

**1/28/80 [3]**

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
letter w/att	President Carter to Prime Minister Margeret Thatcher. Re: Bermuda II air service. (2 pp.)	1/25/80	A

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Revised:  
1/28/80  
9:00 a.m.

THE PRESIDENT'S SCHEDULE

Monday - January 28, 1980

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8:00 Dr. Zbigniew Brzezinski - The Oval Office.

9:30 Signing of the Fiscal Year 1981 Budget.  
(15 min.) (Mr. James McIntyre) - The Cabinet Room.

10:00 Mr. Hamilton Jordan and Mr. Frank Moore.  
The Oval Office.

12:05 Mr. Hank Snow and Mr. Jimmy Rogers Snow.  
The Oval Office.

12:15 Greeting/Photograph with Speaker Thomas P.  
(5 min.) O'Neill, Jr., Ms. Sophia Loren and Other  
Supporters of H.J. Res. 428, National Child  
Abuse Prevention Month. ( Mr. Frank Moore).  
The Cabinet Room.

12:25 Presentation of the Annual Report of the  
(5 min.) Salvation Army. (Ms. Anne Wexler).  
The Oval Office.

12:30 Lunch with Vice President Walter F. Mondale.  
(60 min.) The Oval Office.

THE WHITE HOUSE  
WASHINGTON

28 Jan 80

Frank Moore

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

Rick Hutcheson

cc: The Vice President  
Hamilton Jordan  
Stu Eizenstat  
Al McDonald  
Jody Powell  
Jack Watson

THE WHITE HOUSE  
WASHINGTON

January 26, 1980

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE

SUBJECT: Weekly Legislative Report

I. DOMESTIC POLICY ISSUES

1. Energy

CRBR

An amendment to the DOE Authorization Act will be offered Monday by Senators Baker and McClure which will delete the Bumpers amendment on CRBR. The Bumpers amendment passed in committee would maintain a strong R and D breeder program while terminating the Clinch River project. A recent whip count indicates that under the best scenario the Baker/McClure amendment would pass by twenty votes. A group of high administration officials including Secretary Duncan, Sawhill, McIntyre and Deutch will call Senators as soon as the details of the McClure/Baker amendment are revealed.

EMB

The conference committee met last week and is scheduled to resume work Monday.

Substantive waivers continue to be the major area of dispute.

Energy Security Corporation

Continuation of the Conference has not yet been scheduled. So far conferees have agreed to a resolution setting forth the basic outlines of Title I including acceptance of the central elements of the Senate-passed Synthetic Fuels Corporation. The current impasse involves the scope and duration of the Defense Production Act (DPA) authorities in the synfuels area. The House conference leadership favors significant permanent DPA authority to which the Senate conferees are opposed.

### Windfall Profits Tax

Tuesday the windfall conference committee reached agreement on exactly how the agreed-upon \$227.3 billion would be reached. The compromise is as follows:

- o 70% on merged tiers one and two
- o 30% rate on new, tertiary and heavy oil
- o Special rate for independents on first 1000 barrels:
  - 50% on tiers 1 and 2
  - 30% on stripper oil
- o \$13 base price for tiers 1 and 2
- o Begin inflation adjustment two quarters later
- o Retail full percentage depletion

This package raised the revenue to \$228.4 billion. The staff was instructed to raise the base price on new, tertiary and heavy oil to reach the \$227.3 billion compromise level.

The conference also voted to exempt from the tax those charitable, educational and medical facilities which presently own royalty properties.

On Wednesday the conference discussed the phaseout and the Bentsen savings incentive. On the savings incentive, the House will inevitably yield to the Senate. The conference will probably go into the week of February 4. They have just begun to talk about credits, and the low income assistance issue has yet to be discussed.

### 2. Targeted Fiscal Assistance

The TFA bill will be on the House floor Tuesday or Wednesday. Congressman Rodino plans to offer for us an amendment raising the TFA authorization to \$200 million. Treasury CL is working with outside groups in preparation for this vote and final passage. Passage will be tough, but possible.

### Youth Employment Initiative

DPS and DOL plan to send up detailed legislative specifications and a Presidential Message by February 8. After extensive consultations with hill staff, unions, public interest and education groups, DOL feels that we will be able to see the proposal enacted by late spring.

### 3. Welfare Reform

Congressman Hawkins has agreed to markup the jobs portion of the Welfare reform proposal on February 7. DOL reports that this should go smoothly with no major changes in our bill. Our objective is to minimize any controversy in the House and to get the bill passed as quickly as possible.

House committee action should encourage Senator Nelson to move on the bill. Timing remains uncertain since Nelson is trying to adjust his committee schedule to fit his re-election campaign needs. However, early action is in his best interest since he must also act on the Youth bill and a Legal Services extension.

### 4. Trade Suspension

Although some Republicans continue to demagogue the issue, the strong recovery in market prices is defusing the situation. It is anticipated that the congressional interest will shift towards using the suspension to focus on some longer-range issues of farm policy, i.e., farm credit, grain earmarked for gasohol, higher loan prices, and economic assistance. Senator Talmadge has written both appropriations committees asking for more funding for Farmers Home Administration farm operating monies as well as additional USDA personnel to make the loans. Chairman Foley continues to be a bit upset over the suspension and probably will not strongly resist the efforts of his committee members to substantially increase the loan rates for grains.

### 5. Water Projects

The Water Projects bill will be on the House floor Monday and Tuesday. We will work on a "symbolic" test vote to show that we have the votes to sustain a veto. We will then do what we can in the Senate and will wait for the bill to reach your desk.

### 6. Selective Service Registration

Your decision to reinstate registration was well-received by most members of Congress. However, we expect considerably greater opposition to extending registration to women at this time. Senator Nunn, for one, has expressed very grave doubts about including women. He feels that a decision to seek legislation requiring women to register would be "disastrous" politically and would undermine everything that you have done to improve your standing in the polls. Nunn feels so strongly about this, he has asked to speak with you before you make a final decision.

We have begun a series of consultations with key House and Senate members to assess the Congressional and political implications of seeking to register women. These consultations will be completed by Tuesday. Because this issue must be addressed in our report to the Congress due February 9th, a tentative decision will have to be made by the end of this week.

## II. FOREIGN POLICY ISSUES

### 1. Pakistan

Assuming Pakistan will ultimately agree that the FY-80 proposals of \$100 million ESF and \$100 million FMS are useful, we anticipate very little difficulty securing authorization of the supplemental funds, but are still not sure we can secure an immediate appropriation. We will need to work very closely with both Senator Inouye and Congressman Long's Subcommittee. The preferred course would be to use the FY-80 foreign aid appropriation as a vehicle for a prompt appropriation for Pakistan. Should this fail, we would have to try for a separate emergency supplemental. In any case, we hope that action could be completed by mid-February.

### 2. Morocco

The first hearing on the proposed arms package to Morocco was held Thursday by the Solarz and Zablocki Subcommittees of the House Foreign Affairs Committee. Opinions seemed divided. A second hearing by these subcommittees will be held Tuesday.

The Senate Foreign Relations Committee plans to hold a hearing Wednesday. It is expected that the committee will vote immediately to reject a McGovern-sponsored resolution of disapproval. If this takes place in the Senate, any further action by the House Foreign Affairs Committee would be unnecessary under the concurrent resolution procedures of the 36(b) provisions.

### 3. The Olympics

Congressional support for your position on the summer Olympics is near unanimous. The Senate Foreign Relations Committee will hold a hearing on Monday and should send the resolution to the floor where it is expected to pass overwhelmingly. The real danger is that Congress might move ahead of the Administration's February 20 timetable without waiting for the international negotiations to take place. In the House, for example, hearings have been scheduled for January 30 to consider whether federal funding

should be authorized to pay for alternate or multiple Olympic sites. Similar hearings are also likely in the Senate, and these could prove embarrassing to our efforts to get the International Olympic Committee to move the games from Moscow.

4. Central America Supplemental

The Senate is expected to bring the Central America supplemental authorization bill to the floor next week or the first week in February. Senators Zorinsky, Lugar and Durenberger will be the bill's most active supporters. Senator Jesse Helms will lead the opposition, and there is some unconfirmed talk of a filibuster. Though we expect to win in the Senate, we will be briefing staffers and working with Senators to make sure we are not surprised. The House will not bring the authorization bill to the floor before the Senate has passed it. State and AID are calling on swing Congressmen.



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

9:30 AM

Control Budget  
Spec int

SIGNING OF THE 1981 BUDGET  
Monday, January 28, 1980  
9:30 a.m. (15 minutes)  
The Cabinet Room

JAN 25 1980

From: James T. McIntyre, Jr. *Jim*

I. PURPOSE

To sign the 1981 budget.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: H.J. Resolution 468 requires you to transmit the 1981 budget no later than January 28. Two official copies are to be signed, one to the President of the Senate (the Vice President) and one to the Speaker of the House of Representatives.

B. Participants:

Secretary William Miller	Rodger Schlickeisen
Charles Schultze	Eliot Cutler
James T. McIntyre, Jr.	Curtis Hessler
John P. White	Karen Williams
Alice Rogoff	Edward Sanders
Fredrica Challandes-Angelini	David Sitrin
Rush Loving	Daniel Taft
William Nichols	Donald Derman
Robert Bedell	James Hinchman
Linda Smith	Barbara Selfridge
Hubert Harris	Joyce Walker
Mark Gordon	Joseph Mullinix
James Frey	Howard Smolkin
Van Ooms	Donald Crabill
James Currie	Hugh Loweth
Nathaniel Scurry	Kenneth Glozer
Harrison Wellford	Angeline Holowka
Wayne Granquist	Sandra Via
Bowman Cutter	Lillian Clarke
Nancy Zweng	Mary Beazley
Dale McOmber	Frank Seidl
Pete Modlin	Fred Fischer
Edward Jayne	Michael Gavin
Suzanne Woolsey	Raymone Bain

C. Press Plan: Full press participation

TALKING POINTS

THE WHITE HOUSE  
WASHINGTON

January 25, 1980

MEMORANDUM FOR THE PRESIDENT

From: Al McDonald  
Rick Hertzberg  
Bob Rackleff *BR*

Subject: Presidential Talking  
Points: Budget  
Signing

Scheduled delivery:  
Mon, Jan 28, 1980  
9:30 A.M.

The Presidential Talking Points for  
this event are attached.

Clearances

Jim McIntyre  
Stu Eizenstat  
Ray Jenkins

Bob Rackleff  
Draft A-1; 1/25/80  
Scheduled Delivery:  
Mon, Jan 28, 9:30 A.M.

President's Talking Points for 1981 Budget Signing

1. FIRST LET ME THANK YOU, JIM, AND YOUR STAFF FOR THE FINE WORK IN DRAFTING THE 1981 FEDERAL BUDGET. LET ME ALSO THANK YOU, BILL AND CHARLIE, FOR YOUR WORK ON THE ECONOMIC OUTLOOK THAT INFLUENCES SO MUCH OF THIS BUDGET.

2. THIS IS AN IMPORTANT ANNUAL EVENT. AT NOON TODAY, I WILL SEND TO CONGRESS MY 1981 BUDGET. I AM SIGNING THE OFFICIAL BUDGET DOCUMENTS, ONE FOR THE HOUSE AND ONE FOR THE SENATE.

3. THIS BUDGET CONTAINS MY DETAILED PLANS FOR OPERATING THE FEDERAL GOVERNMENT AND FOR NEW LEGISLATION. IT SETS FORTH MY GOALS FOR THE NATION FOR NEXT YEAR AND YEARS TO COME. THE BUDGET IS MUCH MORE THAN AN ACCOUNTING DOCUMENT. IT REQUIRES THE PRESIDENT AND CONGRESS TO SET PRIORITIES, TO MAKE DIFFICULT BUT NECESSARY CHOICES, AND TO EXERCISE LEADERSHIP.

4. THIS BUDGET RESPONDS TO THE OVERRIDING NECESSITY FOR FISCAL RESTRAINT. THE EXPECTED DEFICIT IS THE LOWEST IN SEVEN YEARS, AND ABOUT \$50 BILLION LESS THAN THE DEFICIT FIVE YEARS AGO. THE AMOUNT OF THIS DEFICIT IS ONLY 0.6% OF GNP, COMPARED TO 4.6% IN 1976. FISCAL RESTRAINT IS AN IMPORTANT PART OF OUR OVERALL STRATEGY TO SOLVE THE COMPLEX, LONG-TERM PROBLEM OF INFLATION.

5. HOWEVER, THIS BUDGET ALSO RESPONDS TO OUR OTHER CRITICAL NEEDS:

- ¶ IT CONTAINS SIGNIFICANT INCREASES FOR DEFENSE: MORE THAN 5% IN REAL BUDGET AUTHORITY OVER 1980. THIS WILL ENABLE US TO MEET THE EXPANDING SOVIET THREAT AND TO CONTINUE TO REVERSE THE DECADE-LONG DECLINE IN REAL DEFENSE SPENDING THAT I INHERITED UPON TAKING OFFICE.
- ¶ THIS BUDGET REFLECTS OUR PROGRESS IN CONFRONTING THE ENERGY PROBLEM, INCLUDING THE WINDFALL PROFITS TAX, CONSERVATION EFFORTS, THE ENERGY SECURITY CORPORATION, AND AID FOR THE POOR TO OFFSET HIGHER ENERGY COSTS.
- ¶ THIS BUDGET PROVIDES MAJOR INCREASES IN BASIC RESEARCH AND DEVELOPMENT -- A VITAL INVESTMENT FOR NEW JOBS, INNOVATION, GREATER PRODUCTIVITY, AND A BETTER LIFE FOR US ALL.
- ¶ FINALLY, THIS BUDGET FULFILLS MY LONGSTANDING COMMITMENT TO END THE TRAGEDY OF YOUTH UNEMPLOYMENT. THIS BUDGET REDOUBLES OUR EFFORTS TO GIVE YOUNG PEOPLE THE BASIC SKILLS AND JOB OPPORTUNITIES THEY NEED TO ENTER THE MAINSTREAM OF AMERICAN LIFE.

THERE ARE MANY OTHER HIGH PRIORITIES WE ARE MEETING IN THIS BUDGET, AND THEY ADD UP TO REAL AND SUBSTANTIAL PROGRESS. THE LAST THREE YEARS HAVE BEEN DIFFICULT. BUT THEY HAVE BEEN YEARS OF LASTING ACHIEVEMENT, AND I THANK YOU FOR YOUR HELP.

6. AS I SIGN THESE DOCUMENTS, I WANT TO RECOGNIZE THE MANY PEOPLE IN THIS ROOM WHO HELPED WITH THE ECONOMIC WORK, ESPECIALLY IN TREASURY AND THE COUNCIL OF ECONOMIC ADVISORS. I WANT TO GIVE SPECIAL MENTION TO THE STAFF PEOPLE AT TREASURY WHO PREPARED THE RECEIPTS ESTIMATE AND AT OMB, WHO PUT EVERYTHING TOGETHER. AGAIN, THANK YOU.

# # #

# That Old Bob Strauss Magic

## Now You See It . . .

By Paul Hendrickson

"He may be the 'only' man in America who can go to a Cleveland fund-raiser and end up, telling the host's Italian-immigrant mother, 'Your boys are ugly, ma'am, damn ugly boys. But you're beautiful.' Her fine old hand is crooked in his arm. She loves it.

It doesn't matter what Bob Strauss is selling—Goo Goo Candy Clusters, youth elixirs, presidents of the United States. You're buying.

"My friends, Jimmy Carter has been getting a bum rap . . . and it's up to you and me to do something about it. My friends, presidential leadership is always tested in a time of great crisis. And then the American public puts a grade on that leadership. Well, Jimmy Carter measures up, he measures up."

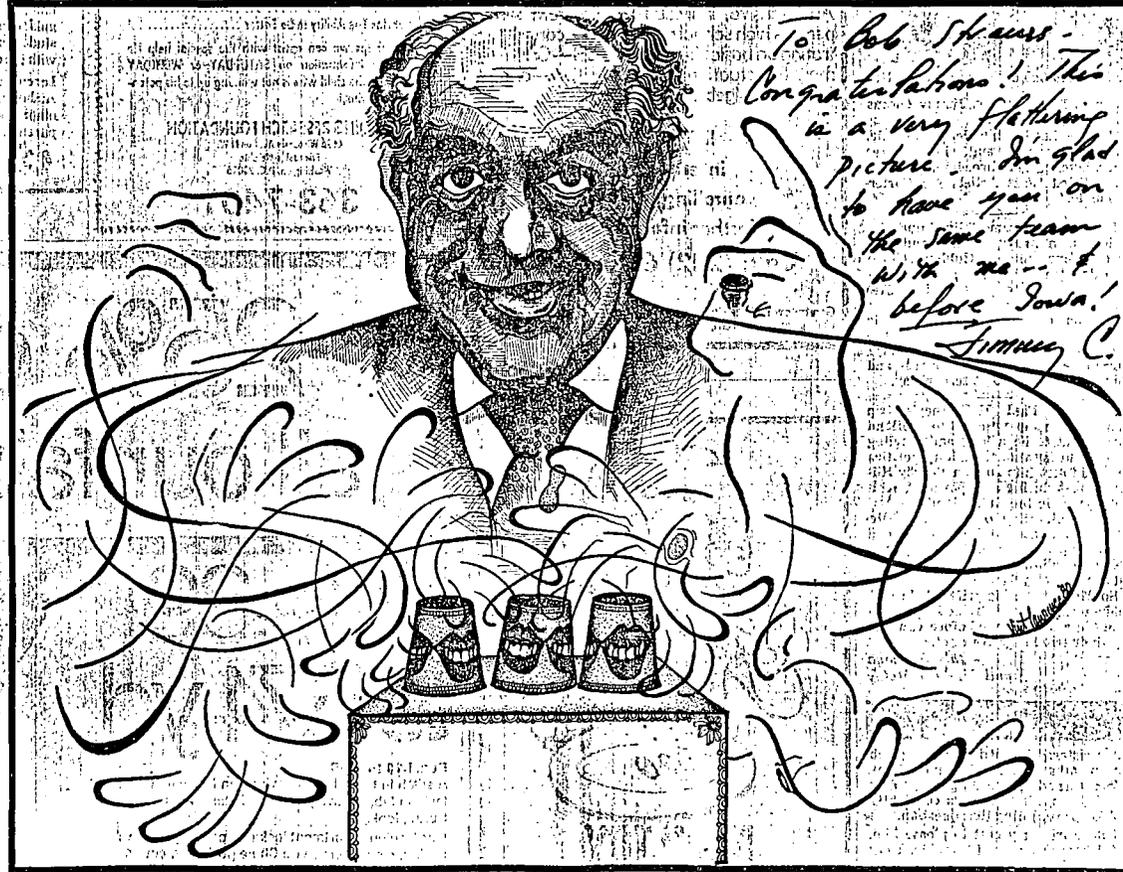
Catching him in the full Texas roll of his rhetoric, that dulcet, kazoo voice massaging your ego and his, the words undulant, personal, mesmeric, above all earnest, you could shut your eyes for an instant and think you've hit on some late-night-radio talk jockey coming in on 50,000 watts, clear channel, from KBOB, Fort Worth. Maybe his name is Uncle Sonny. Or Brother Robert. Bob Strauss would never do.

"My friends, I'm not saying Jimmy Carter is simon-pure, I'll be candid with you. I think he had an exceedingly mediocre first year-and-a-half in office. Maybe his motivations made him put too much on his plate. But Jimmy Carter wanted to get it done because it was right."

Suddenly the big voice is soft, furry, rubbing up against your leg like a cat.

"Friends, the other day a man came up to me and said, 'Bob, ain't nobody for the president but the people.' Day or two before that another fellow came up and said, 'Bob, why is it you feel so strongly about this man, Jimmy Carter?' Well, I have the answer to that question, my friends. Jimmy Carter never asked me to do anything I couldn't go home and tell Helen and my family about. And for that I'm grateful."

Till next time, neighbors. Strategy No. 1: While St. Jimmy stays home in the White House, uni-



Bob Strauss, by Vint Lawrence for The Washington Post

fy the country, Bob Strauss can touch, get things out of you. It's his God-given political genius. "As many towns as there are in America—Ablene, Albany—you name them, I can go and do the same thing," he says, somehow without sounding arrogant. "Pretty soon we're going to Florida, fly around six little towns and get the money." Later, tucking at your knee, getting you to nod: "What this is is an unbelievable love story between me and the American people."

The seduction that goes on between Bob Strauss and the person or room he's working is not so terribly subtle: It's just that he's so damn good at it. "Bob Strauss is the man who takes money from the rich and votes from the poor and convinces both he's looking out for their interests," he will say, cozying up with some artful self-deprecation. Bob Strauss is Jimmy Carter's campaign chairman. He used to be his Middle East ambassador, and be-

fore that his special trade representative (with Cabinet-level rank) and, for about five minutes, it seems, his special counselor on inflation. He got out of that job, and Alfred Kahn got in it. "That poor bastard, Fred Kahn," Bob Strauss says. "He gets no credit. He knows what the problem is. Everybody in America is looking out for his own interest."

Bob Strauss gets a lot of credit, a lot of it deserved. For 10 years, ever since he came to Washington to be treasurer of the Democratic National

Committee, he has ridden high and visible. "I have enough sense to know that the 'shelf life of a fellow riding high as I am is the same as that of little old green grapes," he once told a reporter. "They go fast." Bob Strauss is still ripe.

In his latest job, Strauss is Jimmy Carter's unchallenged deal cutter, power player, conciliator, wheedler, cajoler, delegate, procurer and all-around political manipulator on the road to reelection. You get the idea he is delighted to be back in raw politics.

Exactly how he goes about doing all of the above is a bit of a mystery. The fact is, understanding Bob Strauss' manifold ways is a little like trying to grab air or box kilowatts. He likes it that way. He also likes people to marvel at his results. "You don't do it by the numbers," Strauss said once when pressed on his inflation strategy. He didn't say how you do it. Ask him how he handled Anwar Sadat and Menachem Begin and he says, "Hell, it's the way you look at a fellow and answer his questions. You don't go piking around making promises you can't keep."

Somewhat, the rabbit will pop out of the hat, the peanut will show up under the right cup.

Don't bring up dumb words like "strategy." "Strategy?" he says, as if the word were releasing stink bombs. "There's no such thing as long-range campaign strategy. I get up every morning and I say, 'Bob, now what we going to do today?' I bet I put in 50, 60 phone calls every day. That's our strategy. We're talking to America, and America thinks it's getting an answer."

Strauss is Carter's campaign chairman; he is not the campaign manager. That job belongs to Tim Kraft. Kraft organized and delivered the field operation in last week's Iowa caucuses, brought in workers from other states when it became necessary, handled the swarms of close detail that accompany a statewide assault. What Bob Strauss did was make the key-money plays, according to his executive assistant, Vera Murray, who has been with him 10 years. Bob Strauss gets involved at the level of decision.

Bob Strauss is no man for detail. Never has been (though, ironically, he can carry hundreds of phone numbers in his head and remember your mug five years from now). As he puts it: "I've always run from the outside. I don't fit in with structure. The reason Jimmy Carter and I get along is because he trusts me."

Strauss phones in practically every

See STRAUSS, B3, Col. 1

SIGN BUDGET 1/28/80

TH M<sup>c</sup>-SCH. M.L

IMP = BUD → LONG AT NOON

GOALS = '81 & →

PRIORITIES, CHOICES, LEADERSHIP

DEFENSE + 5% BA

ENERGY = WPT = POOR. CONS = ESC

R & D = INNO = PROD = BETTER LIFE

YOUTH EMP. = BASIC SKILLS/JOB

---

FIGHT INFLATION = #1 DOWNS.

DEFICIT LOWEST, 7 YRS

- \$50 B < '76

46% GNP → .67% GNP  
+

REGULATION, P' WORK

W & P RESTRAINTS

SPEC INT = GRASP ADVANT.

STAND FIRM = STRONG U.S. (TR)

THE WHITE HOUSE  
WASHINGTON  
28 Jan 80

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

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Rick Hutcheson

EYES ONLY

0602

THE WHITE HOUSE  
WASHINGTON

28 Jan 80

G. William Miller

The attached was returned in  
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Rick Hutcheson

THE WHITE HOUSE  
WASHINGTON

28 Jan 80

Secretary Bergland

The attached was returned in  
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Rick Hutcheson

THE WHITE HOUSE  
WASHINGTON

28 Jan 80

Doug Costle

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Rick Hutcheson



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

WASHINGTON, D.C. 20460

January 25, 1980

C

MEMORANDUM TO THE PRESIDENT

THE ADMINISTRATOR

FROM: Douglas M. Costle

The conflicting needs of the environmental movement and the energy crisis often made EPA and TVA adversaries during the last decade, but we are forging a new partnership.

Six months ago, Dave Freeman and I signed a memorandum committing our agencies to work together to further the aims of the nation's anti-pollution laws. Our hope is that through the agreement the Tennessee Valley will become a national laboratory for developing and testing innovative approaches to reconciling energy development and the environment. Cooperation from the seven states in the Valley is essential to our success. They have been asked to join us as full partners.

On Wednesday, Dave and I attended an EPA/TVA conference in Huntsville, Alabama, which reviewed our efforts during the agreement's first six months. We found that cooperation already is underway:

- o TVA now inspects and monitors hazardous wastes sites in the Valley on behalf of EPA.
- o We have worked jointly on an emergency basis to contain chemical spills and other threats to water supplies.
- o We are collaborating on the DDT problem in Triana, Alabama, caused by contamination from the Army's Redstone Arsenal.

Our new spirit of cooperation has led to settlement of TVA's air pollution problems. TVA emits 52 percent of all SO<sub>2</sub> pollution in the southeast and 12 percent nationwide. Ten of its twelve coal-fired power plants violate the Clean Air Act. Yet, for years the Authority fought stringent pollution control despite court action by EPA, several states, and environmentalists. This year, however, TVA agreed to bring its facilities into compliance with the law. Although the agreements await court approval, if implemented, they should reduce SO<sub>2</sub> emissions by half and cut particulate emissions significantly by the end of 1982.

good



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

cc Bob  
J C

January 25, 1980

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson  
Staff Secretary

SUBJECT: Weekly Report

PROSPECTIVE 1980 PLANTINGS. The following prospective planting intentions for 1980 crops as of January 1 were generally in line with market expectations.

Acreage Plantings (Million Acres)

Commodity	1979	1980 Intentions	Percent Change
Corn	80.0	83.1	+3.9
Soybeans	71.6	71.7	+0.1
Wheat	71.6	77.5	+8.3
Winter	51.9	56.8	+9.5
Durum & other spring	19.6	20.7	+5.2
Cotton	13.9	13.9	0

HEAVY WEIGHT CATTLE ON FEED UP SHARPLY. USDA's Cattle on Feed report shows the number on feed January 1, 1980 down 7 percent from a year ago, but a little larger than industry expectations. Cattle on feed in the heaviest weight groups were up from a year ago suggesting that there are substantial numbers of cattle ready for market in the near term. Expected marketings during the January-March period (as reported by producers) would indicate only a 5-percent decline from a year ago. Cattle on feed in the middle and light weight groups were down from a year ago. This would suggest sharply lower marketings this spring than a year earlier. However, there is probably an ample supply of heavy yearlings that can be placed and still be ready for market this spring. First quarter beef production will probably be a little larger than USDA's previous forecast. The indicated supply of beef will probably keep cattle prices under pressure during the next few weeks.

EXPORT ACTIVITY. The attached report on inspections shows in detail the export tonnage compared with a year ago. We chose this three-week period so you can see in spite of the Soviet grain suspension, exports continue well ahead of last year's pace.

*Get max publicity*

GRAZING FEES. Average fees charged for livestock grazing on the National Forests and National Grasslands in the Western States will be increased for 1980.

<u>Area</u>	<u>(\$ per animal unit per month)</u>		
	<u>1979</u>	<u>1980</u>	<u>Increase</u>
Western National Forests	1.93	2.41	.48
National Grasslands in 9 Great Plains States	2.81	3.51	.70

BLM will announce similar fee increases.

HELI-STAT CONTRACT. USDA-Forest Service has awarded a contract to the Piasecki Aircraft Corporation for the construction of an experimental aircraft known as the Heli-Stat. The Heli-Stat is a large, dirigible-like balloon with four helicopters attached. Following final construction, the Heli-Stat will be tested for three years removing logs from what is now considered inaccessible terrain.

*Send me a sketch*



BOB BERGLAND

Attachment

Inspections for Export, Weekly and Cummulative Totals,  
 January 3 to 17, 1980  
 (1,000 Bushels)

Week Ending	CORN		WHEAT		SOYBEANS		OTHER FEEDGRAINS		TOTAL	
	1979/80	1978/79	1979/80	1978/79	1979/80	1978/79	1979/80	1978/79	1979/80	1978/79
January 3	42,783	22,774	28,004	11,562	9,610	13,412	4,278	2,563	84,675	50,311
January 10	44,203	29,165	16,618	15,946	26,207	18,509	8,387	4,065	95,415	67,685
January 17	46,989	35,058	19,878	16,838	19,825	15,640	11,077	9,110	97,769	74,646
3-Week Total	133,975	86,997	64,500	44,346	55,642	47,561	23,742	15,738	277,859	192,642
Season to date as to Jan. 17	755,089	520,417	887,883	803,877	359,499	344,002	130,562	85,888	2,133,032	1,754,195

1/ Includes oats, barley, rye, flaxseed and sorghum.

THE WHITE HOUSE

WASHINGTON

January 25, 1980

*C*

MEMORANDUM FOR THE PRESIDENT

FROM: ALFRED E. KAHN *Fred*

SUBJECT: Weekly Activities Summary

The Pay and Price Standards

No account of the week would be complete without a mention of all the time we spent on the Pay Advisory Committee's proposed new standards, before, during and after its formal presentation to me. We will do our best to follow your expressed preference in responding, and have formulated proposed regulations to accomplish this, which we will put before EPG.

The last of the six rubber tire makers has agreed to absorb in its allowable prices the excess of the rubber workers' settlement over the first-year standard.

*bust them*  
The Council sent to OFPP the names of two more companies that have not complied with the price standard -- National Gypsum, and Boston Distributors, a dry-goods subsidiary of Cook United. That brings the continuing total to eight.

Regulatory reform

I wrote a letter to Chairman Van Deerlin at his urgent request, strongly supporting his efforts to move ahead with his communications reform bill. Markup began this week; we are hopeful of getting a decent bill reported by the end of this month.

CWPS filed comments with the ICC urging disapproval of parts of a joint-trackage arrangement between the Chicago and North Western and Burlington Northern railroads that would have restricted competition in serving coal-rich regions of Wyoming; and a letter recommending that NHTSA reopen the advisability of its present 5 mph bumper standard, with a copy to Senator Byrd, in view of his interest in the matter.

Health Care

We're working with DPS and the EOP agencies on a bill by Senator Durenberger that is intended to generate competition among health insurance plan offerings, by requiring all employers to give their employees a range of choice and economic incentives to select prudently. I feel strongly we should be pressing to develop competitive as well as regulatory methods of limiting inflation in health care costs.

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THE SECRETARY OF THE TREASURY  
WASHINGTON 20220

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MEMORANDUM FOR THE PRESIDENT

Subject: Highlight of Treasury Activities

1. GOLD, THE DOLLAR AND THE MARKETS

- . The dollar remained firm, without intervention, notwithstanding Mideast political uncertainties and gold market gyrations. Response in the foreign exchange markets to your State of the Union Message was limited but tended to contribute to dollar firmness.
- . Gold market volatility continued, but this week saw the first substantial downward movement in the gold price in recent months. After reaching \$860 per ounce on Monday, the price declined to a low of \$585 on Wednesday. The London market closed today at \$665.
- . On January 25, the Treasury completed the second part of the Deutschmark-denominated borrowing in West Germany. The dollar value of the sale was \$1.17 billion. Interest rates for this borrowing were slightly lower than the November 5-6 borrowing. Sales of foreign currency denominated securities augment resources for exchange market intervention.
- . Stocks posted moderate gains on the week. Demand for oil and defense related issues spurred mid-week price gains.
- . Interest rates increased and bond prices weakened in response to widespread concern over the inflationary impact of an expected rise in defense spending.
- . The grain futures have declined marginally from last Friday's closing price levels, while prices of soybean futures have fallen somewhat more sharply. Prices of corn and oat futures are 9 to 14 cents below pre-embargo levels; wheat and soybean futures are a more moderate 4-1/2 to 6 cents lower.

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Testimony

On Thursday I testified before Paul Simon's Inflation Task Force of the House Budget Committee, on the unsuitability of the CPI as a measure of the cost of living, concentrating on its home ownership component.

I gave the BLS credit for having pointed out this problem many years ago, and praised it for having brought out this week five experimental indexes representing alternative ways of measuring home ownership. They produce inflation rates for home ownership alone ranging between 7.9% and 24.5% for the year ending November 1979, and total CPI's ranging between 10.5% and 12.5% as compared with 12.6% under the present index. I argued that the present treatment of homeownership inflates the CPI for 1979 as a measure of the cost of living, by at least 2 points.

Paul Simon urged us and the BLS to press ahead in evaluating these experimental indexes and reaching some conclusions about which are best for which purposes.

On Friday I testified on the CPI for December and for all of 1979 before the Joint Economic Committee. The index for the year shows an increase of 13.3%. The exclusion of energy and homeownership (purchase, finance, taxes and insurance) costs drops it to 8.1% -- by 5.2 points. The exclusion of food, homeownership, energy and used cars (CWPS' traditional measure) brings out an underlying rate of 7.8%.

One disturbing sign is the upward drift of that underlying residual: for the four quarters of 1979 it averaged 7.5%, 7.4%, 7.9% and 8.6%, respectively.

In emphasizing our policies in the face of this record, I believe I successfully conveyed a tone of perseverance, resolution, continuity, and confidence of ultimate success. Without any jokes.



# CABINET ECONOMIC POLICY GROUP

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

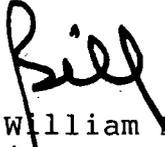
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## MEMORANDUM FOR THE PRESIDENT

Subject: EPG Activities

### Steering Group Meeting of January 24, 1980

- . Review of Pay Advisory Committee's statement of principles for voluntary pay stabilization during 1980.
- . Highlights of the Committee's statement of principles include:
  - General pay standard comprised of a range of 7.5-9.5%;
  - Provision for pay adjustments above the range in the case of productivity improvements, acute labor shortage, gross inequity, or undue hardship;
  - Cost of living formula generated increases should be estimated using a 7.5% costing assumption;
  - Continued allowance of the 1% "catch up" adjustment for non-COLA workers and accounting of the 1% increase as part of the first program year.
- . Directed the deputies to develop workable criteria consistent with the Pay Committee's statement of principles.
- . Scheduled a meeting of the EPG Executive Committee on Monday, January 28 to consider recommendations to you.

  
G. William Miller  
Chairman  
Economic Policy Group

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2. G-5 MEETING

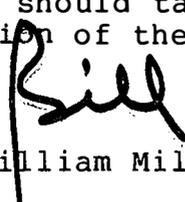
- . Paul Volcker, Tony Solomon and I met with our counterparts from Germany, the U.K., France and Japan this past Sunday in Germany, in a continuation of periodic private discussions on key international economic and financial issues. We continued consideration of the Substitution Account, without reaching conclusions (this will be a topic for the Venice Summit, and I will brief you fully later). We also discussed Iran. Apart from the German support which you already know, there was little enthusiasm for formal implementation of economic sanctions.

3. COUNTERCYCLICAL FISCAL ASSISTANCE

- . We expect House action next Wednesday. We are continuing our intensive lobbying effort in coordination with the White House staff, Moon Landrieu and Neil Goldschmidt.

4. WINDFALL PROFITS TAX

- . House and Senate Conferees agreed early this week on exactly how the \$227.3 billion compromise level on the revenue side would be reached.
- . The Conference will resume next Wednesday to continue action on the energy credits, low income assistance and termination portions of the bill. On the termination of the tax, we have expressed our adamant position that, if the tax is not permanent, then the phase-out should be tied to a date rather than to a dollar figure.
- . Before adjourning today, Senator Long and Congressman Ullman agreed that the Conference should target Friday, February 4, as a date for completion of the bill.

  
G. William Miller

THE SECRETARY OF COMMERCE  
WASHINGTON, D.C. 20230

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FYI

January 25, 1980

REPORT TO THE PRESIDENT

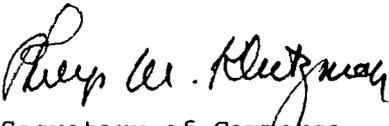
Public and congressional reactions to embargo:

- o No serious challenges to your actions against the Soviet Union were expressed during my appearance before the Subcommittee on International Finance of the Senate Committee on Banking, Housing and Urban Affairs on Tuesday, January 22. Senator Proxmire was strongest in his support. Senators expressed concerns regarding: domestic economic impacts, extent and duration of controls, and the ability of the U.S. to monitor and enforce the controls and to gain international cooperation.
- o Fundamental support was also expressed to me by business executives in Chicago and Des Moines though they too articulated concerns that the full cooperation of our allies be gained so as not to place U.S. firms at a near and long-term disadvantage vis a vis their foreign competitors; and that the revised export control criteria be published as soon as possible so as to reduce uncertainty.

Departmental activities to effect economic sanctions against the Soviet Union are proceeding in accordance with your directives:

- o The interagency working group on export control policy will forward to you within 3-5 weeks its recommendations for the reformulation of export control criteria;
- o Permissible grain shipments to the USSR have been allocated to exporters, licenses have been issued to cover all grain now being or in the immediate future scheduled to be loaded, and exporters will notify Commerce as to the outstanding contracts they wish licensed up to their maximum allocation;
- o All Soviet fishing vessels have left our 200-mile zone in compliance with the withdrawal of Soviet fishing allocations. Commerce and State will link redistribution of those allocations to other country actions to permit expanded trade in U.S. fishing products. Discussions will be held with Japan and Spain.

China Trade Agreement: Both the House and Senate approved the China Trade Agreement by a margin significantly increased because of the Soviet invasion.

  
Secretary of Commerce



Office of the Attorney General  
Washington, D. C. 20530

January 25, 1980

Principal Activities of the Department of Justice  
for the Week of January 19, 1980 through January 25, 1980

1. Meetings and Events

On January 24, the Attorney General accepted the Ribicoff-Percy Award on behalf of the Department of Justice. The presentation was made by the Office of Personnel Management in recognition of the Merit Pay System which the Department developed as part of the implementation of the Civil Service Reform Act of 1978. On the same day the Attorney General met with Italian Prime Minister Francesco Cossiga to discuss matters involving drug enforcement and control of terrorism.

2. Nazi War Criminals

Walter Rockler, Director of the Office of Special Investigations, and Allan Ryan, Jr., Deputy Director, have left for London, Moscow, and Tel Aviv to seek information in the hunt for Nazi war criminals.

3. Civil Liberties and Civil Rights

The Attorney General announced the appointment of Sana F. Shtasel as Civil Liberties Coordinator for the Department. Her duties will include monitoring of potential civil liberties problems generated in the course of Department work, and serving as a liaison with civil liberties and civil rights advocates outside the government. The Attorney General also announced the establishment of civil rights units in the offices of 29 United States Attorneys. The units are being created in the major cities and in those offices having a large volume of civil rights cases.

Personnel of the Community Relations Service have been dispatched to Idabel, Oklahoma, the scene of racial violence which followed the slaying of a black teenager.

4. Immigration and Naturalization Service

On January 21, the Attorney General announced that the President's Management Improvement Council will conduct a management study of the Immigration and Naturalization Service. The project will concentrate initially on information systems, records, and automation.

5.. National Security Council Information

In Halperin v. National Security Council, the United States Court of Appeals for the District of Columbia upheld an exemption from the Freedom of Information Act for titles of National Securities Study Memoranda and National Security Division Memoranda.

6. Anti-Lobbying Act

In National Treasury Employees Union v. Campbell, the United States District Court granted the government's motion for summary judgment in a suit against Allan Campbell, Director of the Office of Personnel Management, for alleged violations of the Anti-Lobbying Act. The court held that the plaintiffs lacked standing because they could not show that a letter written by Director Campbell, in an attempt to garner editorial support from newspapers, would result in passage of legislation which the plaintiffs opposed.



THE SECRETARY OF ENERGY  
WASHINGTON, D.C.

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January 25, 1980

MEMORANDUM FOR: THE PRESIDENT

FROM: SECRETARY  
DEPUTY SECRETARY *CW*

SUBJECT: Weekly Activity Report  
January 21 - 25, 1980

1. California trip: I was in California on Monday and Tuesday to deliver a speech on the international energy situation to the Commonwealth Club in San Francisco. I also visited the fusion projects at Lawrence Livermore Lab, solar energy projects in Davis, enhanced oil recovery operations in Long Beach, methane recovery from municipal waste in Los Angeles, and met with Mayor Bradley of Los Angeles and the editorial board of the Los Angeles Times.

2. State gasoline targets: On Tuesday and Wednesday of this week we delivered the revised methodology for calculating state gasoline targets once the national target has been set. We included in the package a state target predicated on a national target of 7.0 million gallons per day. We informed the governors that the new national target has not yet been set and is likely to be substantially lower. We have allowed about 10 days to receive and analyze comments from the states.

3. Gasoline priorities: DOE issued a final rule to clarify gasoline priorities by including vanpooling in the first priority activity. This rule also extended indefinitely the priority for diesel fuel for surface passenger mass transportation.

4. Pacific Northwest Power Supply: There has been above normal precipitation in the Pacific Northwest for the past six weeks and hydroelectric power supply has improved. There has not been sufficient improvement for Bonneville Power Administration to restore all prior service.

The Western Area Power Administration is beginning negotiations with the Canadian Manitoba Hydro-Electric Board with respect to a 21-year, 1000 megawatt sale of electric power to the United States, primarily from the new Conawapa hydropower plant under construction.

5. Legislation: The Senate Energy Committee may amend the DOE FY 1980 authorization bill (S. 688) to add Sen. Johnston's nuclear waste management bill (S. 2189). A more restrictive waste management bill sponsored by Sen. Randolph (S. 1521) is ready for floor action and probably will be considered at the same time as the authorization bill.

After the windfall profits tax, ESC, and EMB bills are out of conference, we plan to concentrate on the Energy Management Partnership Act which will provide funds for state and local energy planning and projects. The current schedule for hearings would permit the bill to be ready for floor action within a few months.

We have drafted several alternative legislative proposals to improve the gasoline rationing authority by reducing the trigger from a 20% shortage to a 5% shortage and making other minor changes. Sen. Weicker has introduced a bill to reduce the trigger to 5%. *Good*



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

January 25, 1980

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

Subject: Weekly Report of Major Departmental Activities

HUD Staff Meet With Home Builders. A number of HUD officials participated in the National Association of Home Builders annual meeting in Las Vegas early this week. In a speech to the group, I explained that recent anti-inflation steps taken by the Administration are essential to controlling rising housing costs. At the meeting we revealed the latest HUD estimates for housing starts in 1980, indicating that we expect between 1.4 and 1.5 million units to go into construction. The home builders were particularly happy to learn of our intention to simplify processing and conduct regulatory reform as ways to help reduce costs.

Testimony Given on Troubled Multifamily Projects. HUD Assistant Secretary Lawrence B. Simons assured Congress this week that financially-troubled multifamily housing projects are being detected and actions taken to solve their problems. Mr. Simons told the Senate Subcommittee on HUD-Independent Agencies that the problems are complex, but that HUD's actions are being taken with the goal of preserving the units for low and moderate income families.

Release of Budget Information Prepared. We are completing arrangements to inform interested groups and national news media about the proposed 1981 HUD budget. A comprehensive news package, including the full budget, a detailed news release and concise charts and tables are ready for distribution to the public. A news conference is set for Saturday, January 26, with information embargoed until Monday, January 28. Other briefings will be held for HUD and congressional staff. At these sessions we will emphasize that the housing and community development budget for FY 1981 is a realistic attempt to meet the needs of low and moderate income families and revitalize communities.

New Program Helps Keep Down Costs. We have announced a new program to stimulate the use of innovative construction techniques and materials to help keep down the cost of housing. The program is designed to foster the use of low maintenance and energy efficient techniques and seeks to shorten the normal 18-year period it takes for new techniques to become accepted by the general homebuilding industry. Under this new effort we will award approximately 20 grants of \$10,000 each for promising concepts of single family construction that incorporate the use of industrial engineering, cost benefit tradeoffs, and value engineering techniques.

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

Moon Landrieu

THE SECRETARY OF EDUCATION

WASHINGTON, D.C. 20202

January 25, 1980

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

SUBJECT: Weekly Report of Major Activities

Appointments. I have forwarded recommendations to the White House for five principal officer positions. The following have been submitted to the Senate for confirmation: Elizabeth Carpenter, Assistant Secretary Designate for Public Affairs; C. William Fischer, Assistant Secretary Designate for Planning and Budget; and John B. Gabusi, Assistant Secretary Designate for Management.

My recommendations for General Counsel and Assistant Secretary for Civil Rights have not been announced by the White House.

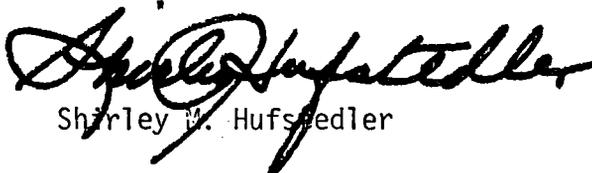
I expect to make a decision on the Assistant Secretary for Legislation very soon. Working on identifying candidates for the remaining seven program Assistant Secretary positions is proceeding and I will begin interviewing the final candidates next week.

Commissioner of Education. William Smith's Confirmation hearing before the Senate Labor and Human Resources Committee was held on January 23. The reaction of the Members was very positive. Dr. Smith assured Senator Pell that he would live up to your promise that officials who sign regulations would in fact read them. The Committee has voted to confirm him as Commissioner; the Senate will act early next week.

Youth Employment Initiative. Work is on schedule and I expect to meet your deadline for submitting legislation to the Congress by mid-February. My staff has conferred with representatives of state and local governments and the business community in an effort to draw upon the widest range of experiences.

1981 Budget. I continued intensive preparation for my press conference tomorrow on the fiscal 1981 budget. It is likely that there will be wide national press coverage since this is the first Department of Education Budget.

Appearances and Consultations. I was interviewed by Robert Abernethy on the Today Show on Wednesday. In addition, I attended another in the series of informal get-acquainted dinners with representatives of education and related groups.



Shirley W. Hufstedler

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U.S. DEPARTMENT OF LABOR

SECRETARY OF LABOR  
WASHINGTON, D.C.

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January 25, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: THE SECRETARY *by*

SUBJECT: Major Departmental Activities  
January 21-25, 1980

The OCAW strike continues. As the strike enters its third week, no settlement is in sight. However, bargaining continues on a refinery-by-refinery basis. The OCAW bargaining committee is scheduled to meet on Monday to review some of these local proposals and determine if they would represent a basis for a pattern in the industry.

The major disagreement between the parties continues to be the union's demand of fully paid health care. No major disruption has yet occurred in refinery production or transportation.

U.S. re-entry into the ILO. The principals within the Executive Branch (State, NSC, Labor, and Commerce), the AFL-CIO and the U.S. Council of the International Chamber of Commerce have agreed to re-entry into the ILO. The U.S. Council has expressed concern over ratification of conventions and the role of the ILO on multinational questions and wants "reasonable assurances" on these issues. We are currently working to resolve these matters.

The Department of State is now contacting OMB officials and select members of Congress concerning a supplemental appropriation for the U.S. contribution to the ILO upon re-entry.

I plan to submit re-entry recommendations to you about February 1 so that the ILO can be informed about U.S. re-entry by February 18, the beginning of the next ILO Governing Body Session.

**Community** WASHINGTON, D.C. 20506  
**Services Administration**



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JAN 25 1980

MEMORANDUM FOR: THE PRESIDENT

ATTENTION: Rick Hutcheson  
Staff Secretary

FROM: Graciela (Grace) Olivarez *for [signature]*  
Director

SUBJECT: Weekly Report of Significant Agency Activities  
(January 21 through January 25, 1980)

Low Income Women

The Community Services Administration (CSA) is hosting a series of planning sessions in Washington, D. C. which bring together representatives from the National Congress of Neighborhood Women, the Center for Community Change, CSA agencies, the Network of Low Income Women (DOL) and seven independent activists. The purpose of the sessions is to develop a specific focus and select an appropriate methodology, for creation of a National Resource Center for low-income women. The goal of the center is to provide a place for low-income women to marshal resources to improve the quality of life for themselves and their families and communities by enhancing their employment opportunities and socio-economic status.

Consumer Coop Bank

The Director, as a member of the Board of the Consumer Coop Bank attended public meetings in Oakland, San Antonio and Denver. The purpose of the meetings was to give the public and the cooperative movement an opportunity to acquaint Board members with their operational and financial problems and to indicate what policies and goals they desire the Bank to adopt to better serve their needs.



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

January 25, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: GUS SPETH  
JANE YARN  
BOB HARRIS

SUBJECT: Weekly Report

1. State of the Union Speech. Your third Address struck responsive chords from many perspectives. It was an excellent speech. I particularly appreciated your emphasis on energy conservation.

2. Trip to New England. I leave next week for a three-day trip through New Hampshire, Vermont and Maine. Several speeches are planned, and I will be meeting with environmental and other leaders in the three states.

3. Your Trail Goals Exceeded. In your 1979 Environmental Message, you directed federal land management agencies other than the Forest Service to set a goal of establishing at least 75 National Recreation Trails (NRTs) on all of their lands in 1980. In response, these agencies have set a goal of 84 trails and intend to exceed it. In December, the Forest Service exceeded by two trails your directive to them to establish 145 NRTs in 1979. The establishment of trails has been a popular program around the country, a fact confirmed by the assessment of trail needs now being conducted by Interior.

4. Nuclear Waste Program. Your nuclear waste management statement based on the Interagency Review Group (IRG) report is now essentially complete. It can be ready for announcement at any time. The effort by Senator Johnston to promote waste management legislation (S.2189) that differs from your policy in several critical respects is a serious threat. It argues for the early announcement of your policy.



THE DEPUTY SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

January 25, 1980

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MEMORANDUM FOR THE PRESIDENT

THROUGH: Rick Hutcheson, Staff Secretary

FROM : William J. Beckham, Jr. *Bill Beckham*

SUBJECT: Significant Issues for the Week of January 24

New Hampshire Rail Passenger Demonstration Project - On January 25, Secretary Goldschmidt inaugurated experimental rail passenger service between Boston and Concord, New Hampshire. He was accompanied by Governor Hugh Gallen of New Hampshire, members of Massachusetts' Governor Edward King's staff and local officials. The train made stops in Lowell, Massachusetts, Nashua and Manchester, New Hampshire. The project is to test three kinds of passenger vehicles for fuel efficiency, operating costs and passenger preference. The experiment is funded by a \$3.3 million research grant from the Department's Federal Railroad Administration to the State of New Hampshire. The project is of major interest to Governor Gallen.

Secretary's Address to Union Convention - Secretary Goldschmidt addressed a convention of the Brotherhood of Railway and Airline Clerks, highlighting your Administration's efforts to ensure a good future for railroad employment through efforts to restore railroads to financial health and to preserve employment through controlling the process of railroad restructuring.

Meeting of Blue Ribbon Panel on Airplane Safety Standards - The Blue Ribbon Panel appointed by the National Academy of Sciences at the Secretary's behest to examine the airworthiness certification procedures of the Federal Aviation Administration held its first meeting. The public, the FAA and industry testified. There has been a good response from all quarters to both the panel selected and to its first meeting.

Commuter Air Safety Conference - As a result of airline deregulation, commuter air service is increasing rapidly. Because the safety record of commuter airlines is proportionally much worse than that for commercial airlines, the Department sponsored a well-received conference on commuter air safety. FAA Administrator Langhorne Bond delivered a tough message to the participants that the commuter air safety record must improve.

New York Commuter Line Improvement - Following meetings with local officials in Westchester County, New York, Secretary Goldschmidt announced that he will make a decision within 30 days on whether to proceed with Federal funding for electrification of the Upper Harlem Commuter Line which runs from New York through White Plains. This project is important for improving the speed and reliability of commuter service, but costs have increased dramatically from original projections. The Department has been committed to provide \$30 million toward the project's originally estimated cost.



Veterans  
Administration



January 24, 1980

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

A handwritten signature in black ink, appearing to read 'Max [unclear]'.

VA Presidential Update

Iran Hostages - Beginning 2/1/80 wives and dependent children of military personnel held hostage in Iran will become eligible for VA benefits - primarily financial assistance in going to college. A law, covering mainly POW and MIA cases, provides eligibility for dependents of military personnel forcibly detained more than 90 days. Of the 20 personnel detained, 10 do have dependents. Working in step-by-step coordination with State and Defense, VA plans to make discreet contacts with the 10 families to offer benefits assistance. The approach will be confidential and very low key to avoid any impression the VA action implies a long period of continued detention. There will be no public announcement of this action.

Readjustment Counseling - Knowing your interest in this vital new program, here is the latest box score: We have already recruited 268 of the allowed 346 personnel, and 251 of these have now completed training. The number of storefront sites leased now totals 34, and 14 counseling teams are now in full operation. I personally participated in the opening of these Vet Centers in Des Moines and Chicago last week, and will be doing the same this week in Atlanta and Los Angeles - the latter in consort with Senator Alan Cranston. Reports from only 3 of our 6 medical regions reflect contacts with 473 Vietnam Era veterans who made 1,024 visits.

Savings Through Salvage - We have just sold 209,834 troy ounces of refined silver for a record \$8.9 million. The amount was \$2.4 million above a bid received just 1 week earlier. For the second time in 2 weeks we have declined bids for 256.7 ounces of VA salvaged gold, believing we can do better later on than the top bid of \$627.70 an ounce. We salvage silver from X-ray developing solutions and film, and gold from scrap resulting from the fitting of dental work. Sale proceeds revert to VA, thus lowering the cost of supplies we purchase.



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

January 25, 1980

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report of HEW Activities

Distribution of Federal Energy Assistance Nearly Completed. Block grants totaling \$700 million have been awarded to 43 States to provide heating assistance to AFDC recipients and other low income groups. The remaining \$100 million will be distributed over the next several weeks.

HEW's Refugee Office Reorganized. The Office of Refugee Affairs has been transferred into the Immediate Office of the Secretary to provide greater coordination over the development and implementation of refugee policies. The new Director of the Office of Refugee Affairs, Bernard E. Kelly, will report directly to the Under Secretary.

The Under Secretary and I met this morning with leaders of voluntary resettlement agencies and personally briefed them on the recent reorganization of HEW's Refugee Program.

Apprenticeship Programs Announced by the White House Last October to be Implemented by the National Institutes of Health. Two hundred minority high school students will be employed by NIH this year as summer apprentices to work with scientists and engineers at Federal laboratories and research centers. This program was designed to increase the number of minority youth who enter scientific and engineering professions.

Congressional Action on Low-Income Energy Assistance. Today the House and Senate Conferees are expected to discuss H.R. 3919, the windfall profits tax on domestic crude oil. I have sent a letter to Conferees urging that the low-income energy assistance program be enacted as part of the windfall profits tax. The Department has also provided the Conferees with amendments to improve the administration of the program.

Speech Before the Woman's National Democratic Club. On Thursday I spoke before the Woman's National Democratic Club in Washington, D.C. on the Carter Administration's success in expanding the role of women in government.

Patricia Roberts Harris

THE WHITE HOUSE  
WASHINGTON  
January 19, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: ALFRED E. KAHN *Fred*  
RE: Weekly Activities Summary

The past week has been rather busy.

Fried Chicken

On Tuesday, I announced that Church's Fried Chicken, a firm with \$350 million in sales and with outlets throughout the South and Southwest, was out of compliance with the price standard, because it had not lowered its prices as much as possible when wholesale chicken prices fell. For the first time, we sent the story to the local and regional press, and I gave several interviews for local radio and TV.

The response was impressive. The company president, who had refused beforehand even to return my calls, telephoned within ten minutes of the first radio report to say that he "regrets our misunderstanding," and promised to send additional information. The story was also covered on national TV.

Pay Standard

We met with John Dunlop on Friday to discuss the pay standard and what modifications might improve his proposal still further. I am really very pleased with the 7 1/2 to 9 1/2 percent range. Even though, when combined with a 7 1/2 percent COLA evaluation, it might permit settlements in the 10 percent range, the acceptance by labor of this level of restraint at a time when the CPI (though not the actual cost of living) is rising at a 13 percent rate is a real achievement. Once we conclude the remaining terms of the standard, we should say so.

State/local Conference Follow-up

The response to our conference has been very gratifying. People are truly excited and want to move. We will shortly send you a memorandum setting forth our plans for follow-up.

Speeches

On Tuesday, I spoke before the White House Conference on Small Business. I was surprised by the enthusiastic response: This group, so distrustful of government and public officials, applauded wildly when I described our efforts to improve regulation and other government programs. They were especially enthusiastic when I described your personal dedication to removing burdens from small business.

I also chaired a panel on trucking deregulation at a conference on Thursday for key congressional staff and interest groups sponsored by supporters of our bill.

COWPS Filings

We filed comments with the ICC urging the commission to permit greater competition in the interstate bus industry by removing barriers to entry.

THE SECRETARY OF COMMERCE  
WASHINGTON, D.C. 20230

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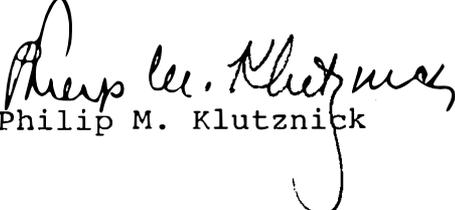
January 18, 1980

REPORT TO THE PRESIDENT

Last Friday, I convened the first meeting of an interagency advisory group to assist me in carrying out your directive to review and revise our export licensing policies for the Soviet Union. Regularly scheduled deliberations and consultations have been agreed upon. We expect this process to take about four weeks, although some decisions can probably be made before completion of the full review.

I have announced the denial of eight pending license applications for various high technology items for shipment to the Soviet Union. Satisfactory grounds for denial existed under present export control criteria. The value of these goods was estimated by the U.S. suppliers as potentially reaching over \$1 billion over a period of years. Most of the \$1 billion was attributable to technological data and equipment for a proposed telecommunications manufacturing plant.

To ease congestion in several ports, today I issued the first licenses for further grain shipments to the Soviet Union, within the 8 million metric ton annual ceiling you have set. The Department of Agriculture concurs with the formula and facts on which our license allocations are based.

  
Philip M. Klutznick

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

January 18, 1980

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

Subject: Weekly Report of Major Departmental Activities

Secretary's Travels and Appearances

On Monday, January 14, I addressed a luncheon of the Woman's National Democratic Club here in Washington. In describing the history of the building of American cities, I discussed the impact of the National Urban Policy on the revitalization process underway in many urban areas. I informed the gathering that you have said and almost every mayor has accepted that the rebuilding of our cities will take place as the result of a new partnership that had been lacking in the past. This is a partnership between the public and private sectors and involves federal, state and local levels of government.

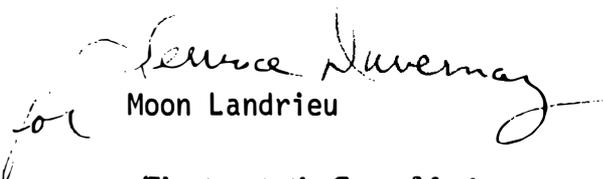
On Tuesday, I traveled to the Northeast, where I participated in the groundbreaking for an Urban Development Action Grant project in Lewiston, Maine. The following day I conferred with members of the Coalition of Northeastern Governors in Hartford, Connecticut. The Coalition has prepared a report which paints a gloomy picture of housing conditions in the Northeast. Although I warned that the governors should not expect the Federal Government to solve all their regional housing problems, I did assure them that the forthcoming budget will contain "a reasonably healthy housing package."

Review of Regulations Underway

HUD is undertaking a major review of its existing regulations in compliance with Executive Order 12044, and we have invited the public to comment on which regulations are most in need of review and revision. In announcing the move I stated that it is our intention to make HUD regulations clear and direct and to make compliance with them as simple as possible.

Youth Employment Demonstration Program Evaluated

A national conference sponsored by HUD and the Department of Labor to assess the results of the 24-month, \$13.7 million YEDP demonstration was held in Atlanta, January 9-11 during the Martin Luther King Commemoration. The conference assessed how the HUD-selected neighborhood development organizations and community development corporations performed with Labor Department demonstration funds and other resources. Over 3,300 youths worked in 10 demonstration projects under the program; this project also "leveraged" some \$50 million of HUD programs through these 10 neighborhood development groups.

*for*   
Moon Landrieu

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

January 18, 1980

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report of HEW Activities

Hyde Amendment Declared Unconstitutional. The U.S. District Court for the Eastern District of New York declared unconstitutional the prohibition (known as the "Hyde Amendment") on the use of Medicaid funds for medically necessary abortions. Under the ruling, HEW is required to provide Federal matching funds for abortions that are determined to be medically necessary by the woman's physician. On the assumption that this decision would be appealed, Judge Dooling stayed the effect of his order for thirty days, leaving the Hyde Amendment presently in force. The Solicitor General's Office has already instructed the U.S. Attorney's office to file a notice of appeal. The appeal will go directly to the U.S. Supreme Court.

In two related decisions, regulations in Connecticut and Missouri which restricted Medicaid payments for medically necessary abortions were ruled unconstitutional.

Surgeon General's Report Demonstrates the Effects of Smoking on Women. The report shows a decline in smoking for every major population group except young women. The report notes an increasing incidence of lung cancer in women, and stresses the hazards of smoking to pregnant women and their unborn children.

The FY 1979 Report to the President on Financial Support to Historically Black Colleges was Completed. HEW came within \$5.2 million or 1.6 percent of its projected support level of \$323.4 million for FY 1979. Meharry, Tuskegee and Xavier medical colleges received \$7.2 million to meet operating deficits and technical assistance to improve their management practices.

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Federal Energy Assistance Was Sent to the Elderly, Disabled and Blind. Only forty-two days after the President signed Public Law 96-126 into law, the Social Security Administration mailed out 3,918,734 checks totaling \$400 million to SSI beneficiaries. While there was some press criticism of payments to individuals who did not directly pay utility bills, the overall response was positive. SSA was flooded with letters of appreciation from senior citizens. In addition, State block grants totaling \$500 million were awarded to provide heating assistance to AFDC recipients and other low income groups identified by the States.

National Institute of Health to Award Grants to Study Psychological Adjustment Problems of Vietnam Veterans. The National Institute of Mental Health has received eighteen applications in response to a research initiative announced by the Institute following the President's call for NIMH and the Veterans Administration to collaborate in studying the problem of psychological adjustment of Vietnam veterans. Previous research supported by ADAMHA has indicated that individuals who served in Vietnam are a high risk for mental and emotional disorders, as well as drug abuse. Applications approved by an ad hoc review group and the National Advisory Mental Health Council will be funded as early as March 1.

Regulations for Financial Assistance to School Districts with Indochinese Refugees were Approved by the Commissioner of Education. Emphasis was placed on funding for refugees who entered the country this school year. In March, emergency assistance grants totaling \$12 million will be awarded to school districts. The most heavily affected State, California, will receive \$4,000,000.

Visits to Maine, Massachusetts and California. On Thursday I spoke on the Administration's accomplishments at Carter/Mondale meetings in Boston, Massachusetts and Portland, Maine. This Saturday I will represent the Carter/Mondale Campaign at the California Democratic Party Convention in San Francisco.



Patricia Roberts Harris

U.S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY  
WASHINGTON, D.C.  
20210

January 18, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: THE SECRETARY OF LABOR *AM*

SUBJECT: Major Departmental Activities  
January 14,-17, 1980

Gaining building trades endorsements. As I told you earlier in the week, Jay Turner and the Operating Engineers have moved to endorse you for re-election. We are trying to resolve a matter related to the Westway Highway in New York in order to gain unanimous support from their Board. The Operating Engineers have a membership of 420,000. The membership is well dispersed geographically and it is very active politically. Since Turner was originally considered a possible Kennedy supporter, the endorsement has additional significance. Jack Lyons, President of the Ironworkers (175,000 members) has polled his Board and reported this morning that he thought an endorsement was likely by the end of the day. Jay Turner has agreed to meet me in Des Moines on Saturday to announce his union's endorsement and I hope that Jack Lyons can also join us.

Announcement of OSHA cancer policy. On Wednesday I announced our cancer policy that will, for the first time, establish a comprehensive framework and process for regulating carcinogens in the workplace. It does not provide a standard for any carcinogen but rather a long term policy for promulgating them. It rationalizes the way we do business. It was long overdue and it has been well received. The development of the policy was also an example of close cooperation between us, the Domestic Policy Staff and the Council on Wage and Price Stability.

ILA boycott. I am hopeful that your request to Teddy Gleason will be successful and the Department will continue to be attentive to situations like this that may arise with other unions.



## Office of the Attorney General

Washington, D. C. 20530

January 18, 1980

### Principal Activities of the Department of Justice for the Week of January 14, 1980 through January 18, 1980

#### 1. Meetings and Events

The Attorney General met with Mr. Shmuel Tamir, the Israeli Minister of Justice, on January 14. January 15, the Attorney General delivered the Tenth Annual Sonnett Memorial Lecture at Fordham University Law School. The topic of the address was Intelligence and the Law. January 17, the Attorney General was interviewed by the Editorial Board of The Washington Post and met with the Advisory Committee of United States Attorneys. January 18 through January 20, the Attorney General, the Solicitor General and other Department officials will participate in the Interbranch Seminar on the Administration of Justice in Williamsburg, Virginia.

#### 2. Campaign Suit

On January 15, Judge June Green denied plaintiffs' motion for expedited discovery in Winpisinger v. Watson, the suit filed by supporters of Senator Kennedy against cabinet officers, White House officials and the Carter-Mondale Campaign Committee, charging that defendants have misused federal power and federal funds. The defendants' motion to dismiss will be filed January 22.

#### 3. Federal Legal Council

The Attorney General chaired the first meeting of the Federal Legal Council. Established pursuant to Executive Order 12146, this group is comprised of general counsels from fifteen federal agencies. The council will make decisions and implement actions to carry out the terms of the Executive Order by improving the legal resources available to the Government.

#### 4. Ku Klux Klan

A member of the Ku Klux Klan was convicted January 15 of interfering with the civil rights of two Vietnamese refugees by threatening them with a knife at the factory in which they worked. The defendant was sentenced to eight months in prison on one count and a one-year suspended sentence on the other.

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5. Waterfront Corruption

Two international vice-presidents of the International Longshoremen's Association in Miami were among defendants sentenced January 11 in a waterfront corruption conspiracy. These two officials, George Barrone and William Boyle, received fifteen and twelve year sentences respectively, as well as fines totaling \$8,000. These are the latest sentences in what has been the largest labor probe in the Nation's history. A total of twenty-two union and dockside executives up and down the East coast have been indicted in this case.

**Community** WASHINGTON, D.C. 20506  
**Services Administration**



C

MEMORANDUM FOR: The President

ATTN: Rick Hutcheson  
Staff Secretary

FROM: Graciela (Grace) Olivarez  
Director

SUBJECT: Weekly Report of Significant Agency Activities  
(January 14-18, 1980)

We have nothing of significance to report.

Carter Energy Policy

The Agency has issued a press release responding to Senator Kennedy's attack, in Iowa speeches and political broadcasts, on the Carter Administration's energy policy. The attack was based upon the publication by this Agency of a document called "No More Heat? A Self-Help Booklet." The booklet can help communities and individuals deal with energy emergencies which may threaten life or health. The CSA response was coordinated through the White House Press Office. A copy of the release is attached.

Consumer Advocates

The Director traveled to Bradenton, Florida to deliver prepared remarks to approximately one thousand consumer advocates from around the state. The Director's remarks included highlights of the Carter Administration's "Low Cost-No Cost" conservation education campaign.

Attachment



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# Community Services Administration

Office of Public Affairs

Washington D.C. 20506

## news release

FOR RELEASE:  
Tuesday, January 15, 1980

FOR INFORMATION CONTACT:  
Adrien H. Zubrin  
Associate Director  
for Public Affairs  
(202) 254-5840

Statement by Graciela (Grace) Olivarez, Director of the  
Community Services Administration.

I am deeply concerned about the fact that a pamphlet published by  
this agency is being used for political purposes.

In speeches and in political broadcasts in Iowa and elsewhere,  
Senator Edward M. Kennedy has charged that material in a Community  
Services Administration pamphlet, "No More Heat? A Self-Help  
Booklet" represents the energy policy of the Carter Administration.

These statements by Senator Kennedy are inaccurate and may mislead  
those needing emergency assistance. This pamphlet was designed to  
help communities and individuals deal with energy-related emergencies  
which may occur. This is not bad policy - this is good planning.  
This is an educational booklet which explains in the simplest and  
most direct terms possible what individuals should do if they  
should have a heat stoppage, how to stay as comfortable as possible  
until heat can be restored, and how to avoid hypothermia.

Senator Kennedy, however, has taken the pamphlet and charged that  
somehow the very fact of its existence makes having energy-

(more)



related emergencies "part of the administration's energy policy," and that "it tells you what's wrong with an administration that can't handle our energy problem."

The Senator surely knows that emergency preparedness is a crucial part of the President's comprehensive energy assistance program. Planning for this winter's heating season began in earnest in February of 1979 and as early as April of that year the President announced the development of CSA's new energy crisis assistance program.

Part of the Carter Administration's energy policy includes a 1.35 billion dollar emergency program, designed specifically to assist the poor in keeping warm. The program, which has been in place since early winter in every state in the nation, was finalized by Congress in Mid-November. CSA is currently operating a 400 million dollar Energy Crisis Assistance Program which assists the poor in paying their fuel bills and, when necessary, it also provides food, blankets and heaters to those in need.

We hope that no one will have to resort to employing the emergency measures outlined in our pamphlet. The Carter Administration is making every effort to insure that these measures will not have to be used.

If this pamphlet helps but a single person to survive what otherwise might have been a tragedy, it will have been worthwhile, and I strongly suggest that politics be kept out of what millions of Americans consider to be a very serious matter.

# MEMORANDUM

OFFICE OF THE SECRETARY OF EDUCATION

DATE: January 18, 1980

C

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

SUBJECT: Weekly Report of Major Activities

Appointments to the Department: During this week, I have interviewed seven candidates for Assistant Secretary-level positions. I hope to send you shortly my recommendation for at least one principal officer position. Five recommendations for such positions have already been submitted.

Trip to Iowa. The trip to Iowa with the First Lady went very well. There were favorable reactions to the ERA Coalition Event and my addresses to the Legislative Workshop of the Iowa Education Association and a group of educators convened by the Iowa Coordinating Committee for Post High School Education.

Youth Initiative. The Youth Initiative Task Force is working hard to meet the tight deadline of early February for submission of legislation to the Congress. I am pleased with the progress to date. I have asked Sidney Harmon of the Aspen Institute and John Filer of the Aetna Insurance Company for their help in establishing the support of the business community in relating private employers to both the labor and education components of your program.

Budget. I have been meeting with program officials in an intensive preparation for my press conference on the first Department of Education budget on January 26. I will testify before the Senate Labor-HEW Subcommittee on Appropriations on February 18.

Consultation and Visits. I participated in separate briefings with House and Senate staff on the Department of Education transition. I attended two more in my series of small, informal dinners with key representatives of education groups.

  
Shirley M. Hufstедler

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THE SECRETARY OF THE TREASURY  
WASHINGTON 20220

January 18, 1980

MEMORANDUM FOR THE PRESIDENT

Subject: Highlight of Treasury Activities

1. GOLD, THE DOLLAR AND THE MARKETS

- . This week has seen an absolutely unprecedented rise in the market price of gold to a closing today of \$812 per ounce. Clearly the market is subject to extraordinary speculation and to the influences over which we have no control without absolutely unprecedented levels of intervention. In this situation it is clear to me that all we can do is point out that the activity has had no effect on the dollar and is a speculative phenomenon. There is, of course, a risk that in time it may affect the currency markets.
- . The dollar continued trading in a relatively narrow range with some appreciation early in the week before coming under occasional pressure Thursday. Modest Treasury and Federal Reserve intervention was effective in maintaining reasonably stable market conditions.
- . The intensification of political tensions in Southwest Asia depressed stock prices later in the week, but stock prices on balance were marginally above last Friday. Metal and oil issues continue to perform well.
- . Credit market yields posted sharp increases in response to announcements of gains in several key economic indicators.
- . Corn and oat futures still have only recovered approximately 50 percent of the price declines suffered immediately after the embargo. In contrast, wheat and soybean futures have recovered all initial losses and closed today moderately above the pre-embargo prices.

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2. NEW YORK REGION CUSTOMS INVESTIGATION

- . As a result of the establishment of the Office of Inspector General in the Treasury two years ago and an almost total restaffing of the the U.S. Customs Service Office of Management Integrity, a number of investigations were initiated into suspected cases of bribery, theft and other irregularities in the Customs Service, particularly in New York. These have led to several indictments, and the prospect that a significant number of additional indictments -- perhaps more than 50 -- will be handed down. There has been some press attention in New York, but this could well become a major story.
- . Former Regional Commissioner Fred Boyett has been reassigned temporarily to Washington, D. C., pending the outcome of the investigation. Dennis Snyder, sworn in yesterday as the new Regional Commissioner, was formerly Treasury Regional Counsel in Miami. He has a strong law enforcement background.
- . These investigations were all internally generated and a result of your emphasis on ensuring integrity in government. We will have to work hard to be sure that the public understands that fact.

3. CHRYSLER

- . Because of Chrysler's lack of perceived progress toward organizing itself, today I sent Chairman Iacocca a letter emphasizing the need for him to supervise personally the Chrysler effort. The letter also raised our concerns about Chrysler's progress in assembling its necessary interim and long-term financing package and its failure to meet agreed deadlines.
- . On Thursday, the Loan Guarantee Board held its first meeting to review Chrysler's situation, Treasury's on-going efforts, and the Board's responsibilities. The Board will meet biweekly.
- . Exploratory meetings also have been held with representatives of Chrysler's domestic lending banks and the Canadian Government to discuss their respective roles in the Chrysler rescue effort.

4. NEW YORK CITY

- . Mayor Koch, in a move to balance the City's budget in 1981 instead of 1982, this week proposed large expenditure cuts, tax increases, and revenue enhancements. The budget presumes an increase of \$170 million in Federal and State assistance in 1981, and a \$410 million increase in 1982.
- . This attempt to achieve a balanced budget occurs one year earlier than required by the New York City Loan Guarantee Act of 1978. If the City does balance its budget, its return to financing self-sufficiency should be facilitated.



G. William Miller



THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

January 18, 1980

MEMORANDUM FOR THE PRESIDENT

THROUGH: Rick Hutcheson, Staff Secretary

FROM : Neil Goldschmidt

SUBJECT: Significant Issues for the Week of January 14

Effect of Grain Embargo on U.S. Transportation Companies - Our initial and still very cursory survey of U.S. transportation sectors indicates that rail companies are not significantly affected because their capacity to haul grain had already been over-taxed and the embargo will simply ease a tight situation for them; independent truckers may have been affected but we have no evidence so far of major dislocations and the lack of a national organization precludes gathering reliable data; the barge industry appears to have borne the brunt of any negative impacts and we are in the process of gathering more information about the extent of any financial hardships barge operators may have incurred. It may take several weeks to get a clear picture.

Auto Industry - January 15 I addressed the Economic Club of Detroit. In my speech and in private meetings with officials from American Motors, General Motors and Ford, I discussed the current economic problems facing the auto industry and the need for a cooperative response to them between the public and private sectors. In addition, I announced that I will lead an Administration study of the auto industry and the industries which it affects, such as steel, aluminum, rubber, plastics, glass and electronics, to identify courses of action which will contribute to the long-range economic health of those industries.

Secretary's Travel - On January 17 I travelled to New Hampshire to announce a highway grant with Congressman Norman D'Amours. January 21-22 I will be in New York City for meetings with the Editorial Boards of the New York Times and the Wall Street Journal and for meetings with Westchester County officials. January 25 I will be in New Hampshire to inaugurate experimental rail passenger service between Concord, New Hampshire and Boston. The Governors of Massachusetts and New Hampshire and various Mayors will participate in the ceremonies.

Curtailement of Soviet Fishing - As of January 13, there were five Soviet vessels sighted in the U.S. Fisheries Conservation Zone. One of these was located in the Gulf of Alaska fishing legitimately. The other four vessels were located in the Bering Sea. None of these vessels was fishing.

Ratification of Tanker Safety Conventions - In response to your initiative of 1977 dealing with oil pollution of the oceans, the international community responded with unusual promptness to complete the conventions by January, 1978. Since that time, domestic legislation and regulations have been put in place but now two years later the Senate still has not ratified the conventions. Your Environmental Message of August, 1979 specifically indicated that the U.S. would continue to urge other nations to put the requirements of the 1978 agreements on tanker safety and pollution prevention into effect promptly. Our lack of ratification has been interpreted at some levels internationally as a waning of interest. I urge that you request the Senate to move early in the next session to complete the ratification of the 1978 Protocol to the International Convention for the Safety and Life at Sea (Executive D 96-1) and the 1978 Protocol relating to the International Convention for the Prevention of Pollution From Ships (Executive C 96-1).

Aviation Negotiations with Great Britain - DOT will be participating in U.S./U.K. civil aviation negotiations during the week of January 28, 1980 in London. The U.S. will attempt to liberalize the current agreement by increasing the number of U.S. cities to receive direct service to the U.K. by removing the limitations on U.S. carriers which can serve the U.S./U.K. market, and by improving route and pricing opportunities for U.S. carriers.

Visit to Panama - I travelled to Panama last week as your representative at the 100th Anniversary of the Panama Canal, joining French delegates and the Panamanian Government for the ceremonies, which the Panamanians hosted. I wish to report to you on several matters that occurred there because of your particular close involvement with the Government of Panama and the fact, which is very obvious, that without your intercession the treaties would never have occurred. First, I wish to indicate that I was most impressed by your Ambassador to Panama, Ambler H. Moss. It appears that the level of confidence in him in Panama is extremely high, and for a first-time visitor I came away with the impression that he is an exceptional appointment. Second, the Darien Highway project which was established in the Federal Aid Highway Act of 1970, with an authorization of \$100M to finance a U.S. two-thirds share, has come to a standstill on the U.S. end. In 1971 the U.S. signed agreements with Panama and Columbia to construct the highway from Tocumen, Panama into Columbia. Congress has on two occasions failed to approve funds for this project and it has become in the past a matter of contention between the Secretary of State and the Secretary of Transportation, to the point where the Secretary of Transportation previously failed to request funds for this project. Cy Vance has requested that we again do so and I am submitting a request for these funds in a supplemental because I came back feeling very strongly that the Panamanians perceive this as a failure to keep our word. It hardly seems an appropriate time for this to occur. Third, I had the opportunity to visit with President Aristides Royo on several occasions, but particularly during dinner. He once again requested an opportunity to see you, with which you are no doubt familiar. Ambassador Moss was made aware of these same matters and I expect that he has previously forwarded them to the State Department. I want to make sure that his message is communicated and have outlined the four matters which he wants to take up with you should such a meeting occur.

First, President Royo will go to Japan in March to discuss the Sea Level Canal with the Japanese and wishes to discuss it with you as well; second, matters concerning Iran and the Shah; third, violations of the treaties (this was the subject of the letter which I carried to him in your behalf); and fourth, the economy. I was not encouraging of the opportunity for such a visit but did indicate that I would be pleased to convey his message.

A final observation - with 30 percent unemployment in Panama, the price of oil is obviously hitting them hard. Their effort to electrify the country through a hydroelectric dam construction policy is an impressive one. During the dinner, Vice President de la Espriella indicated that they could become entirely self-sufficient with regard to hydroelectric power for less than a billion dollars. How carefully this strategy has been reviewed by our people I do not know but it seems to me that we should be pushing them away from focussing on violations of the treaties and perhaps even the Sea Level Canal into developing a constituency in the U.S. for that kind of economic development effort.



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

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January 18, 1980

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson  
Staff Secretary

SUBJECT: Weekly Report

PROSPECTIVE FEED GRAIN AND SOYBEAN STOCKS LARGER; COTTON REDUCED. January estimates of 1979 U.S. corn, soybean and cotton crops were above previous indications. Increased estimates resulted mainly from larger harvested acreage and further improvements in soybean and cotton yields. Supplies of the four major feed grains for 1979/80 are now indicated at 280 million metric tons--up more than 4 million tons from the previous estimate. Utilization estimates for both feed grains and soybeans are unchanged, so production increases are added to 1979/80 carryover stocks. However, for cotton, prospective utilization, mainly exports, is up more than the crop, and season-ending stocks are forecast at around 5 million bales--0.3 million below the previous estimate although about a million above the low level of last August.

WORLD CROP PROSPECTS IMPROVE. World 1979/80 total grain production is forecast at around 1,519 million tons, up over 10 million tons from a month ago. Larger Indian rice production--based on new post-harvest data--and larger U.S. acreage account for most of the increase. Forecasts for Western and Eastern Europe also have been raised slightly. World production of oilseeds in 1979/80 is projected slightly above the December forecast at 180 million tons, mainly reflecting better prospects for the U.S. and Brazil. The 1979/80 world cotton crop is forecast at a record 65.1 million bales, up nearly a million from last month's estimate. Improved prospects reflect higher yields in the United States, China, and Pakistan, and a larger harvested area in India than previously projected.

CHURCH TO INTRODUCE HIGHER WHEAT LOAN BILL. Senator Frank Church announced that he would introduce a bill to raise the wheat loan rate to \$3.80 a bushel and to require that the grain not shipped to the USSR be used only to fight famine or the conversion into gasohol. In addition, he said an adequate set-aside program should be announced as soon as possible to bring future grain production in line with anticipated demand.

BOB BERGLAND

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

C

January 18, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: Gus Speth  
Jane Yarn *JW*  
Bob Harris

SUBJECT: Weekly Report

1. Water Policy. As you know, the Water Resources Development Act (HR 4788) is scheduled for a vote on Tuesday. The bill remains a veritable pigpen of pork barrel projects and provisions contrary to your policy. I applaud your decision to fight it. About 125 specific items in this bill are unacceptable. There is no prospect that the House will change the bill to make it acceptable. I believe that you should ask the Speaker for a delay in the schedule. Actions ought also to be taken soon which convey to Congress the message that you intend to veto the bill. We are working closely with DPS, Congressional Liaison, OMB, Interior and Army in developing an effective legislative strategy.

2. Clinch River Breeder. Although it is not certain, we understand that it is likely that the DOE authorization bill will be on the Senate floor in early February. The Senate bill deauthorizes CRBR. We expect amendments to be offered that would strike the deauthorization. In light of your recent reaffirmance of your position on CRBR, we recommend that you communicate to Secretary Duncan that he make the fight to terminate CRBR a major effort.

3. Public Opinion About Environmental Concerns. Two recently released national public opinion polls, which were performed for the Fish and Wildlife Service (FWS) and the Soil Conservation Service (SCS), indicate that Americans still strongly support improved environmental quality -- even if it costs more to achieve and even though the most important current public concerns are energy and inflation. The SCS poll, conducted by Louis Harris, found that by a 52 to 24 percent margin, respondents considered that protecting the environment is more important than economic growth. The FWS poll found large support for protecting most endangered species, even if this causes higher costs for energy development.

4. International Standards for Tanker Safety and Pollution Prevention. Under your leadership, the U.S. has successfully urged maritime nations to raise international standards for tanker safety. In response to your March 1977 Message on tanker safety, an international agreement containing these standards was signed on February 1978. The Congress has not ratified these important agreements. A letter from you to Senator Church of the Senate Foreign Relations Committee urging ratification would help move these important agreements in the Congress. We will work with CL and DPS to prepare a letter for your consideration.

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

C

January 19, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze <sup>C/S</sup>

Subject: Weekly Report

Inventory of Countercyclical Programs

This week a task force chaired by CEA completed work for the Economic Policy Group on an inventory of countercyclical programs for possible use in case of a serious recession. The task force examined countercyclical public service employment, local public works, countercyclical fiscal assistance and the Brooke-Cranston housing program. Work on these programs has proceeded to the point where they could relatively quickly be proposed should a change in economic conditions require a change in spending policy.

Economic forecast of the Congressional Budget Office

We met with Alice Rivlin and her forecasters. The day after your budget is published they will publish their own forecast. It is very close to what we will publish (they have slightly higher unemployment). While both of us may be wrong, at least the Congress this year will not have to cope with widely different sets of official economic assumptions.

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Department of Energy  
Washington, D.C. 20585

January 18, 1980

MEMORANDUM FOR:

THE PRESIDENT

FROM:

SECRETARY  
DEPUTY SECRETARY

SUBJECT:

Weekly Activity Report  
January 7 - 11, 1980

1. Schedule for rationing measures: The schedule for the work on rationing measures that we submitted by separate memo earlier this week will be delayed for about a week. Senator Johnston is insisting on holding hearings on the rationing plan, and we have agreed that he will have this opportunity before our final recommendations are made. Senator Johnston intended to schedule the hearings in the last week of January which would have drained our resources and upset the work schedule. He has agreed to a postponement until the first week in February when most of the staff work will have been completed. The original plan had contemplated submission to OMB in the beginning of February for expedited clearance and submission to Congress by February 14.

2. State gasoline targets: Several key Governors have urged that the time for consultation about the revised State gasoline targets be expanded from four days to two weeks. We have agreed to this extension because we believe it will help avoid confrontation about the fairness of the consultation process. Under this schedule, the final recommendation on voluntary targets will be ready by the last week in February and mandatory targets could not be imposed until April at the earliest. This will still be before the driving season begins and before we would expect any shortages to occur.

3. Coal transportation: DOE has been working with the Department of Transportation on a Coal Transportation Conference involving the Governors of key coal producing and consuming states. Rail and road transportation of coal is widely perceived to be a key bottleneck in the efforts to

expand the use of coal, and we thought it would be useful to meet with the Governors to discuss the underlying issues of State and Federal responsibilities. This proposal was made originally by the Western Governors' Conference and Tom Judge would chair the meeting. Both Cabinet Secretaries would participate. OMB is concerned that this consultation process will lead to unwanted legislation requiring the expenditure of large sums. We believe we can avoid the kind of budgetary commitments that OMB opposes and at the same time have a productive discussion with the Governors that may dissipate the frustration many of them feel about Federal inaction in this area.

4. UK oil prices: It appears that the new price for North Sea oil may be set at \$30 bbl. The American participants in the North Sea venture appear to be cooperating with our efforts to convince the British to keep the price down.

5. Canadian natural gas prices: The Canadians have recalculated the price of exported natural gas according to their formula which is based on a weighted average of imported oil costs. The new price is \$4.47 per million Btu, which is \$1.02 above the previous price of \$3.45. We have sent a letter objecting strongly to the proposed new price and suggesting postponement of the decision and a reconsideration of the formula pricing concept.

6. Utility oil backout proposal: The Department is preparing a new proposal for legislation to reduce consumption of oil and gas by electric utilities by at least 1 million barrels per day in 1990-95. This new proposal, which is now being coordinated with OMB, would receive much broader support in the Congress and from the utilities than the original legislative package discussed within the Administration last year. I met with Senator Byrd, who expressed his support for this proposal; we will work closely with him in developing the legislation.



# CABINET ECONOMIC POLICY GROUP

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

January 18, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: G. WILLIAM MILLER  
CHAIRMAN, ECONOMIC POLICY GROUP

*Bill*

SUBJECT: EPG Activities

Executive Committee meeting of January 14, 1980

- Reviewed draft DOE memorandum to you on decontrol of gasoline.
- Agreed to seek your guidance on decontrol of gasoline under the following circumstances:
  - Prior to any announcement of decontrol, Congress will have passed a satisfactory windfall profits tax;
  - Prior to any announcement of decontrol, most of the price increases due to OPEC increases will have been reflected in retail prices of refined products; and
  - Prior to any announcement of decontrol, DOE will have developed a contingency plan to be implemented in the event of a substantial shortfall in gasoline supply.
- Charles Duncan, Stu Eizenstat, and I would like to meet with you to discuss the issue before any decision is made. *ok*
- Reviewed DOE draft memorandum on proposed energy emergency actions.
- Recommended setting an initial oil import target for 1980 of 8.2 mmb/d (same as 1979) with possible later reduction after March negotiations with IEA countries for reduction in their oil imports.
- Recommended using standby oil import fee as mechanism to achieve your import quota target of 8.2 mmb/d.
- Directed the Deputies to proceed with staff work on legal, administrative, and economic issues involved in directing the price impact of any future oil import fee to gasoline refining.

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- Subject to review of legal requirements by DOE, recommended that state gasoline targets be made mandatory.
- Recommended seeking amendments to the rationing legislation which would:
  - Reduce oil shortfall requirement for imposing rationing from 20% to 5% (consistent with your public statement);
  - Remove the 8% shortfall requirement for imposing a Federal conservation plan; and
  - Clarify the authority to implement a streamlined rationing system and permit the government to buy coupons.

#### Steering Group meeting of January 17, 1980

- Reviewed tentative Pay Advisory Committee recommendations on a range of 7-1/2% to 9-1/2% for the second year pay standard.
- Agreed that CWPS should provide assistance on drafting criteria to be used to evaluate wage settlements.
- Agreed that consultations should be held with labor representatives on the work of the committee.
- Reviewed inventory of countercyclical spending programs and the criteria used to evaluate their effectiveness.

The inventory includes:

- An expansion of PSE employment under CETA Title VI. Two options are presented -- increases of 200,000 and 300,000.
- A new local public works (LPW) program, with two options -- a variation of the earlier LPW program with a reduced average project size, and a labor intensive public works program (LIPW).
- Increased countercyclical fiscal assistance to state and local governments by modifying the formula to increase the amount of funds authorized in the Administration proposal.
- The Brooke-Cranston program for providing subsidized mortgage interest rates to lower-income home buyers.

- . Agreed that further action was premature at this time, since final recommendations would have to reflect the economic conditions and prospects at the time a decision is reached on the need for fiscal stimulus.
- . Reviewed legislative strategy on the so-called 10-5-3 depreciation proposal.
- . Tentatively recommended that assistance be provided by the Treasury staff to certain Ways and Means Committee members on a simplified industrial classification system and on revenue estimates. A separate memorandum will be prepared to brief you fully on this issue.
- . Reviewed status of savings incentives legislation. EPG agreed that we should try to separate savings incentives legislation from the windfall profits tax bill in conference and that we should suggest ways to improve the current savings incentives proposals but express no definite support until budget conditions permit.