgia rivers (blackwater and other) as having "high potential" for inclusion in the Wild and Scenic Rivers program:

- Alapaha River
- Altamaha River
- Amicalola Creek
- Chattooga River
- Conasauga River
- Flint River
- Jacks River
- Ocmulgee River
- Ogeechee River
- Satilla River
- Suwannee River
- Talking Rock Creek
- Withlacoochee River

**Electrostatic Copy Made  
for Preservation Purposes**

8:30am

THE WHITE HOUSE  
WASHINGTON

Frank  
J

MEETING WITH SENATOR LLOYD BENTSEN

Wednesday, December 12, 1979  
8:30 a.m. (30 minutes)  
The Oval Office

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

I. PURPOSE

To discuss SALT.

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for Preservation Purposes**

II. PERSONAL INFORMATION, PARTICIPANTS, PRESS ARRANGEMENTS

A. Personal Information

Wife's Name: Beryl Ann (nickname: B.A.)

Children: Lloyd III  
Lan  
Tina

Home Town: Brazoria County, Texas

Committee Assignments:

Environment and Public Works (4)  
Committee on Finance (7)  
Joint Economic Committee (Chairman)

B. Participants: Senator Lloyd Bentsen (D-Texas)

C. Press Arrangements: Off the record

III. BACKGROUND

A. SALT Concerns: At the beginning of the year he was extremely skeptical about SALT. He was particularly concerned about verification, telemetry and encryption, and cruise missile limitations. His worries were not mitigated by what he considered an inadequate briefing by the negotiating team in Geneva. In one of the evenings with you, he said he was encouraged by what you said about verification,

but he did not believe the argument that the Soviets would not risk violations since they had tried to cheat on SALT I. He also mentioned the need to get clear Soviet agreement to our interpretation of noncircumvention.

He has also expressed concern about our defense posture and believed that the B-1 and neutron bomb decisions required a reaffirmation of U.S. intent. He was pleased with your MX and defense spending actions. He does not want the U.S. to get into a second-best position. He voted for the 3 percent and 5 percent defense increase.

He is in a difficult position in Texas with both Tower and Governor Clements as outspoken critics of SALT.

In a speech in Dallas in June he indicated he will vote against the Treaty. When he met with the Vice President in July, he was evasive about his position on SALT but reiterated his concerns.

Recently, however, with his support for your re-election, we sense that he is re-looking at SALT. He has fired his very negative SALT staffer and has dropped hints that if he can put his mark on some technical SALT amendments, he will be supportive. The problem, of course, is that the SFRC has taken many of his ideas and put them in the Resolution of Ratification.

- B. Additional Issues: As you remember, the Senator is one of your endorsers. He has been active in the Windfall Profits Tax debate and is a proponent of tax incentives for saving and other capital formation devices. He probably will not seek to discuss these things with you at this meeting.

*Open mind - Will not support any  
crippler amendments - Will support provisions  
requiring tight monitoring of treaty violations  
& strong action if violations are suspected.*

THE WHITE HOUSE  
WASHINGTON

12/12/79

Frank Moore

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

Rick Hutcheson

cc: Phil Wise  
Fran Voorde

THE WHITE HOUSE  
WASHINGTON

Mr. President:

Frank would like to slip  
this request in this week.

approve       disapprove

Phil

THE WHITE HOUSE  
WASHINGTON  
December 10, 1979

sk  
J

CONGRESSIONAL SCHEDULING PROPOSAL

MEETING: White House meeting with Hon. Jack Brooks  
(D-Texas-9)

DATE: The week of December 10, 1979

LENGTH: 5 minutes

PURPOSE: Congressman Brooks, Chairman of the House  
Government Operations Committee, would like  
to present the President with some venison.

EVENT DETAILS: Location: The Oval Office

Participants: The President, Congressman  
Brooks, Frank Moore, Terry Straub

Press Plan: White House photographer only

SUBMITTED BY: Frank Moore *F.M.*

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THE WHITE HOUSE  
WASHINGTON

12/12/79

Mr. President:

Thank you for calling  
my daughter. You're a  
very generous person.

Moon Landrieu



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12/12/79

Jack Watson  
Sarah Weddington  
Frank Moore

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

Rick Hutcheson

MS  
NAME: Phyllis George Brown

wife of John Y. Brown;  
Miss America

TITLE

CITY/STATE Frankfort, Kentucky

Phone Number--Home (502) 564-6960

Work

Other

INFORMATION (Continued on back if necessary)

Phyllis is hosting the inaugural ball tonight in honor of John Y's inauguration today as Governor of Kentucky. Bob and Helen Strauss attended the ceremonies today, but returned for the Congressional Ball tonight. Bill Albers, Sarah's deputy, is attending the ball in Frankfort, but it would be good if you could call Phyllis to say that

NOTES: (Date of Call 12-11)

done =

93  
Requested by Jack Watson  
Date of Request 12/11/79  
Sarah Weddington  
Frank Moore  
F.M.M.

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you regret that you or Rosalynn could not attend--you had this previous commitment at the White House;

you hope it is a wonderful party; and

you look forward to seeing her at the White House again soon.

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*5th ed. 1/17/80*



*2-10-80  
??  
Re: [unclear]  
[unclear]  
[unclear]  
[unclear]  
[unclear]*

Phyllis George Brown  
Requests the Pleasure of Your Company  
for  
Dinner  
Celebrating  
the Inauguration of  
John Y. Brown, Jr.  
as Governor of  
The Commonwealth of Kentucky

Tuesday, December 11

9:00 p.m.

The Executive Mansion

Frankfort, Kentucky

RSVP by *December 8th*  
The Executive Mansion  
Frankfort, Kentucky  
502-564-6960

Black Tie

THE WHITE HOUSE  
WASHINGTON

12 Dec 79

Frank Moore

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

Rick Hutcheson

THE WHITE HOUSE  
WASHINGTON

December 12, 1979

MEMORANDUM FOR THE PRESIDENT

FROM FRANK MOORE *F.M./m*

SUBJECT: Senate vote on Bradley Amendment

The Senate voted this morning to defeat the motion to table the Bradley Amendment. The vote was 45 yeas and 53 nays. Senators Nunn, Talmadge, Pryor, and Hatfield all voted with us. Senator Morgan voted against us. ← *9*

We will not win on the cloture vote this morning.

*did not  
contact  
Morgan*

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12/12/79

Sarah Weddington  
Jack Watson

The attached was returned in  
the President's outbox today  
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Rick Hutcheson

cc: Strauss

NAME Kevin White

96

TITLE MAYOR

CITY/STATE Boston MASS

Requested by Strauss

Phone Number--Home ( ) \_\_\_\_\_

Date of Request \_\_\_\_\_

Work ( ) \_\_\_\_\_

Other ( ) \_\_\_\_\_

INFORMATION (Continued on back if necessary)

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NOTES: (Date of Call 12-10)

*Wants to talk to Pres after Christmas -  
Nothing will happen to jeopardize interests of Pres.  
Let Strauss arrange meeting*

12/12/79

Frank Moore

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

Rick Hutcheson

THE WHITE HOUSE  
WASHINGTON

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

Rick Hutcheson

12/12

FOR THE RECORD:

FRANK MOORE RECEIVED A COPY  
OF THE ATTACHED CALLS.

NAME Senator Herman Talmadge

98

TITLE \_\_\_\_\_

CITY/STATE D-Georgia

Requested by Frank Moore

Phone Number--Home (     ) \_\_\_\_\_

Date of Request 12/11/79

Work (202) 224-3643

Other (     ) \_\_\_\_\_

INFORMATION (Continued on back if necessary) Ask Senator Talmadge to vote against the motion to table the Bradley amendment and to vote for the amendment on final passage. You will not have to discuss the merits with him. Simply say this thing is very close and it would mean a great deal if he could vote with us on this. You know it is asking a lot to go against Chairman Long, but you understand that this issue may not be vital to the Chairman. The call must be made before 10:00 a.m. on Wednesday.

NOTES: (Date of Call 12-12 )

*"Will try to help" +*

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NAME Senator Sam Nunn

99

TITLE \_\_\_\_\_

CITY/STATE D-Georgia

Requested by Frank Moore

Phone Number--Home (     ) \_\_\_\_\_

Date of Request 12/11/79

Work (202) 224-3521

Other (     ) \_\_\_\_\_

INFORMATION (Continued on back if necessary)

Ask the Senator to vote against the motion to table and for the Bradley amendment. Talking points are attached. You should make the call first thing tomorrow morning (before 10:00), or you may wish to discuss it with the Senator personally at the Christmas Ball this evening.

NOTES: (Date of Call 12-12 )

*Will study - If in doubt, will support Pres.  
? → LF*

NAME Senator Mark Hatfield

105

TITLE \_\_\_\_\_

CITY/STATE R-Oregon

Requested by Frank Moore

Date of Request 12/11/79

Phone Number--Home (      ) \_\_\_\_\_

Work ( 202 ) 224-3753

Other (      ) \_\_\_\_\_

INFORMATION (Continued on back if necessary) The Senate will vote tomorrow on a tabling motion on an amendment by Senator Bradley (which is a substitute for the Ribicoff amendment) to impose a 20% minimum tax on certain categories of exempt oil; it would not affect the independents exemption, however. We support this amendment, and you should urge Senator Hatfield to vote against the motion to table and for the amendment. Talking points are attached. The call should be made by 10:00 a.m. tomorrow, or you may prefer to speak with him about it at the Christmas Ball tonight.

NOTES: (Date of Call 12-12 )

*Will help.*

*f*

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THE WHITE HOUSE  
WASHINGTON

12 Dec 79

Secretary Goldschmidt

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

Rick Hutcheson

Stu Eizenstat  
Jack Watson  
Jim McIntyre.

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

	VICE PRESIDENT
	JORDAN
	CUTLER
	DONOVAN
/	EIZENSTAT
	MCDONALD
	MOORE
	POWELL
/	WATSON
	WEDDINGTON
	WEXLER
	BRZEZINSKI
/	MCINTYRE
	SCHULTZE
	ANDRUS
	ASKEW
	BERGLAND
	BROWN
	CIVILETTI
	DUNCAN
/	GOLDSCHMIDT
	HARRIS
	KREPS
	LANDRIEU
	MARSHALL

	MILLER
	VANCE
	BUTLER
	CAMPBELL
	H. CARTER
	CLOUGH
	CRUIKSHANK
	FIRST LADY
	FRANCIS
	HARDEN
	HERTZBERG
	HUTCHESON
	KAHN
	LINDER
	MARTIN
	MILLER
	MOE
	PETERSON
	PRESS
	SANDERS
	SPETH
	STRAUSS
	TORRES
	VOORDE
	WISE

THE WHITE HOUSE  
WASHINGTON

12/12/79

Mr. President:

Watson, Eizenstat and OMB recommend that the special representative be Secretary Goldschmidt's, not yours -- more often than not, the representative will be delivering bad news.

Jack says that neither he nor Goldschmidt have met Krause, and that they will bring him in and talk to him before making a decision on him.

All concur with the rest of Secretary Goldschmidt's recommendations.

Rick



THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

DEC 5 1979

cc Neil  
J

MEMORANDUM FOR: THE PRESIDENT  
THROUGH: Rick Hutcheson, Staff Secretary  
FROM: Neil Goldschmidt   
SUBJECT: Midwest Rail Problem

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for Preservation Purposes

As you know, the Department of Transportation is proceeding with plans to bring about a restructuring of the rail plant in the Midwest, primarily the Rock Island and the Milwaukee Railroads. Our working assumption is that a Conrail-like solution in the Midwest should be avoided and that restructuring can best be accomplished by encouraging private sector railroads to provide service on the economically viable segments of the system. The financial problems of the Midwestern railroads are so acute that a significant amount of this restructuring must take place during the coming year. While I plan to keep you informed on a regular basis about our substantive progress and our problems, the purpose of this memorandum is to describe a plan for dealing with the political difficulties of restructuring.

Any plan to restructure the railroads of the Midwest must be based on close Federal communication and cooperation with States, profitable railroads, labor, shippers, local communities and other interested parties to minimize the social and economic impact of restructuring. In a political context our success will depend on how fairly, openly and aggressively we pursue this cooperation. In that regard, my plan involves the following.

First, I plan to maintain contact with governors in the affected Midwestern states, as well as those in the northwestern tier states served by the Milwaukee. I met personally in mid-November in Des Moines, Iowa, with representatives of the Departments of Transportation of states served by the Rock Island and I believe that a good working rapport was established. Senior officials of the Department will be meeting with governors of the states on the western end of the Milwaukee system next week. In some cases Federal-state cooperation may take the form of states actually acquiring segments of Midwestern railroads. In other cases it may take the form of Federal subsidies under existing programs--to the states for rail planning or for subsidy of certain lines.

Second, it appears worthwhile to appoint a special representative to the Midwest whose primary role will be to listen to affected shippers and communities, to communicate their concerns to Washington, and to communicate to them the details of the DOT plan for the Midwest. During my visit to Des Moines, I noted a lack of communication with local shippers and representatives of cities and smaller communities. Appointing a representative will help counter this problem. I recommend that you appoint a Special Presidential Representative on Midwest Rail Restructuring, reporting to me. Having the appointment come from you highlights the importance of the move, but having the representative report to me will facilitate his or her actual work on a very complex subject. Alternatively, I can appoint a Secretarial Representative. In either case, I suggest as a candidate Mr. Robert A. Krause, a former Iowa State Legislator who has been recommended by your 1980 Iowa Campaign Director, Mr. Bill Romjue. Mr. Krause has been directly involved in rail transportation, and has an excellent sense of the problems and of the possibilities for change. While he is from Iowa, which is one of the most critical states involved, I would expect to involve him in all of the relevant Midwestern states as needed.

*you do it -*

Third, to make sure that your own political organization is fully up-to-date on our efforts in the Midwest and to provide a means for us to deal with rail problems which come to the attention of members of that organization, I have asked Jack Sullivan, the Federal Railroad Administrator, to establish a two-way communication link with your own Campaign committee to discuss Midwest rail issues. Senator Kennedy's misguided concern with the "Wabash Railroad" notwithstanding, I am concerned that the legitimate efforts of the Administration to rationalize the rail system in the Midwest will continue to surface as campaign issues.

Fourth, because I am concerned about the effect of our restructuring activities on organized labor, I have asked Bill Johnston, your designate for Assistant Secretary of Transportation for Policy and International Affairs, to maintain a close liaison with organized labor. Meetings have begun and more are scheduled. I have hopes that at least in the Rock Island situation we can come to accommodation with labor on cushioning the effects of transition on the individual employee.

Finally, I am concerned that the general public in the Midwest understand the significance of our efforts to solve the problems of the granger railroads without resorting to nationalization. To assure this communication, I plan to spend time in the Midwest and I will ask other officials of DOT to participate in as many public hearings and other forums as possible.

The problems of the Midwest railroads have been caused by decades of eroding traffic and outdated regulation. I do not expect them to be solved overnight. At the same time I feel that the Administration has a cogent, long-term policy for coming to grips with the problem in a way that will not cause an excessive drain on the Treasury. I think the key to minimizing political problems in the Midwest is to communicate this policy clearly and frequently.

Proceed as outlined with Presidential  
appointment of Midwest rail representative: \_\_\_\_\_

Proceed as outlined with Secretarial  
appointment of Midwest rail representative: \_\_\_\_\_

✓ J

See me: \_\_\_\_\_

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ID 795458

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

WASHINGTON

DATE: 06 DEC 79

FOR ACTION: STU EIZENSTAT

JACK WATSON

JIM MCINTYRE

*attached*

*attached*

INFO ONLY: THE VICE PRESIDENT

FRANK MOORE

SARAH WEDDINGTON

ARNIE MILLER

SUBJECT: GOLDSCHMIDT MEMO RE MIDWEST RAIL PROBLEM

+++++

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

+ BY: 1200 PM SATURDAY 08 DEC 79 +

+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

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

<input type="checkbox"/>	ADMIN CONFID
<input type="checkbox"/>	CONFIDENTIAL
<input type="checkbox"/>	SECRET
<input type="checkbox"/>	EYES ONLY

ACTION  
FYI

<input checked="" type="checkbox"/>	VICE PRESIDENT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	CUTLER
<input type="checkbox"/>	DONOVAN
<input checked="" type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	MCDONALD
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<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	FRANCIS
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<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
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<input type="checkbox"/>	SANDERS
<input type="checkbox"/>	SPETH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	TORRES
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WISE

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*

SUBJECT: Midwest Rail Problem

I concur with Neil's overall recommendations. I have discussed this memo with Neil and we now think that the Special Representative ought to be the Secretary's and not yours. More often than not he will be delivering bad news and we'd rather have that come from the Secretary's representative than from yours.

Neither Goldschmidt nor I have met Krause and before we decide on him we'd like to bring him in and talk to him.

THE WHITE HOUSE

WASHINGTON

December 12, 1979

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
MYLES LYNK  
SUBJECT: Midwest Rail Problems Memorandum from  
Secretary Goldschmidt

I concur with all of Secretary Goldschmidt's proposals but recommend that the special representative for Midwest Rail Restructuring be appointed by the Secretary of Transportation, and not directly by you. A Presidential appointment would bring this difficult problem too close to your desk, and lead the press and the public to believe that the representative would report directly to the White House. Announcement of the appointment of a special representative, however, should be closely coordinated with the White House and the campaign. I recommend that you approve the appointment of a Special Representative for Midwest Rail Restructuring by Secretary Goldschmidt and instruct the Secretary to coordinate the announcement with Jack Watson and the campaign.



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

DEC 10 1979

MEMORANDUM FOR: THE PRESIDENT  
FROM: John P. White   
SUBJECT: Midwest Rail Problems

Because of the probable unpopularity of the actions which will have to be taken in the coming months to reduce Midwest rail service, and because of the Administration's modest role when compared with that of the ICC and the courts, I recommend against appointment of a Presidential Midwest rail representative. I believe a Secretarial Midwest rail representative would be more appropriate in that it would keep some distance between these "no win" Midwestern rail problems and the White House. This is further explained below:

- Under current plans, there will be full or partial dismemberment of the Milwaukee Railroad and Rock Island Railroad in the next six months. In the case of the Milwaukee, sales and abandonments of lines could start as early as January. In the case of the Rock Island, sales and abandonments are planned to take place between March and June.
- Relatively few line abandonments are projected. For the Milwaukee, most of the abandonments will occur in Montana and Washington. For the Rock Island, Iowa and Oklahoma will lose some rail branch line service. Obviously, any loss of service will be upsetting to both unions and shippers.
- ICC and the courts have the primary Federal roles in rail restructuring. For example, both the reorganization court and the ICC will judge the acceptability of the proposed Milwaukee Railroad employee stock ownership plan. Additionally, for all bankrupt railroads, the courts must approve track abandonments and both the courts and the ICC must approve sales or transfers of lines to other railroads. DOT's role is limited to that of a "broker". It provides anti-trust immunity to permit acquiring railroads to talk to one another without fear of Justice Department action.

THE WHITE HOUSE

WASHINGTON

December 5, 1979

①  
-  
(Susan - help for  
defense speech)  
J

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*  
SUBJECT: Defense Budget

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I know that you probably have made many of your defense budget decisions for FY '81. I have presented my general views to you orally a few weeks ago -- namely that we should stick to our 3% commitment (and get all our allies to honor their 3% commitment); that increases of 1%-2% above that level are not warranted; that a greater than 3% increase will only temporarily satiate the demands of some Senators and will not necessarily lead them to support SALT; and that defense increases above 3%, in a tight budget context, would significantly reorder national priorities by draining funds from needed domestic programs. This would also be viewed as a switch from your statements as a 1976 candidate on reducing defense spending (not in absolute numbers, of course).

If you nevertheless decide to further increase the defense budget (which I hope can be avoided), I hope you can consider the following to somewhat temper the negative impact from certain important elements of the Democratic Party:

- (1) Present the case for 4%-5% much more effectively at the outset than we initially did for 3%. (The initial case for 3% appeared to be largely one of honoring a commitment made by Secretary Brown. We did not do a very good job of getting the public to focus on the rate of Soviet growth; the ten-year decline in our real defense spending; and the specific new programs and weapons we would be purchasing with the additional funds.) You would need to make the case personally. You should get DoD and OMB to prepare a communications/press plan describing how the increase will be initially justified and to what groups and in what forums.
- (2) Try to avoid the direct SALT linkage. Regardless of what arguments we give for the increased defense spending, the press and the public will link the spending with our SALT ratification efforts. But we should do whatever we can to reduce that perception. A greater than 3% increase should be justified on the merits alone. Otherwise, we will be criticized for trying to influence SALT and will further

disaffect many key supporters. (While it might seem that liberals who very much want SALT might be willing to spend more on defense in order to get SALT, that is not the case. Liberals clearly want SALT, but they do not believe -- or are unwilling to accept -- that it is necessary to spend 4%-5% to ensure ratification.)

- (3) Make the defense speech which has been planned. Your articulating in a major defense speech the reasons why we need a strong defense and how 4%-5% can help ensure it will be invaluable in gaining public acceptance to your decision. You will need to explain precisely why 3% is inadequate. This speech should be made when your decisions are publicly revealed.
- (4) Ask Secretary Brown to present to you again the issue of whether the Administration should support a program of defense procurement setasides for labor-surplus areas. This initiative, which would require opposition to the "Maybank" amendment to the defense appropriation, would help not only with liberals but with the Northeast which was itself shortchanged in defense spending.
- (5) Allow the spending levels of some domestic programs to be disclosed early. Once the defense numbers are disclosed, nearly six weeks will elapse before the domestic side of the budget is revealed. During this period, we will be defenseless in trying to deal with the liberals, minorities and other basic Democratic constituencies. They will be critical of your decision to exceed 3% and will want to know the extent to which domestic programs will suffer as a result. If we remain silent, telling them to wait until the budget is published, the mood will sour, the receptivity to your budget will be greatly impaired. For that reason, I recommend that you allow disclosure of some domestic budget decisions which will be well-received by this constituency. A number of key programs will have FY '81 funding levels that are certain to be well-received. To the extent that we can reveal a few of them, opposition to 4%-5% hopefully can be minimized and support for your budget increased.
- (6) Be flexible in domestic budget decisions. The increased defense spending means either that the domestic budget will be smaller than it would otherwise be, or that the deficit will be larger. If we say, in the intervening weeks before the budget is published, that we will have an "austere" budget or that the deficit will be decreased significantly, the effect among basic Democratic constituencies can be predicted. Disclosing some favorable domestic decisions in advance will help. But equally helpful will be relative quiet from OMB, the agencies and your staff about the budget deficit during December and January (until publication).

Too, in the actual budget decisions, I think we should be more flexible in setting the levels of domestic programs. Level funding key programs for two years in a row, in light of very high inflation, will be difficult to defend to our constituencies, particularly in light of the significant defense increases. I am convinced that, among those whose support we need, several additional billion dollars strategically distributed in the budget is worth immeasurably more politically than reducing the deficit by that same small amount. (If the budget could be balanced without this additional spending, it might be worth it. But, once it is clear that the budget cannot be balanced, I think spending gets us much more politically than an only slightly smaller deficit.)

As you know, your decision last year to seek 3% real growth in defense spending has become reasonably acceptable, in the intervening 12 months, to much of the Democratic constituency. Witness Senator Kennedy's about-face on the issue. But what should not be lost sight of is the fact that this acceptability took time and exacted a price. We needed nearly a year to get to this point; for 3-6 months after your budget was announced, there was still considerable opposition to 3% among Democrats. And during this year, we have provided some Democrats with a rallying flag which, while it has lost its appeal, facilitated their getting together in their opposition to you.

We will not have a year to gain support for 4%-5% among key Democrats. Their support for us will be critical in the few months after the budget is disclosed. While I would hope your defense decision would be to stick at 3%, as I have previously urged, if this is impossible we will need ammunition to give these Democrats during January-April. The ammunition which I suggest is increased domestic funding in certain key areas. I will be more specific as we go through the budget process. I think this can be done without excessive increases.

THE WHITE HOUSE  
WASHINGTON

12/12/79

Stu Eizenstat  
Frank Moore

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

Rick Hutcheson

THE WHITE HOUSE  
WASHINGTON

ok  
J

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
FRANK MOORE *fm*  
SUBJECT: Our Comments to your Note of November 26th  
on the Gus Speth Weekly Report

On a recent weekly report from Gus Speth, you asked us to comment on a proposal by Gus to reaffirm our long-held opposition to substantive waivers.

While it may be necessary in the near future to state our positions on these issues facing the Conference on the Energy Mobilization Board, we do not think we should gratuitously issue a statement just on the substantive waiver issue alone.

Stu recently met with Congressmen Udall, Wirth, Ottinger, Moffett and Carr who strongly support our position on no substantive waivers and clearly explained our position favoring the Senate approach. They did not ask for any written assurance.

Therefore, while something may be needed in the future, I think that we should defer Gus' suggestion at this point.

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EXECUTIVE ORDER OF THE PRESIDENT  
COUNCIL ON ENVIRONMENTAL QUALITY  
722 JACKSON PLACE, N. W.  
WASHINGTON, D. C. 20006

SK  
J

November 23, 1979

12/14 Noted/checked

MEMORANDUM FOR THE PRESIDENT

FROM: Gus Speth  
Jane Yarn *Duo Speth*  
Robert Harris

SUBJECT: Weekly Report

Confirmation of Bob Harris. Last Friday, the Senate confirmed your nomination of Bob Harris to be the third member of the Council. Jane and I are delighted to have him join us and are particularly pleased with the expeditious approval by the Senate. During Bob's courtesy calls and his hearings, he was well received by the Senators and frequently complimented.

Substantive waiver and the EMB. By far the most difficult and significant EMB issue for conference is the fact that the House bill establishes a process for waiver of Federal substantive laws and the Senate bill does not. You have repeatedly stated that you oppose substantive waivers and the House provision. Nevertheless, our credibility on this issue has been hurt by some of the early statements of Administration lobbyists, by Jim Wright's assertions during the House debate that the Energy Department does favor such waivers, and by the failure of the Eckhardt amendment on the House floor while we successfully won other floor votes.

Our effort to eliminate the House substantive waiver provision would be greatly strengthened if, on the eve of the conference, you issued a short statement reaffirming your long-held opposition to substantive waiver and directed Administration lobbyists to use all their powers to defeat such a provision. I suggest the following:

"The House and Senate are about to begin their conference on legislation of great importance to the Nation, to create the Energy Mobilization Board. My Administration has worked long and hard in cooperation with the Congress to enact this vital measure.

"One major outstanding difference remains between the House and Senate bills--that of substantive waiver. The House bill provides that the Board may waive the application of Federal substantive laws. The Senate bill has no such provision. While the House bill was improved during the course of its passage by requiring approval of the waiver by the President and the concurrence of both Houses of Congress, the provision remains objectionable. It creates a mechanism for waiving the laws carefully crafted over the past decade to protect the Nation's air and water and the beauty and integrity of our land. ~~Never before in American history has Congress come so close to authorizing so few to do so much to imperil American-the-Beautiful.~~ I urge the Congress not to adopt this provision."

*check, SK, comment*

*Our thoughts and prayers are with you in this difficult period. Gus*