2/6/80

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http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf
Dear Chick,

It was good seeing you again at the White House the other day. A friend of yours asked me to send you the enclosed. Many thanks.

Yours,

Bernard Aronson
Deputy Assistant
for Labor Liaison

Mr. Sol C. Chaikin
President
International Ladies Garment
Workers Union
1710 Broadway
New York, NY 10019
Why the ILGWU Urges Its Members to Reelect Jimmy Carter and Walter Mondale

The General Executive Board of the International Ladies' Garment Workers' Union calls upon its members to support the reelection of Jimmy Carter and Walter Mondale as President and Vice President of the United States.

Although the President of the ILGWU, Sol C. Chaikin, personally and publicly joined a committee many months ago for the reelection of Carter and Mondale, the official decision of the union was deferred to the January Board meeting to provide an opportunity to sample membership sentiment and to conduct a full and open discussion by Board members.

Although the soundings showed that the ILGWU members—just as the public at large—prefer Carter as the Democratic nominee by an appreciable margin and choose Carter over all Republican aspirants by an overwhelming majority, the decisive factors in the Board endorsement were not the polls but the attitudes and actions of the Administration. The recent polls showing a rise in Carter popularity reflect a rallying of the nation around the President at a time of international tension. The ILGWU's endorsement of Carter is based on reasons that precede the events in Iran and Afghanistan and go back to the time when the ILGWU President gave his personal backing to Carter.

The Non-Affluent American

The primary concern of the ILGWU is the neglected portion of our population that does not share in the affluence of our nation, and that in times of unemployment and inflation is even further removed from realizing the American promise. More than two and a quarter million of these people are in the textile and apparel industry, the largest manufacturing employer in the country. There are additional millions in labor intensive manufacture, in service trades and even in public employment; they are the forlorn and forgotten of our society.

The traditional troubles of these millions have been multiplied in the last decade. The ten million workers employed in labor intensive manufacture have seen their jobs eroded by waves of imports from slave-wage countries. Real wages for non-supervisory employees have been

(Statement in Support of the Resolution Unanimously Endorsing President Carter Voted on January 10, 1980 by the General Executive Board of the ILGWU, Sol C. Chaikin, President.)
eroded by inflation. The desire of unorganized to unionize has been frustrated by perversions of labor-management law.

**ILGWU Priorities**

In these troubled times, the ILGWU has three major priorities: 1) to protect jobs in labor intensive manufacture by balancing imports with the capacity of our market to absorb goods without displacing American workers; 2) to provide an adequate and realistic floor to wages through federal legislation; 3) to restore the original vigor to labor-management law so that unorganized workers in this country—predominantly in the low wage sector of the economy—may elect unions of their own choosing without the badgering and bullying of the boss.

While these immediate objectives are aimed at the lower-paid working people in general, regardless of race or sex, among the chief beneficiaries will be women and minorities, populations that are overwhelmingly employed in the non-affluent sector of the economy.

In the course of our pressing for these priorities, we have found in President Carter a receptive ear, a compassionate soul, and an active advocate. We have had ready access to the President and his aides—to propose and persuade. We have recorded measurable progress, even though we have not been able to realize our objectives as fully as we desire.

**Carter on Imports**

In negotiating trade terms with other nations, President Carter has reached pacts that offer a far greater measure of protection to American workers in the textile and apparel trades than they have yet known. Where other nations have refused to bargain in good faith, Carter has invoked unilateral quotas. He has also adopted the concept of a global measure to determine the worldwide impact of imports on American employment rather than to permit jobs to be worn away by one nation after another.

While these measures fall far short, in our opinion, of what still has to be done to balance imports with stable U.S. employment, the steps taken by the Carter Administration represent significant progress. In our experience since the early 1960s we have found no Administration more responsive in this vital matter.

**Carter on Minimum Wage**

In his concern for the lowest paid workers in the land—those employed at the legal minimum—President Carter has displayed dramatic and effective leadership. In the present minimum wage law, enacted with the President's proposing and prodding, the determination of the minimum wage was not left, as it was in the past, to the unpredictable whims of a transient Congress. The new act establishes timed steps to raise minimum wages in an era of inflation.

The higher minimums benefit the entire nation as well as the low paid worker. In the absence of union representation, the minimum wage law is the major—often the only—protection of the unorganized against the ravages of inflation. The higher floor also allows both workers and employers under union contract to negotiate wage advances without fear of destruction at the hands of unscrupulous employers paying unconscionably low wages. Finally, an increase in the minimum wage means an expansion of buying power to stimulate fuller employment.

Higher minimum wages, like regulation of imports, are of special significance to the most vulnerable in the labor force: minorities, women, youth. Repeated studies, embodied in the reports of the Labor Department over several decades, attest that higher minimums have been of marked value to the “marginal” workers because they are the first to benefit from fuller employment and from a legally mandated increase in the wage floor.

Although we view the present minimums as inadequate and would favor a scale that sets minimums at fifty percent of average wages today, we nevertheless recognize the considerable advances that were enacted under Carter,
especially in the progress of wage increases on a pre-scheduled basis.

**Carter on Labor Reform**

The Carter Administration has also actively identified itself with the movement to reform the labor law. With Carter's support, American labor was able to win a sweeping majority for the bill in the House and in the Senate was able to muster 59 out of 100 votes to halt the filibuster, just one vote short of the needed 60.

In our campaigns to regulate imports, to improve minimum wages, and to reform the labor law, we have found a friend in the White House.

**National Health Insurance**

We have also found sympathy in the White House for the need to establish a comprehensive nationwide health insurance system that will bring adequate medical care within the reach of America's less affluent.

**Windfall Tax on Oil Profits**

We also hail the determination of the Administration to push for a windfall profits tax on oil. We are particularly eager to see the proceeds of such a tax applied to the development of alternate sources of energy to make America energy-independent.

**Our Unfinished Business**

Beyond these measures where we have worked with Carter, there are many other initiatives we deem necessary to restore full employment and to check inflation. We look upon high interest rates as both inflationary and recessionary. We see monopoly and oligopoly in vast sectors of our economy as the cost of artificially high prices. We believe that the present tax system is inequitably weighted against wage and salaried people and in favor of corporations and investors. We believe that mandatory controls of profits and prices as well as wages are a necessary stop-gap measure against inflation. We have on many occasions found fault with the failure of both the Executive and the Legislature to act on these fronts. And we shall continue to speak out.
ILGWU Voice Heeded

During the last three years, we feel that our voice has not gone unheard or unheeded. We feel that in a second term, even greater advances will be forthcoming, for Carter's experience in office is not the least of his virtues. In his first term, he has learned much about the machinery of government, about the machinations of politics, and about the mechanisms for getting things done.

Human Rights

While Carter's performance on the domestic front is, quite naturally, our instant and instinctive interest, we also identify with his crusade for human rights around the globe. In pursuit of freedom's cause, he has been an activist without becoming an adventurist; he has renewed the good name of America in world opinion; he has helped isolate our enemies in the family of nations.

For a Second Term

We favor the reelection of President Carter because in his Administration we have enjoyed an ambience of acceptance, experienced a mutually envisioning exchange of ideas, and evolved the basis for an ad hoc coalition of critical creativity that has served the nation positively in Carter's first term and, we believe, will prove of even greater worth in his second term.
THE WHITE HOUSE
WASHINGTON
February 5, 1980

DROP-BY AND REMARKS AT BRIEFING FOR THE NEW ENGLAND FUEL INSTITUTE
Wednesday, February 6, 1980
2:30 p.m. (15 minutes)
East Room

FROM: ANNE WEXLER

I. PURPOSE

Remarks to members of the New England Fuel Institute.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

Background: The New England Fuel Institute (NEFI - pronounced NEE-FY) is an association of 1,100 independent retail and wholesale home heating oil distributors throughout the 6 state region. They serve 2.5 million retail home heating oil consumers in every locality, county and state in New England. Oil provides heat energy for 74% of New England's population. Membership ranges from small local companies operating 2 fuel oil delivery trucks and serving rural communities, to larger retail and wholesalers serving the metropolitan areas. All of the members are independent locally owned businesses. None is owned or affiliated with a major oil company.

NEFI operates an accredited trade school in Waterford, Massachusetts (the Technical Training Center) and the NEFI solar training program has graduated students from all parts of the United States and many foreign countries. In addition, the Institute helped develop and sponsor an energy audit program ("Eneraudit") that is currently used widely by New England home owners.

The Institute supports most of your energy legislation, including windfall profits tax, energy conservation, solar technology, low income assistance and decontrol of crude oil. They have been particularly concerned by Senator Kennedy's reversal of position on home heating oil controls; in 1976 Kennedy supported removal of controls. (Some further information is attached.)

Participants: Ron Harris, Chairman of the Board, NEFI
Jim Punderson, President, NEFI
Charlie Burkhardt, Executive Vice President, NEFI
John Buckley, Chairman, DOE Fuel Marketing Advisory Committee
Dick Horan, NEFI Delegate to White House Conference on Small Business

291 members, NEFI

Ms. Anne Wexler, Assistant to the President
Mr. Richard Reiman, Staff

Press Plan: White House photographer.

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III. AGENDA

Prior to your arrival Secretary Duncan will have discussed your energy program and will be in the process of taking questions. After you depart Dr. Brzezinski will make remarks and take questions about current events in Iran and Afghanistan. At the conclusion of his remarks there will be a reception in the State Dining Room. (See attached agenda.)

* Richard Reiman will meet you on the State Floor and introduce you to the three NEFI Officers for a photo opportunity before you enter the East Room. Those you will meet are:
  Ron Harris, Chairman of the Board, NEFI
  Jim Punderson, President, NEFI
  Charlie Burkhardt, Executive Vice President, NEFI

Harris and Punderson are independent fuel dealers elected to their respective positions.

IV. TALKING POINTS

Will be furnished by the Speechwriters.
**BRIEFING FOR THE NEW ENGLAND FUEL INSTITUTE**

**The East Room**

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The New England Fuel Institute (NEFI) is an association of 1,184 independent retail and wholesale home heating oil distributors throughout the six-state region. The independent marketers serve 2.43 million retail home heating oil consumers and market 86% of the approximately 3.8 billion gallons of No. 2 home heating oil sold in the New England area at the retail level, and 47% of the gallonage at wholesale. Oil provides heat energy for 71% of all of New England's buildings and 74% of its population. Members of the association also market residual fuel oil at the wholesale and retail levels.

Membership in the Institute ranges from small, local companies operating two or three fuel oil delivery trucks and serving small, rural communities to larger retailers and wholesalers serving the metropolitan areas. NEFI's members are independent, locally owned businesses. A substantial number are family operated, some for the third generation.

As indicated, NEFI members serve consumers in every locality, county and state in New England. They are active in local and state politics and affairs and are community leaders. NEFI also maintains continuing liaison in Washington with the members of the House
and Senate from New England and with the New England Congressional Caucus (which its members also support financially). NEFI sends delegations of varying sizes (5 to 500) to Washington at least once a month; NEFI also testifies regularly at DOE hearings and at Congressional hearings on issues of direct concern to the members.

NEFI is the largest energy-related trade association in New England and the second largest heating oil organization in the nation. It is involved in a variety of activities, benefitting its members and consumers they serve. It operates the NEFI Technical Training Center, a Massachusetts state Department of Education licensed private vocational school in Watertown, Massachusetts. Each year the School graduates hundreds of oil heat service and installation technicians, as well as solar heating technicians. The NEFI solar vocational training program was one of the first established in the United States and has graduated students from all parts of the U.S. and many foreign countries. NEFI also helped to develop and sponsor a residential energy audit program, using computers ("Eneraudit") that is being used widely by heating oil dealers and homeowners.
in New England. The Institute is also actively engaged in applied solar heating and wood pellet gasification research funded by the U.S. Department of Energy.

NEFI has been a strong supporter of most energy proposals of the Carter Administration since 1977, particularly those relating to energy conservation, solar technology, windfall profits, low income assistance, and removal of controls on crude oil and petroleum products. NEFI has been particularly concerned by Senator Kennedy's reversal of position on the issue of home heating oil controls; in 1976 the Senator was a strong supporter of removal of such controls.

The Executive Vice President and Managing Director is:

Charles H. Burkhardt
New England Fuel Institute
20 Summer Street
Watertown, MA 02172

(617)924-1000
Talking Points: New England Fuel Institute

1. WELCOME TO THE WHITE HOUSE. I WOULD LIKE TO ACKNOWLEDGE THE HELP AND COUNSEL OF YOUR CHAIRMAN, RON HARRIS FROM MAINE; YOUR PRESIDENT, JIM PUNDERSON FROM MASSACHUSETTS; CHARLIE BURKHAARDT, THE EXECUTIVE VICE PRESIDENT OF NEFI (PRONOUNCED NEE-FY) FOR NEARLY 20 YEARS; AND JOHN BUCKLEY OF BOSTON, WHO HAS BEEN SERVING AS CHAIRMAN OF DOE'S FUEL OIL MARKETING ADVISORY COMMITTEE. [These names will be updated for attendance no later than 11:00 A.M. on Wednesday, Feb. 6 by Rich Reiman x 2845.]

2. THE GRIM EVENTS IN IRAN AND AFGHANISTAN ARE STERN WARNINGS -- THAT TOO MUCH OF OUR OIL STILL COMES FROM UNSTABLE, UNCERTAIN FOREIGN SOURCES. WITH YOUR CONTINUED HELP WE CAN ENSURE THEY WILL BE THE LAST SUCH WARNINGS THIS NATION EVER NEEDS. OIL IS THE BASIC FUEL OF OUR ARMED FORCES, OUR FARMS, OUR INDUSTRIAL CIVILIZATION, OUR WAY OF LIFE. THE CONGRESS MUST COMPLETE ACTION ON OUR NATIONAL ENERGY POLICY TO DEVELOP NEW SOURCES AND NEW SUPPLIES OF ENERGY. WORKING TOGETHER, WE HAVE SHOWN AMERICA CAN ACT FOR ITS OWN ENERGY SECURITY.

3. LATE LAST WINTER INVENTORY LEVELS OF HEATING OIL DROPPED TO DANGEROUSLY LOW LEVELS AS A RESULT OF THE IRANIAN CRUDE OIL CUT-OFF. WE KNEW THIS WAS A CLEAR THREAT TO THE HEALTH AND ECONOMY OF OUR PEOPLE. I IMMEDIATELY MADE REBUILDING OF MIDDLE DISTILLATE SUPPLY A PERSONAL PRIORITY. I DIRECTED DOE TO MAKE SURE THAT WE REACHED A PRIMARY INVENTORY LEVEL

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OF 240 MILLION BARRELS BEFORE THE ONSET OF COLD WEATHER IN THE FALL OF 1979. MANY PEOPLE THOUGHT THAT WE COULDN'T DO IT. I PLEDGED THAT NO HOME WOULD RUN OUT OF FUEL OIL -- AND I AM PROUD TO SAY I HAVE MET THAT PLEDGE.

4. TO HELP THE POOR AND THE ELDERLY, WE MADE SURE THAT OUR $1.6 BILLION LOW-INCOME ASSISTANCE PROGRAM WAS IN PLACE EARLY IN THE WINTER. THE FIRST CHECKS WERE MAILED OUT EARLY LAST MONTH. WE ARE NOW WORKING HARD WITH THE CONGRESS TO MAKE SURE A LARGER, LONG-TERM PROGRAM IS PUT IN PLACE.

5. THE ADMINISTRATION HAS ALSO RECOGNIZED THE NEED FOR A HEALTHY, COMPETITIVE FUEL OIL DISTRIBUTION SYSTEM. WE KNOW THAT THE DELIVERY OF FUEL OIL IN NEW ENGLAND DEPENDS, NOT ON THE GIANT CORPORATION OR THE FEDERAL GOVERNMENT, BUT ON SMALL, INDEPENDENT BUSINESSES OPERATED BY THE PEOPLE HERE TODAY.

6. I AM PLEASED WITH THE RESULTS OF THE RECENT WHITE HOUSE CONFERENCE ON SMALL BUSINESS, WHICH URGED FURTHER STEPS TO STRENGTHEN YOUR COMPETITIVE POSITION. AS PART OF OUR EFFORT TO STRENGTHEN THE NEW ENGLAND FUEL DISTRIBUTORS, THE SMALL BUSINESS ADMINISTRATION HAS TAKEN THREE IMPORTANT STEPS IN RECENT MONTHS:

- INCREASED THE SIZE STANDARD FOR LOAN ELIGIBILITY.
- PROVIDED ADDITIONAL DIRECT LOAN SUPPORT TO SMALL FUEL OIL DEALERS.
ESTABLISHED A SEASONAL LINE OF CREDIT FOR DEALERS; WE HAVE ACCEPTED 15 OF THE 16 APPLICATIONS FILED BY NEFI DEALERS SO FAR.

7. MY ADMINISTRATION HAS FOUR BASIC OBJECTIVES IN OUR NEW ENGLAND FUEL OIL POLICY: FIRST, TO ASSURE ADEQUATE SUPPLIES OF HOME HEATING OIL; TO MAKE SURE THAT NO ONE GOES COLD. SECOND, TO CUSHION THE IMPACT OF RISING COSTS ON LOWER INCOME FAMILIES. THIRD, TO ENSURE THE SURVIVAL OF THE INDEPENDENT, SMALL BUSINESSES WHO DELIVER FUEL IN NEW ENGLAND. FOURTH, TO CONTINUE THE FIGHT FOR ENERGY CONSERVATION -- OUR QUICKEST SOURCE OF NEW SUPPLIES -- UNTIL THE ENERGY FREEDOM OF THIS NATION IS SECURE.

8. IN ORDER TO ENSURE ACHIEVEMENT OF THESE OBJECTIVES NEXT YEAR, WE MUST BEGIN NOW. WE WILL EXPECT REFINER COOPERATION IN PRODUCING ENOUGH MIDDLE DISTILLATE FUELS TO MEET THIS COUNTRY'S NEEDS AND IN RENEWING THEIR ANNUAL SUPPLY CONTRACTS WITH INDEPENDENT WHOLESALERS AND RETAILERS ON THE SAME TERMS AND CONDITIONS AS A YEAR AGO. I AM THEREFORE INSTRUCTING THE SECRETARY OF ENERGY TO INSURE THAT THOSE ANNUAL CONTRACTS ARE RENEWED, ON SCHEDULE AND ON TRUE 30-DAY CREDIT TERMS, BETWEEN APRIL 1 AND MAY 1.

9. WE MUST NOT ONLY FIGHT ENERGY DEPENDENCE BY PROTECTING OUR SUPPLIES ABROAD AND PRODUCING MORE AT HOME -- WE MUST CONQUER OUR DEPENDENCE ONCE AND FOR ALL BY CHANGING THE WAY WE
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USE ENERGY. IN THE COMING WEEKS I WILL BE ESTABLISHING CONSERVATION GOALS. I WILL HELP OUR STATES, CITIES AND TOWNS TO DEVELOP CONSERVATION PLANS AND POLICIES.

10. NEW ENGLAND HAS LED THE NATION IN THE CONSERVATION OF OIL. HOMEOWNERS HAVE CUT FUEL OIL USAGE MORE THAN 20 PERCENT, ON A WEATHER ADJUSTED BASIS, OVER THE PAST YEAR ALONE, AND THIS HAS BEEN ON TOP OF SAVINGS OF 15 PERCENT OR MORE IN THE YEARS SINCE THE OIL EMBARGO. IF ALL OF THE NATION HAD DONE AS WELL, OUR IMPORT LEVELS WOULD BE FAR LOWER.


12. LET US FACE THE SIMPLE TRUTH: MANY OF THE PEOPLE IN THIS ROOM Couldn'T SURVIVE UNDER PRICE CONTROLS. I CAN ASSURE YOU THAT THE CARTER ADMINISTRATION IS NOT GOING TO DESTROY YOU WITH CONTROLS AND MORE BUREAUCRACY. OVER THE LAST 40 MONTHS SINCE OIL WAS DECONTROLLED, HEATING OIL PRICES HAVE RISEN LESS THAN CONTROLLED GASOLINE PRICES. AND DESPITE
THE RECORD COLD WEATHER IN RECENT WINTERS, THE LOCAL FUEL OIL DISTRIBUTORS HAVE HAD ADEQUATE SUPPLIES AND HAVE MADE SURE THAT ALL CONSUMERS WERE SERVED. YOU ALL DID A MAGNIFICENT JOB -- WITH HELP, NOT INTERFERENCE, FROM THE GOVERNMENT.

13. SMALL BUSINESS PEOPLE LIKE YOURSELVES ARE THE BACKBONE OF OUR ECONOMY. I WILL NOT LET YOU BE BROKEN BY SENSELESS, POLITICALLY-MOTIVATED GOVERNMENT ACTIONS. CONTROLS ALSO WOULD MEAN MORE FEDERAL EMPLOYEES AND MORE CENTRALIZED GOVERNMENT. CONTROLS ENCOURAGE CONSUMPTION AND DISCOURAGE PRODUCTION AND BUILDING ADEQUATE SUPPLIES -- JUST THE OPPOSITE OF WHAT A SANE ENERGY POLICY SHOULD BE. THESE ARE SERIOUS TIMES. WE FACE SERIOUS CHALLENGES. WE HAVE PREVAILED IN THE PAST BY WORKING TOGETHER ON CAREFUL AND RESPONSIBLE SOLUTIONS. TOGETHER -- AS ENERGY LEADERS -- WE ARE BRINGING NEW ENGLAND THROUGH THE WINTER. AND TOGETHER -- AS AMERICANS -- WE WILL BRING OUR NATION THROUGH THE SEVEREST OF ALL TESTS -- BUILDING A SECURE NATION AT PEACE IN A STABLE WORLD.

# # #
THE WHITE HOUSE
WASHINGTON
February 4, 1980

MEMORANDUM TO: THE PRESIDENT
FROM: GRETCHEN POSTON
SUBJECT: SCENARIO FOR NEW ENGLAND FUEL INSTITUTE BRIEFING, FEBRUARY 6, 1980, 2:00 PM

2:00 PM Guests arrive Southwest Gate and proceed to East Room via Diplomatic Reception Room.

(Coat check in Map Room)

Ann Wexler, Secretary Duncan and Dr. Brzezinski proceed to platform. Ann Wexler begins briefing.

2:30 PM THE PRESIDENT arrives State floor and is announced into East Room for remarks.

2:45 PM THE PRESIDENT concludes remarks and departs State floor.

Dr. Brzezinski continues briefing.

3:15 PM Briefing is concluded.

Guests are invited to State Dining Room for reception.
Stu Eizenstat

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

Rick Hutcheson

ORIGINAL TO EV SMALL FOR HANDLING AND DELIVERY
THE WHITE HOUSE
WASHINGTON
February 6, 1980

MEMORANDUM FOR THE PRESIDENT:
FROM: STU EIZENSTAT
SUBJECT: Letters to Senators Byrd and Ford

Attached are letters for your signature to Senators Byrd and Ford setting forth our position on the key issues which will arise in the FTC authorization fight, which may start as early as this afternoon.

The small task force working on this issue agrees on the need for these letters. Frank's staff would circulate them to the Senators as key votes come up in the Senate.

Attachments
Dear Senator Byrd:

In connection with the Senate's consideration of S. 1991, the Federal Trade Commission Authorization Act of 1980, I want to commend Senator Ford and the Commerce Committee for undertaking its thorough oversight of this agency and its activities. I particularly appreciate the provisions of S. 1991 which incorporate new requirements to improve the regulatory process at the FTC by assuring fair and open procedures and careful analysis of Commission actions. The end result of these changes will be focused, cost-effective regulatory activities which are consistent with the Commission's mandate to prevent and redress anti-competitive, unfair, or deceptive commercial practices.

At the same time, there are aspects of this legislation, including potential floor amendments, which would impair the ability of the Commission to assure the integrity of the national marketplace. I want to reiterate my deep concern and vigorous opposition to the legislative veto. I understand that Senator Schmitt plans to offer such an amendment to this bill. It is unconstitutional and would increase delay, undermine fair procedures, fragment responsibilities, and disrupt effective management of the regulatory process.

In recent weeks, there have been attempts by numerous interest groups to secure exemptions from the Commission's jurisdiction under its antitrust and other consumer protection authorities.

One particularly troubling example is an amendment that I understand Senators McClure and Melcher may offer. This proposal would entirely exempt the legal, medical, dental, and many other professions from the FTC's jurisdiction. The Commission's work in this area has aided our fight against inflation by reducing artificially maintained prices, lowering unreasonable entry barriers, and providing information to consumers. The recent rulemaking, for example, permitting advertising for eyeglasses and eye examinations has already saved consumers hundreds of millions of dollars. This amendment would bar the Commission from continuing this valuable effort.

I also oppose an amendment which I understand Senator Simpson may propose, the effect of which would be to burden the Commission's public participation program with unnecessary red tape. The Commerce Committee itself, as well as the
General Accounting Office, has reviewed in detail the operations of this program since its inception. The bill reported by the Commerce Committee includes strict provisions to assure that the program is not abused. No further restrictions are necessary.

Finally, while S. 1991 contains numerous procedural reforms, there are some provisions which will mean more red tape and delay and will benefit only a few. Two that are of particular concern are the provisions precluding commissioners from receiving confidential advice from staff and the awarding of attorneys fees to prevailing parties in FTC and court proceedings.

I am confident that the Senate will address this matter responsibly and will adopt legislation that will better enable the Commission to respond to the needs of consumers and businesses across the nation.

Sincerely,

[Signature]

The Honorable Robert C. Byrd
United States Senate
Washington, D.C.  20510
Dear Senator Ford:

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Sincerely,

[Signature]

The Honorable Wendell H. Ford
United States Senate
Washington, D.C. 20510
Several U.S. steel producers are threatening to file broad antidumping complaints in the near future. The steel industry is also mounting a campaign to obtain changes in Federal tax, regulatory, anti-inflation, and trade policies. The industry's concerns include: (1) a general perception by the industry that it can no longer modernize and stay competitive by world standards unless Federal policies change on a number of fronts; (2) recent plant shutdowns; (3) the prospect of declining industry sales and profits in 1980; and (4) claims by industry members that foreign steel exporters, principally the Europeans, are dumping steel in the United States even while adhering to the trigger price mechanism.

The threat of antidumping actions against Europe is our immediate problem. Once filed, our ability to manage the situation will be limited. It is likely that the cases would significantly reduce steel imports from Europe, which could have an inflationary impact. We have been told by European Community officials the cases might well provoke trade retaliation on a broad front. The situation will, in our judgment, cause serious political problems between ourselves and the Europeans. Prime Minister Thatcher would have particularly serious problems given the proposed cut back of 50,000 steel jobs and the national steel strike.

In the last several weeks Commerce, USTR, and other Administration officials have started a process to examine industry concerns to determine whether changes in our policies might be appropriate. On the basis of our discussions with industry leaders we believe there is a possibility that broad antidumping cases can be prevented. Such an outcome would reduce trade problems and give us time to work out long-term approaches to the industry's problems. Our consultations with the industry are still in too early a stage to justify hard decisions, but we believe we should continue discussions on the following issues.

Trigger Price Mechanism (TPM). The industry wants certain changes in TPM such as establishing a second tier of import prices for Europe, and some technical changes in the way TPM is calculated. We have indicated that some of their suggested changes are unacceptable, but, following a thorough industry/government review of the calculations involved, we might be prepared to accept some justified technical modifications, including the feasibility of incorporating specialty steel into the TPM. The changes would not benefit the industry in a major way, but we believe we should continue to explore...
the merits of the industry's proposals. We have indicated that we could not accept any changes that have a significant inflationary impact.

Guidelines for Alleged Foreign Dumping. The industry recognizes that if, as the result of the filing of antidumping cases, we dismantle TPM, the drop off in steel imports from Europe could largely be picked up by other suppliers (e.g., the Japanese). Consequently, we may be able to work out an understanding with the industry. We would tell the Europeans—and perhaps other countries as well—that if their exports to the United States exceeded a certain amount, as evidenced by sustained sales gains running over, say, a quarter of a year, we would, for the next year, accept anti-dumping petitions by the domestic industry, without abolishing TPM. In other words, the Government would not raise objections to the filing of petitions against specific suppliers when: (1) they were persistently pushing up exports to the United States, and (2) we had reason to believe that they were selling at less than fair value in the U.S. market.

Preliminary discussions with European representatives have indicated a willingness to consider such a proposal positively. Viscount Etienne Davignon, Commissioner of the European Communities for Industrial Affairs, discussed something along the same lines in talks with Deputy Secretary Luther Hodges on January 25. Davignon said that the chaos and trade retaliation that could result from a rash of steel dumping cases must be avoided. He indicated guidelines could be established that would prevent surges in steel exports from specific European countries. He stressed that close consultation on this sensitive issue was essential and that he was prepared to work with U.S. representatives.

Review of the Industry's Fundamental Long-Run Problems. The industry's problems go well beyond those associated with trade, and the trade changes described above will not solve their long-run problems. If we were to take any trade-related initiatives without others aimed at the industry's basic shortcomings, we would be putting the cart before the horse. What the industry argues is that, lacking changes in Federal tax, regulatory, and wage/price policy, it will not be able to modernize. In order to examine this proposition critically, before it becomes a major political issue, we propose to continue discussions with the industry on the following domestic issues:

- **Regulation.** The industry has proposed changes in twelve regulatory requirements in the environmental area. Some of these are unacceptable, such as reopening the Clean Air Act, but others have enough merit to warrant careful review by appropriate members of the Administration. To a significant degree, the issues raised by the industry emphasize the need for additional flexibility to achieve agreed upon regulatory goals.

- **Wage-Price Standards.** Like many industries, steel faces cost escalation that makes it difficult to achieve the wage-price standards. There may be nothing that can be
done in this area, particularly in view of the labor negotiations coming up this Spring. Nevertheless, we should hear the industry out on this issue.

- Capital Formation. The industry states that it needs about $4 billion annually over 10 years for replacement and modernization of capital, a level that the industry cannot generate from available sources. Obviously, we are not in a position to fund tax cuts of this magnitude. However, to meet the concerns raised by the industry we would have to identify measures that would generate substantial additional revenue. We are not asking you to endorse any measures at this time, but are reluctant to proceed if the capital question is not open for discussion. In sum, we believe we should attempt to identify their capital requirements more specifically, partly on the merits, and partly because we may change our policy with respect to tax cuts if the economy takes a turn for the worse.

We believe a critical review of the above trade and domestic issues is appropriate because steel is a fundamental industry and a basic employer. And by no means is all of the U.S. steel industry in bad shape. Some significant portion of our steel industry is competitive by world standards or could be without enormous infusions of capital. What is required, therefore, is a review of the steel industry, jointly conducted by industry and the Administration, to identify its strengths and weaknesses and to determine what, within reason, the Government and the industry can do to ensure we have a modern steel industry.

It is likely that such a review would generate recommendations for changes in U.S. policy that, measured against our other immediate priorities, we could not accept. Moreover, it is clear that the industry itself must make changes if it is to achieve its ambitious modernization goals. On the other hand, the review may surface recommendations of a longer term variety that both we and the industry find acceptable and affordable.

There have been several discussions within the last two months involving Stuart Eizenstat, Charles Schultze, Fred Kahn, Tony Solomon, Dick Cooper and ourselves to consider responses to the steel industry’s problems and proposals. While there is agreement that the filing of antidumping cases would be a serious problem, there is no consensus on what should be done, or whether anything should be done to prevent such filings.

Some argue that we should let the cases be filed and take our chances that the firms will not win them. (The industry would get the blame for the inflationary impact if it does win.) Some are not prepared even in principle to consider tradeoffs between domestic policy (i.e., regulatory, tax) and trade policy because they feel that the costs of changes in domestic policy that would be needed are too great in terms of revenue loss or precedent created. Despite these reservations, we
THE WHITE HOUSE
WASHINGTON

MEETING TO DISCUSS STEEL INDUSTRY
Wednesday, February 6, 1980
1:30 p.m., The Cabinet Room

From: Stu Eizenstat

I. PURPOSE
To discuss the status of the inter-agency steel industry discussions.

II. BACKGROUND
See attached memorandum from Secretary Klutznick and Ambassador Askew

III. PARTICIPANTS
Secretary Philip M. Klutznick
Ambassador Reubin O'D. Askew
Secretary William Miller
Charles Schultze
Henry Owen
Stu Eizenstat

IV. PRESS PLAN
White House photo only
MEMORANDUM

THE WHITE HOUSE
WASHINGTON

Meeting with Dante Mattioni and other Representatives of the Chapel of the Four Chaplains in Philadelphia
Wednesday, February 6
12:10 p.m.
(3 minutes)
The Oval Office

(By: Fran Voorde)

I. PURPOSE: Presentation of a Resolution by representatives of the Chapel of the Four Chaplains in Philadelphia commending the President for his peace endeavors and successes in the Middle East and his wise leadership in the Iranian crisis.

II. BACKGROUND, PARTICIPANTS, PRESS:

A. Background: Dante Mattioni, a lawyer and member of the Board of the Chapel of the Four Chaplains in Philadelphia, requested that a formal presentation of a resolution from the Chapel honoring the President be made here at the White House. (see attached resolution)

The chapel is financially supported by the VFW, the American Legion and some fraternal orders. The Board is anxious to publicize this presentation in several national publications. In addition, the chapel's annual dinner is scheduled for February 6th where the board will announce this upcoming presentation.

The chapel, commemorating the bravery of two Protestant, one Catholic and one Jewish Chaplain, is located on the campus of Temple University. It was dedicated on February 3, 1951 with President Truman officiating.
The Chapel of the Four Chaplains commemorates the bravery and courage of these four men who gave up their life preservers when the S.S. Dorchester was torpedoed in the North Atlantic on February 3, 1943.

The Chaplains were: George L. Fox of Vermont, Alexander D. Goode of Washington, D.C., John P. Washington of Newark and Clark V. Poling of New York City. The Chapel is open to the public every day of the week and contains three altars on a revolving, electronically controlled platform - one each for the Protestant, Catholic and Jewish faiths.

B. Participants

Dante Mattioni, Member of the Board of the Chapel of the Four Chaplains

Dr. Norman Klauder, Chairman of the Board

Dr. Walter White, Senior Chaplain

Mr. Terry Rulli, Trustee & Vice Chairman of Board

Dr. Daniel Poling, Associate Chaplain (Brother of deceased Chaplain Poling)

C. Press

White House Photographer

UPI & AP Photographers
THE CHAPEL OF FOUR CHAPLAINS

A RESOLUTION

by

FRIENDS OF THE CHAPEL OF FOUR CHAPLAINS, INC.

WHEREAS, it is the avowed purpose of the Friends of The Chapel of Four Chaplains, Inc. to strengthen the bonds of Brotherhood among Americans of all faiths;

WHEREAS, President Jimmy Carter is a noted Christian evangel and advocate of human rights;

WHEREAS, President Jimmy Carter by his indefatigable labors for peace in the Middle East has with a singular success reconciled Jews and Arabs to peace and a commitment for peace;

WHEREAS, President Jimmy Carter with serene firmness grounded in faith has successfully rallied Americans of all beliefs and men throughout the world to hope and charity in the midst of the Iranian crises;

BE IT RESOLVED that the Board of Trustees of the Friends of The Chapel of Four Chaplains, Inc., acting unanimously as a board, hereby commend President Jimmy Carter for his peace endeavors and successes in the Middle East and his wise leadership in the present Iranian crises.

Dr. Norman Klauder
Chairman of the Board

Dr. Walter H. White
Senior Chaplain
THE WHITE HOUSE
WASHINGTON

BOY SCOUTS OF AMERICA

Wednesday, February 6, 1980
12:15 p.m.

Oval Office

From: Anne Wexler

I. PURPOSE

To receive the 1979 Report to the Nation, and to commemorate the fiftieth anniversary of the Boy Scouts of America.

II. BACKGROUND

The Report to the Nation ceremony has been a tradition since 1910 when President Taft invited the Boy Scouts of America to the White House. This year, in addition, you signed a proclamation designating the week of December 3, 1979 as Scouting Recognition Week.

Last year you asked the Boy Scouts at this meeting to help you in your energy conservation program. BSA responded by developing a Scout Energy Day, an Energy Merit Badge, and an age differentiated Energy Education and Conservation program.

III. PARTICIPANTS, AGENDA, AND PRESS PLAN

A. Participants: (In order of appearance) Dr. Rodney Brady, member, National Executive Board of BSA (representing the president who cannot attend); Larry Brown, order of the Arrow Representative; Jason Sherman, Cub Scout Youth Representative; Christopher Warack, Boy Scout Youth Representative; Kirk White, Explorer Youth Representative; and other officials of the Boy Scouts of America. (A complete list is attached.)

B. Agenda: Dr. Brady will introduce each of the youth representatives who will, in turn, present you with your Boy Scouts of America membership card, a special mug detailing the history of BSA, the 1979 Annual Report, and the first of a series of bronze plates bearing the emblem of scouting for the White House collection.
In addition, Jason Sherman will be bringing two paintings of you and he, one of which he would like you to sign, the other is a gift. The paintings were done by George Parnalee of Akron, Ohio.


IV. TALKING POINTS

1. Congratulations on your fiftieth anniversary. As a scouting family, the Carters have always valued the objectives of the Boy Scouts of America. Belief in God and duty to our country must continue to be held high if we are to grow as a nation.

2. I also want to commend the Boy Scouts for their response to my request that they help me teach Americans to conserve energy.

3. I thank the Boy Scouts for their support of American hostages in Iran. My staff tells me that the Sing Out for Freedom show in New York on January 23 sold out and was a big success.
THE WHITE HOUSE
WASHINGTON

PARTICIPANTS

Dr. Rodney Brady, Member, National Executive Board of the Boy Scouts of America

Mr. J. L. Tarr, Chief Scout Executive, B.S.A.

Mr. Roy Bradshaw, Administrative Assistant to the Chief Scout Executive, B.S.A.

Mrs. Alice Bradshaw, spouse

Master Jason Sherman, Cub Scout Youth Representative (Bath, Ohio)

Master Christopher Warack, Boy Scout Youth Representative (Redlands, California)

Master Kirk White, Explorer Youth Representative (Newburg, Indiana)

Master Larry Brown, Order of the Arrow Representative (El Toro, California)

Dr. Ronald Rupp, National Co-Advisor

Mrs. Joanne Rupp, National Co-Advisor

Mr. Russ Williams, National Co-Advisor

Mrs. Angela Williams, National Co-Advisor

Mr. Walter H. Nixon, National Staff Advisor
MEMORANDUM FOR THE PRESIDENT
FROM: GENE EIDENBERG
MIKE Berman
SUBJECT: Meeting with various Public Officials from Hamtramck, Michigan
February 6, 1980
12:20 p.m. (5 minutes)
Oval Office
Photo Opportunity

Purpose
This meeting was requested by Michigan State Senator John Hertel and City Council and other elected officials of the City of Hamtramck. They want to present to you a copy of their resolution of endorsement as well as a copy of the issue of the Hamtramck Citizen, the city's leading newspaper, in which that endorsement is announced. The newspaper comes out the day they are meeting with you. The newspaper will be presented by the general manager of the newspaper.

Participants

PAUL CASIMIRA ODRONINA (o ĐRO bina) City Councilman. Serving second term.

JERRY J. WANDOLOWSKI (WAN do LOW ski) Just won election to City Council. New to city government

HELEN JUSTEWICZ (Ú ste vich) Long time City Council member. The "dean" of the Hamtramck City Council.

EUGENE L. PLUTO (PLU to) City Councilman.
FRANK L. REMBISZ (REM bez) City Council President. Brand new to the City Council. Just elected as Council member and President of the Council. Has a special interest and professional background in Senior Citizens.

ROBERT A. ZWOLAK (ZWO lak) City Clerk. Just won election as City Clerk; defeated long-term incumbent.

JOSEPH J. GRZECKI (JEK ee) City Treasurer. Just won election to Treasurer job. Defeated long-term incumbent.

RALPH CARBONERO (CAR bon ero) General Manager of the Hamtramck Citizen - leading newspaper in Hamtramck (printed part in English, part in Polish). Has published a special edition of the paper with a headline reading: HAMTRAMCK OFFICIALS ENDORSE CARTER to bring with him to give to the President.

MARK HESS (HESS) Administrative Assistant to State Senator John Hertel. Has been with Hertel for six years.

JANICE HERTEL (HER tel) Wife of State Senator John Hertel.


Subject Matter

The City of Hamtramck is an almost entirely Polish-American city surrounded by the City of Detroit. During the 1910's Hamtramck was the fastest growing city in the country. It reached its peak population of 56,000 in the 1930's. Today the population is down to approximately 25,000 people. The people take great pride in their city.

It is one of the most prominent if not the most prominent Polish-American communities in the country. Public figures from Michigan and elsewhere seek the endorsement of the public officials of this community because of its impact with Polish-Americans.

Aside from their endorsement, the chief concern of this group is the economic picture for the City of Hamtramck.
The closing of the Dodge Main plant, six months earlier than scheduled, has deprived the city of somewhere from 20 to 35% of its income. The early closing, originally scheduled for June, 1980, took place on January 4, 1980. The city only received one month's notice that the closing would be moved up.

The financial troubles of the city have led to a high turnover among City Councilpersons and city officers. Almost all of the persons with whom you are meeting are newly elected to their city posts.

The City of Hamtramck has a large financial commitment to paying pensions for retired city personnel. The pension benefits were negotiated sometime in the 1940's and are extremely high. Almost 80% of the city's budget is committed to these pension payments.

The city's budget and financial planning is subject to the approval of the Michigan Municipal Finance Commission. This state agency must approve the budgets of Michigan cities which float any kind of financial bonds, etc.

Following their meeting with you they will be meeting with Jack Watson, Stu Eizenstat and others concerning the problems being faced by the city.

Talking Points

1. Thank them for their endorsement and indicate your understanding of its significance.

2. You know they will be meeting with Jack Watson and Stu Eizenstat concerning the special problems which they are now facing and you have asked Jack to follow up.

3. You may want to share with them some item from your meeting with the Pope.
THE WHITE HOUSE
WASHINGTON
February 5, 1980

MEETING WITH ALEXANDER (SANDY) TROWBRIDGE, PRESIDENT, AND FORREST RETTGERS,
EXECUTIVE VICE PRESIDENT, NATIONAL ASSOCIATION OF MANUFACTURERS

Wednesday, February 6, 1980
12:45 a.m. (3 minutes)
The Oval Office

FROM: ANNE WEXLER

I. PURPOSE

To meet Alexander (Sandy) Trowbridge, the new President of the National Association of Manufacturers (NAM), and to thank Sandy and Forrest for the Association's support.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

Background: The National Association of Manufacturers is the second largest association representing business in Washington. Member companies are responsible for 78% of all goods manufactured in the United States. They represent 13,850 manufacturing firms including all the Fortune 1,000 except one (Ford Motor Company), as well as 120,000 additional manufacturing firms through their various affiliations.

Sandy Trowbridge is the new President of NAM. He attained the rank of Major as a Marine. At age 32 he was President of Exxon, Puerto Rico, and Vice President, Exxon, South America. He was Assistant Secretary of Commerce, and later Secretary of Commerce during the Johnson Administration. Sandy has extremely good contacts on the Hill. He is a lifelong and vocal Democrat. Sandy is interested in positive actions and approaches for the NAM, as opposed to the negative approach common to many business organizations. From 1970 to 1976 he was the President of the Conference Board, the largest research organization in the country. Immediately prior to this position in NAM he was the Vice Chairman of Allied Chemical Corporation.

Forrest Rettgers is the Executive Vice President, NAM, and has been to see you twice before with the previous NAM President, Heath Larry. He is the former Administrative Assistant to Senator Harry Byrd, and considered one of the top business lobbyists in Washington. He has been very supportive of the Administration.

The NAM, as an organization has supported the following of your program in the past:

a. Department of Education
b. Civil Service Reform
c. Airline Deregulation
d. Lobby Law Reform (the only National business organization to do so)
e. MTN.
f. Commerce Reorganization

They are currently supporting:
a. Trucking Reform  
b. Regulatory Reform  
c. ESC (instrumental in supporting this bill)  
d. EMB  
e. Crude Oil Decontrol

Participants:  Mr. Alexander (Sandy) Trowbridge, President, NAM  
Mr. Forrest Rettgers, Executive Vice President, NAM  
Ms. Anne Wexler, Assistant to the President  
Mr. Richard Reiman, Staff

Press:  White House photo

III. TALKING POINTS  
1. Congratulate Sandy on his new position as President of NAM, and comment on your positive relationship with NAM in the past, particularly your close relationship with Heath Larry and Forrest Rettgers.

2. Thank Sandy and Forrest for their support of your effort to reform the regulatory process (reg reform, truck deregulation). Thank them specifically for their efforts on the Energy Security Corporation.

3. You should suggest that the NAM look into your National Health Insurance program, and tell them you hope they will be able to support it.

4. Sandy will probably mention extremely positive feelings about Phil Klutznick's appointment.

5. Sandy may mention NAM's support for increased productivity through supply side tax reductions. You should ask him to relay his views to Bill Miller.

6. You named Sandy's predecessor, Heath Larry to the Pay Advisory Board, and he is doing an excellent job. You might ask how Heath is doing.
2-6-80
To: The President
From: Sarah Weddington
Re: 12:25 Meeting with Sandy Trowbridge

Liz Carpenter called this morning. Sandy Trowbridge is evidently an ERA supporter.

1. Please mention in your conversation appreciation for his position in support of ERA.

2. Ask him to work with current efforts through League of Women Voters to enlist business support for ERA. (I will do follow-up on that.)

THANKS.
MEMORANDUM

THE WHITE HOUSE
WASHINGTON

Meeting with Amy Goeser
Wednesday, February 6
12:05 pm.
(3 minutes)
The Oval Office

(by: Fran Voerde)

I. PURPOSE: Greeting and photo opportunity

II. BACKGROUND, PARTICIPANTS, PRESS:

A. Background: Amy Goeser was a participant in the cluster call which you made to Council Bluffs, Iowa on January 2.

At that time, you invited her to visit here at the White House.

She is in Washington this week with the CLOSE UP program, which brings high school students to Washington for meetings with their elected officials, as well as for briefings and workshops in government and public affairs.

Amy will be 17 on February 28. She lives in Stillwater, Minnesota and is a student at Stillwater High School. Besides politics, she is very interested in music and is a member of the Greater Twin Cities Youth Symphony.

At the time of your call to Council Bluffs, Amy was visiting her grandmother, Frances Greis. Ms. Greis was a major help in the first precinct there.

B. Participants: The President
Amy Goeser

C. Press: White House Photographer
THE WHITE HOUSE
WASHINGTON
February 5, 1980

MEETING WITH CONGRESSMAN HARLEY O. STAGGERS

Wednesday, February 6, 1980
12:00 p.m.
The Oval Office

From: Frank Moore

I. PURPOSE
To grant the Congressman's request for a 5-minute private meeting with the President.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: Harley Staggers has asked to see you privately. I have no idea what it is about. He is a senior member of the House, Chairman of the Interstate and Foreign Commerce Committee, and we should grant him this courtesy. Chairman Staggers has been in West Virginia hospitals for unexplained reasons over the past year and may want to tell you about his future political plans, or he may simply want to invite you to be grand marshal of the Strawberry Festival parade.

B. Participants: The President, Chairman Staggers

C. Press Plan: White House Photo Only

Electrostatic Copy Made for Preservation Purposes
Louis Martin

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

Rick Hutcheson

Cc: Er Small for delivery to Phillip Burton
THE WHITE HOUSE
WASHINGTON
February 5, 1980

To Willie Mays

I would like to add my personal congratulations to the many you have received on having been inducted to baseball's Hall of Fame.

A host of fans in this country and abroad regard your name as synonymous with baseball. Since the first day you played in the majors, my mother has been your ardent admirer.

As President, I send my best wishes to you for every success in the future.

Sincerely,

[Signature]

Mr. Willie Mays
51 Mount Vernon Lane
Atherton, California 94025
MEETING WITH REP. JOE GAYDOS, ET AL

Wednesday, February 6, 1980
9:45 a.m., (10 minutes)
The Oval Office

From: Frank Moore

I. PURPOSE

To welcome Congressman Gaydos' (D-Pennsylvania) open support, and the support of the political leaders he is bringing with him from Allegheny County.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

Background: Joe Gaydos is in his seventh term of representing Pennsylvania's twentieth district, which includes McKeesport. His support for this Administration has not been outstanding (40.0%) but his endorsement will bring tangible results. You recently sent him a note of condolence after the death of his sister Margaret a few weeks ago.

In attendance will be County Commissioner Tom Forrester. Note that Forrester was very upset last week when the CAB ruled against Pittsburgh becoming a "port of entry" for overseas commerce. The designation went to Minneapolis instead. He has been assured that Pittsburgh will be high on the list of cities considered for new openings. Mayor Caliguiri is currently helping up structure the Carter/Mondale Steering Committee in Pennsylvania.

Participants: The President; Congressman Gaydos; Pittsburgh Mayor Richard Caliguiri; Allegheny County Commissioners Tom Forrester and Cyril Wecht (Wecht is also the Chairman of the Allegheny County Democratic Party); Larry Yatch, Chairman of the Western Pennsylvania Carter/Mondale Finance Committee, Frank Moore, and Terry Straub, campaign manager for Pennsylvania.

Press Plan: Full press for the first 60 seconds.
THE WHITE HOUSE
WASHINGTON
February 6, 1980

MEMORANDUM FOR THE PRESIDENT
FROM: Frank Moore

Late yesterday afternoon Dan Tate of my staff met with Senator Russell Long and discussed the windfall profits tax conference. Earlier in the week we had conversations with Long's staff, who were afraid that you would blast the windfall profits tax conferees for inaction when you spoke to the Consumer Federation of America. Long apparently shared that concern.

The conferees reconvene this morning. Chairman Long believes that they will wrap up decisions on all items except the tax credits. He has held conversations with Congressmen Ullman and Conable and Senator Dole on the phase out and believes that the conference will agree to have the tax remain in full force for eight years and to be phased out over a three year period thereafter. The conferees will also agree that in any event the tax will remain in full force until at least $227.3 billion is raised. (Treasury officials believe that that amount will be raised well within the eight year period; Joint Committee on Taxation economists feel it could take 10 years to raise that amount.)

The other major items with which we are particularly concerned will probably be disposed of as follows:

(1) The Johnston Amendment restricting your import fee authority will be dropped from the windfall profits tax bill but will be added to subsequent legislation dealing with trade adjustment assistance.

(2) The Bentsen "Small Savers" Amendment will be substantially modified to provide for a $100 Federal income tax exclusion ($200 on joint returns) for interest earned on savings accounts and this modified provision would be effective for only one year, thus requiring further legislative action to extend it.

Chairman Long strongly believes that the entire conference can be wrapped up by the close of business on Thursday. He is certainly striving towards that end.
It should be noted that Senator Long believes that you and he reached an agreement on the phase out during your telephone conversation last week and would like very much to hear informally from Secretary Miller that the phase out provision described above would be acceptable. As we indicated to you last week, and have recently confirmed with Treasury Department officials, this phase out proposal would be acceptable, provided the conferees make acceptable decisions on the tax credit provisions on Thursday. The point is that even a permanent tax would be unacceptable if other provisions of the bill were grossly unsatisfactory.

You may find it useful to talk with Secretary Miller. He feels obligated to talk with Chairman Long before the conferees meet this morning.
MEMORANDUM FOR THE PRESIDENT

FROM: ALFRED E. KAHN

SUBJECT: Agenda for our Breakfast Meeting

I suggest that we devote our meeting to a discussion of our response to the recommended "principles" for the pay standard that we received on January 22 from the Pay Advisory Committee.

I have prepared the attached options memo following the instructions of the EPG.

I recognize it may not be reasonable to expect you to reach a decision at the breakfast, but we should do everything we can to decide just as promptly as possible.

You may wish also, if there is time, to have a preliminary discussion of the various policy issues relating to the steel industry, on some of which you will have to reach an early decision.

Attachment

Electrostatic Copy Made for Preservation Purposes
THE WHITE HOUSE
WASHINGTON

February 5, 1980

MEMORANDUM FOR THE PRESIDENT
FROM: ALFRED E. KAHN

SUBJECT: The Proposed Pay Standards, A Statement of Options

There is a wide range of opinions among your advisors about whether the "principles" recommended by the Pay Advisory Committee do or do not represent a substantial achievement. Some feel they definitely do; others that they definitely do not.

I begin by emphasizing this spread of views, so that you will not be misled by my summarizing at the outset the reservations all of us have in varying degree with those principles and the results of our attempt to get them modified. The effort was partially successful; but all of us feel we should not simply accept the principles as they now stand.

On the other hand, because of the differences in our views about the value of the cooperation we have achieved so far, we differ in how much further we would have you go. None of us, however, recommends that we flatly reject the Committee's recommendations.

Our reservations centered on three points:

1. The Committee recommended that a 1 percent catchup for workers not covered by COLAS be added to the 7-1/2 to 9-1/2 percent range, providing, in effect, an 8-1/2 to 10-1/2 percent range for 80 percent of the work force. John Dunlop et al have agreed to accept an interpretation which effectively kills the 1 percent as an automatic add-on, so the basic range goes back to 7-1/2 to 9-1/2 percent. We need not trouble you further about this point.

2. The Committee's criteria for where a firm should settle within the 7-1/2 to 9-1/2 percent range are essentially criteria of the market place -- i.e., if the two parties, or, in non-union cases, management alone settle on a pay increase within the range, the result is in compliance. The Pay Committee's
principles state that "under normal circumstances" wage settlements should average about the midpoint (8-1/2 percent), but there is no basis for CWPS disallowing any result in the 8-1/2 to 9-1/2 percent range. In conversations with Dunlop et al., we suggested various devices to treat 8-1/2 percent as a norm but they would have none of it.

3. The assumed rate of inflation used to evaluate the cost of COLA clauses is an unrealistically low 7-1/2 percent. This works out so that strong unions, with a good COLA clause, can get wage increases much higher than 9-1/2 percent. In our discussions of this point, John Dunlop conceded he had tried to get a more realistic evaluation but had failed; and the parties now refused to budge.

All of your advisors feel you should insist on giving more force to the 8-1/2 percent midpoint; and requiring some form of reporting and explanation of increases in the 8-1/2 to 9-1/2 range. Some would have you consider changing the COLA evaluation as well.

We offer you two possible approaches, which differ only in the extent to which they would alter or contradict the Committee's recommendations. The first falls nearer to acceptance, the second to rejection. While we can not be certain in advance exactly where labor's breaking point is, I have tried to give you our best estimate. In effect, the choice involves weighing the advantages of choosing a looser standard supported by labor and business against the advantages of a tighter one that may risk a labor (and, conceivably, a business) walk out.

Under either of the options, we suggest you thank the Pay Advisory Committee for its efforts; accept the 7-1/2 to 9-1/2 percent range rather than a single standard; and point out that the acceptance by labor of this range reflects laudable restraint, in the face of a 13.3 percent increase in the CPI during the last year.

Option 1

Accept the principles (with the change agreed to by Dunlop), but accompany your acceptance with a greater emphasis on the 8-1/2 percent midpoint as a standard than the dominant members of the Committee clearly intend. This could be done in either or both of the following two ways:
a. Give very heavy emphasis to the Committee's assertion that "settlements or wage determinations in the normal circumstances should be expected to average about the midpoint of the range (8.5 percent)," by adding that this means our target is an average no higher than 8-1/2 percent; that if we are to end up with that result, it means that every employer and employee must bear that target in mind; that people who end up above 8-1/2 percent without clear justification are not doing their share.

According to this proposal, we would have to declare that we were not setting a single, 8-1/2 percent standard, but accepting the 7-1/2 to 9-1/2 percent range. Our rationale would be that we were merely giving recognition to the Committee's own expectation that "in normal circumstances" settlements "should be expected to average about the midpoint"; and there is no way of achieving that result unless people producing settlements above the average have good reason for doing so.

b. Ask all companies above a certain size to report to CWPS their pay plans and settlements, with an explanation in terms of the principles and the expected 8-1/2 percent average outcome. The notion here would be to avoid the imposition of special reporting and justifying requirements in the case of settlements above the 8-1/2 percent level: that would come closer to a flat defiance of the Committee's views.

Arguing in favor of Option 1:

- It is probably (but not certainly) the toughest pay standard we can get within the consensus of the Pay Committee; it hews as closely as possible to the Committee's recommendations, while giving them what all of your advisors feel is the minimum additional amount of force.

- It makes maximum use of the exact language of the principles themselves.

- It would be difficult for members of the Committee to walk off in response to a purely voluntary plea, with no application of sanctions against contracts falling in the 8-1/2 to 9-1/2 percent range.

- The 9-1/2 percent represents substantial restraint. There is only so much one can achieve with voluntary (or even mandatory) wage standards; unrealistic standards invite either manipulation of the methods of computation or open defiance. The cooperation of the three constituencies represented on the Pay Advisory Committee is necessary for continued restraint and credibility.
This proposal still involves some risk of being interpreted in a hostile way by the Committee -- at least by those members of the Committee who drafted the principles. On the other side, it could be argued that it is still too loose, because:

   o It provides no enforceable standards within the 8-1/2 to 9-1/2 percent range; the required explanations could therefore turn out to be meaningless (or consist in nothing more than assertions, in the language of the proposed principles, that the increases were justified in terms of "cost-of-living, ability to pay, profits, competitive conditions" and so on).

   o It would deny us the opportunity even of publicly criticizing any settlements in the 8-1/2 to 9-1/2 percent range.

   o It would really provide us very little protection against the consequences of the unrealistic 7-1/2 percent COLA evaluation, but would instead aggravate the inequity that developed last year between COLA-protected and non-COLA-protected workers. We could not flatly apply a more realistic COLA evaluation, however, without openly defying the Committee.

   o It could reasonably be argued (and the proponents of Option 2 do argue) that it would be better to have no standard at all.

   o This approach is really a voluntary standard within a voluntary standard. We are first asking the parties voluntarily to stay within a 7-1/2 to 9-1/2 percent range (we will not find anyone within this range out of compliance); and then attempting to elicit an even greater degree of compliance by urging companies additionally to stay at 8-1/2 percent or less.

Option 2

Under this option you would (with the usual gracious acknowledgements) accept most of the recommended principles, but simply adopt some or all of the modifications that we sought but failed to achieve:

   a. Pay increases at or below 8-1/2 percent would be automatically in compliance, with no reporting. But pay increases between 8-1/2 and 9-1/2 percent would have to be reported to CWPS (either before or after the fact). The justification for pay increases in this range could still be based on the market-oriented criteria set forth by the Committee, but firms would have to elaborate them. In fact, CWPS would have a hard time turning anyone down within the range, but
the distinction between increases above and below 8-1/2 percent would help us drive home the fact that 8-1/2 percent was a norm.

b. As a tougher alternative, going well beyond the Committee's intentions, any increases in pay above 8-1/2 percent would have to be justified in terms of the tougher criteria the Committee used for increases above 9-1/2 percent: "productivity improvements, acute labor shortage, gross inequity or undue hardship."

Under either (a) or (b), thus, pay increases in excess of 8-1/2 percent would have to be reported along with supporting justification.

c. COLA clauses would be subjected to more realistic evaluations -- perhaps 8-1/2 to 9 percent in three-year contracts, perhaps 10 percent for the first year.

The advantages of this option are:

- It is more likely to induce restraint from non-union employers at the 8-1/2 rather than the 9-1/2 percent level.

- It is clearly a tougher standard than is called for by the recommendations of the Pay Advisory Committee, which have been criticized as really amounting to a 9-1/2 percent standard for non-COLA-protected workers, and a couple of points more than that for unions with COLA clauses.

- It could be further justified in terms of the more clearly urgent national necessity for controlling inflation and for sacrifice than was apparent even as little as three months ago.

- There is no doubt that many of the business and public members would really prefer the formulation of standards proposed here under Option 2. (We do not know, however, whether they would say so.)

The arguments against this option:

- It would represent a flat rejection of several of the most critical elements of the compromise worked out in the Committee. (Conceivably the labor members might sit still for part (a) of this option,
but parts (b) and (c) would almost certainly cause them to walk off.)

- This could result in less pay restraint, because of the loss of cooperation from organized labor. It may be perceived as unreasonable because the 7-1/2 to 9-1/2 percent range represents a substantial concession by the labor leaders, in view of the belief of most of their constituents that they have already suffered a 4 to 5 percentage point loss in real income during the past year.
February 5, 1980

MEMORANDUM TO HAMILTON JORDAN

FROM: LANDON BUTLER (Dictated from Bangor, Maine)

SUBJECT: PAY ADVISORY COMMITTEE RECOMMENDATIONS

As the President reviews the Pay Advisory Committee's recommendations, I think he should consider the following two points:

1. The range recommended by the Pay Advisory Committee is defensible. Our program is a voluntary program, not a controls program. Any wage settlement must be agreed to by management. The range concept does not mean that $9\frac{1}{2}$% is better than $7\frac{1}{2}$%; it says that any settlement within the range is acceptable. It is up to labor and management to agree on a settlement within that range, and the dynamics of the collective bargaining process will determine the final outcome.

Further, the Pay Advisory Committee stated that their objectives at the end of the year is an average of $8\frac{1}{2}$%: it seems to me that this gives the Administration all the ammunition it needs to exhort both management and labor to continued wage restraint. Finally, it's worth remembering that the $7\frac{1}{2}$-9\frac{1}{2} range is being recommended in the face of last year's 13% rate of inflation: That recommendation in itself is an act of considerable political courage, which will go a long way towards creating a psychological climate for wage restraint in the coming year.

2. More importantly, we must remember that the wage program is only one part of our overall inflation program. The other parts include:

--A monetary policy which has, correctly, raised interest rates to the 15% level and produced a housing slump.

--A budget policy which continues to reduce the budget deficit and squeeze domestic spending programs.

--An energy policy which has decontrolled crude oil and natural gas and which has condoned, again correctly,
dramatic increases in energy prices.

--A macroeconomic policy which calls for an austere approach to the coming recession, thus virtually assuring increased unemployment.

All of the above policies are necessary to combat inflation: they are also potentially extremely controversial, particularly in the face of continued double-digit inflation.

Under normal circumstances, the Democratic constituencies--led by labor--would be raising the roof about these policies.

But the reason labor is silent about these policies is because the National Accord has produced their tacit acceptance of a stringent anti-inflation program. At least for the time being, the rest of the Democratic constituencies seem to be following labor's lead.

If the Administration rejects the Pay Advisory Committee recommendations--or even if we suggest substantial modifications--we will almost certainly provoke a "break" in the National Accord; that, in turn, will precipitate severe and sustained criticism of our overall policies by the entire spectrum of Democratic constituencies.

This threat of a "break" is not blackmail: it simply reflects the political realities faced by Lane Kirkland and labor's leadership. We cannot realistically ask them to remain silent on high interest rates, rising unemployment, reduced federal spending, and higher energy costs, and, at the same time, ask them to support one final turn of the screw on wage rates.

In summary, it seems clear to me that labor's continued participation in the wage program, plus their tacit acceptance of our macroeconomic, budgetary, monetary, and energy policies is far more important to our country's economic future than the marginal value of further fine-tuning our voluntary wage standard.
NOTE TO THE PRESIDENT
FROM: Frank Moore

This afternoon, on the Water Resources Development Act vote, we got 133 votes on the Edgar Amendment and 127 votes on the final passage vote, which is slightly better than we did last year.

This is a good, solid base to work from on an authorization bill.
06 Feb 80

Fran Voorde

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

Rick Hutcheson
February 6, 1980

The Honorable Jimmy Carter
The White House
Washington, D.C.

Dear Mr. President:

This week the National Association of Regional Councils met in Washington for its Annual Federal Briefing. More than eight hundred city, county and regional leaders from throughout the country were in attendance to discuss the many key intergovernmental issues facing local government.

In recognition of your unprecedented leadership in intergovernmental relations, the Association selected you as the recipient of our Annual Intergovernmental Leadership Award.

We had hoped that we would have had the opportunity to personally present you with this award. Unfortunately, circumstances prevented you or your representatives from being able to do so.

We know of your deep concern, interest, and commitment to local governments and their regional councils and hope that you will be able to join us at our annual meeting in San Diego this May.

Sincerely,

James H. Wilson
President

P.S. It is my hope that we will be able to present this award to you at our annual conference in May.
NE Fuel Inst 2/6/80
Oil: Basic - Iran/Afg
EN Security
Last Winter - 240 MIL,
Lending Assist
Healthy Competitive
1W ConE Sm BUs.
SBA Size - Loans
More Direct Loans
1/6 Seasonal Line of Credit
4 = Supply = Poor: Sm BUs - ConServe
Next Winter - Sup/Credit Term
NE = HOMES = 20% / YEAR
15% < 1973
Price Contols
40 MOS = HOME NOIL PRICE + T Cont Gasoline
CONTROLS = CONSUMPTIONS

PRODUCTION

SM BUS - OUT OF SERVICE

Electrostatic Copy Made
for Preservation Purposes