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Thursday - February 28, 1980

7:30

Dr. Zbigniew Brzezinski - The Oval Office.

✓ 8:00

(60 min.)

Breakfast with Domestic Policy Advisers.
(Mr. Jack Watson) - The Cabinet Room.

10:00

Mr. Hamilton Jordan and Mr. Frank Moore.
The Oval Office.

✓ # 12:00

PRIVATE LUNCHEON - Second Floor Private
Dining Room.

✓ 2:00

Meeting with Presidents of Women's
Organizations. (Ms. Sarah Weddington).
The Cabinet Room.

✓ 3:00

(60 min.)

Meeting with Mr. James McIntyre et al.
The Roosevelt Room.

✓ 4:25

(5 min.)

Photograph with Mr. William O. Cregar,
Assistant Director, Intelligence Division,
FBI. (Dr. Zbigniew Brzezinski) - The Red Room.

✓ 4:30

(30 min.)

Reception for Law Enforcement Officials.
The East Room.

12:00 Noon

THE WHITE HOUSE

WASHINGTON

February 27, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: LOUIS MARTIN 

SUBJECT: LUNCHEON WITH PRESIDENT CARTER
THURSDAY, FEBRUARY 28, 1980, 12:00 NOON
FAMILY DINING ROOM

I. PURPOSE

To meet and talk informally about contemporary problems with Black experts.

II. BACKGROUND, PARTICIPANTS AND PRESS

A. BACKGROUND: This luncheon has been conceived as a Get Acquainted session for the President to meet with a few Blacks in positions of importance in various academic and related areas. All of the participants are high achievers who have not been visible or active in the political life of this country. Some may even consider themselves above the fray, but all realize the importance of politics in our American system. Most of the guests are authors and hold positions enabling them to influence the minds of many Americans.

The guests were told that they would have an opportunity to meet with the President in a leisurely and informal setting without a structured agenda.

B. PARTICIPANTS: Biographical information about each of the ten guests is attached. In general, all have distinguished themselves in various academic fields, all have been college professors, all but one has a doctorate degree, and all have published writings on contemporary problems in American society. See attached list of attendees and background information. WHITE HOUSE STAFF: Louis Martin

C. PRESS: White House photographer for group and individual photographs. No press coverage is suggested.

DR. BERNARD ANDERSON (Economist), Director of Social Science Rockefeller Foundation, since 1979.

Dr. Anderson's special interests are youth employment and other manpower issues. He currently serves on the President's Commission on Employment and Unemployment Statistics. His publications include Moving Ahead: Black Managers in American Business; The Impact of Government Manpower Programs; and Youth Employment and Public Policy.

Born: November 21, 1937, Philadelphia, PA.

Ph.d., University of Pennsylvania, 1970.

DR. ANDREW BRIMMER (Economist), President, Brimmer and Company, Inc., since 1976.

Dr. Brimmer's special interest is in fiscal and monetary policy. He served on the Board of Governors of the Federal Reserve System for eight years and is on the President's Commission on Executive Exchange. His publications include Risk vs. Discrimination in the Expansion of Urban Mortgage Lending; The Economic Position of Black Americans; and Economic Development: International and African Perspectives.

Born: September 13, 1926, Newellton, LA.

Ph.d., Harvard University, 1957.

DR. JEWEL PLUMMER COBB (Biologist), Dean of Douglas College, Rutgers University, since 1976.

Dr. Cobb's area of concentration is cell biology. She has taught at the college level since the late 1940's and is on the Advisory Commission for Oceans and Fisheries. Her publications include: "Melanoma Cell Research"; Filters for Women in Science; and Post Baccalaureate Pre-Medical Programs for Minority Students.

Born: January 17, 1924, Chicago, IL.

Ph.d., New York University, 1950.

DR. CHARLES V. HAMILTON (Political Scientist), Professor of Government, Columbia University, since 1969.

Dr. Hamilton's specialties are voting behavior, employment, and urban policy. He is most noted for the book Black Power: The Politics of Liberation in America, which he coauthored with Stokely Carmichael. Among his other publications are The Black Preacher in America; The Bench and the Ballot: Southern Federal Judges and Black Voters; and The Black Experience in American Politics.

Born: October 19, 1929, Muskogee, OK.

Ph.d., University of Chicago, 1964.

DR. FAUSTINE C. JONES (Educator), Professor of Education, Howard University, since 1971.

Dr. Jones's special interest is educational sociology with emphasis on minority groups. She recently published The Changing Mood in America, Eroding Commitment?.

Born: December 3, 1927, Little Rock, AR.

Ed.d., University of Illinois, 1967.

MR. WALTER LEONARD (Educator), President of Fisk University, since 1978.

Mr. Leonard has served as a college administrator since 1969. He was special assistant to the President of Harvard University from 1971-1977. He recently published Black Lawyers in America, Training and Results.

Born: October 3, 1929, Alma, GA.

M.B.A., Atlanta University, 1962.

J.D., Howard Law School, 1968.

DR. WALTER MASSEY (Physicist), Director, Argonne National Laboratory, since 1979.

Dr. Massey is currently researching low temperature properties of quantum liquids and solids. He has served as Dean of the College at Brown University and as a consultant to the National Science Foundation and the National Academy of Science. He currently serves on the National Science Board. His publications include: "On the development of a Self-Pace Individualized Physics Course: Problems and Progress."

Born: April 5, 1938, Hattiesburg, MS.

Ph.d., Washington University, 1966.

DR. BERNARD WATSON (Educator). Vice President for Academic Administration, Temple University, since 1975.

Dr. Watson's specialty is educational planning. He held various positions in the Gary, Indiana, public school system for 15 years and has taught at the college level since 1970. His best known publication is In Spite of the System: The Individual and Educational Reform.

Born: March 4, 1928, Gary, IN.

Ph.d., University of Chicago, 1967.

DR. CLIFTON WHARTON (Economist), Chancellor, State University of New York, since 1978.

Dr. Wharton is a specialist in economic development and U.S. foreign policy. He was President of Michigan State University and Chairman of the Board for International Food and Agricultural Development, AID, Department of State. He now serves on the President's Commission on World Hunger. He is editor of Subsistence Agriculture and Economic Development and coauthor of Patterns for Lifelong Learning.
Born: September 13, 1926, Boston, MA.
Ph.d., University of Chicago, 1958.

DR. WILLIAM J. WILSON (Sociologist), Chairman, Department of Sociology, University of Chicago, since 1978.

Dr. Wilson's areas of special interest are comparative race and ethnic relations, the logic of sociological inquiry, and social stratification. His most recent book, The Declining Significance of Race: Blacks and Changing American Institutions, has won national acclaim. His other publications include: Power Racism and Privilege: Race Relations in Theoretical and Sociohistorical Perspective, and Through Different Eyes: Black and White Perspectives on American Race Relations.
Born: December 20, 1935, Derry Township, PA.
Ph.d., Washington State University, 1966.

Background from Who's Who Among Black Americans 1977-78

ANDERSON, BERNARD E., educator; b. Philadelphia, PA; A.B., Livingstone Coll., 1959; M.A., MI State U., 1961; Ph.D., U. of PA, 1970; m. V. Diane Wilson; children—Melinda, Bernard II. Lect. to assoc. prof., Wharton Sch., U. of PA, 1969—; econ., U.S. Bur. of Labor Stat., 1961-65. Econ. consult., 1970—; lect., Swarthmore Coll., 1970-72. Mem., Nat. Urban Coal., Exec. Comm.; chrm., Nat. Urban Coal. Task Force on Youth Emp. and Serv.; bd. of dir., Phila. Urban Leag.; editorl. bd., "Rev. of Black Pol. Econ.", Chrm., Nat. Council on Emp. Pol.; exec. bd., Ind. Research Assoc.; bd. of dir., Nat. Econ. Asso. "Negro Emp. in Pub. Util.", 1970; "The Impact of Gov. Manpwr Prog.", 1975; "The Opport. Ind. Centers", 1977; "Full Emp. and Econ. Equal.", THE ANNALS, 1975; "Pub. Pol. and Black Econ. Prog.", AMER. ECON. REVIEW, 1975; "Emp. Prob. of Inner City Youth", CONGRESSL. BUDG. OFF. REPORT, 1977; "Manpwr. Pol. for Urban Amer.", NAT. COMM. ON MANPWR POL. REPORT, 1977; who's who among coll. and U. stud., 1958, 59; U. Fellowshp., U. of PA, 1955-67. AUS, 1961-63. Office: W-182 Dietrich Hall Wharton School U of PA Philadelphia PA 19104

BRIMMER, ANDREW F., economist; b. Newellton, LA, Sept. 13, 1926; B.A., M.A., U. of Washington; Ph.D., Harvard U.; LL.D., NE Wesleyan U.; postgrad., Fulbright fellow, U. of Bombay, India; further study, Marquette U.; m. Doris; daughter—Esther. Vis. prof., Thomas Henry Carrol Ford Found., Harvard, 1974—; bd. dir., Nat. Bus. Econ. Resch., DuPont Co.; Equitable Life Assurance Soc.; Interracial Cncl. for Bus. Opportunity. Mem. Bd. of Gov., U.S. Fed. Reserve System, 1956—; former economist, Fed. Reserve Bank of NY; asst. prof., MI State U., U. of PA; dep. asst. sec., U.S. Dept. of Commerce. Vis. Com., Harvard Bd. of Overseers; adv. com., Atlanta U. Grad. Sch. of Bus.; adv. council, Princeton U. Dept. of Sociology. Recipient, Govt. Man of Yr., Nat. Bus. League, 1953; Russworm Award, 1966; Capital Press Club Award, 1966; Alumnus Summa Laude Dignatus, U. WA Alumni Assn., 1972; Nat. Hon. Beta Gamma Sigma, 1971; Horatio Alger Award, 1974; Equal Opportunity Award, Nat. Urban League, 1974; author, "Survey of Mutual Funds Investors", 1963; "Life Ins. Co. in Capital Mkt.", 1962. numerous honors & awards; mem. several prof. orgn.; contrb. articles to prof. journs. AUS, 1945-46. Office: Harvard U Grad Sch Bus Adminstrn Boston MA 02163

COBB, JEWEL P., educator; b. Chicago, Jan. 17, 1924; A.B., Talladega Coll., 1944; M.S., NY U., 1947; Ph.D., 1950; div. 1 son—R. Jonathan. Dean, Douglass Coll.-Rutgers U., prof. of Biol., 1976—; dean & prof. zoology, CT Coll., New London, CT, 1970-76; prof., biology, Sarah Lawrence Coll., 1960-69; vis. lectr., Hunter Coll., 1956-57; asst. prof. research surg., NY U., 1956-60. Mem., bd. trustees, Inst. Educ. Mgmt., 1973—; dev. & dir., Fifth Yr. Post Bacc. Pre-Med. Prog., minority studs., CT Coll.; bd. dirs., Am. Coun. Educ., 1973-76; bd. dirs., Educ. Policy Cntr., N.Y.C.; Nat. Acad. Scis., Hum. Resources Commn., 1974—; NSF, 1974—; bd. dirs., Travelers Ins. Co., 1974—; bd. dirs., 21st Century Fndtn.; Health & Educ. Facilities Auth., CT, 1970-74; bd. dirs., Nat. Cntr. Resource Recovery, 1971; educ. com., Tissue Culture Assn., 1972-74. Res. grant, Am. Cancer Soc., 1971-73, 1969-74, 1974-77; hon. LL.D., Wheaton Coll., 1971; Lowell Tech. Inst., 1972; hon. D.Sc., PA Med. Coll., 1975. Office: Dean Douglas Coll Rutgers U New Brunswick NJ 08903

HAMILTON, CHARLES V., educator; b. Muskogee, OK, Oct. 29, 1929; B.A., 1951; J.D., 1954; M.A., 1957; Ph.D., 1964; m. Dona L. Cooper; children—Valli, Carol. Prof. of Govt., Columbia U., 1969—; Tchr., Roosevelt U., 1957-69; Lincoln U., 1964-67; Rutgers U., 1963-64; Tuskegee Inst. 1953-69; Albany State Coll., 1957-58. V.p., Am. Political Science Assn. Author of 4 books. Lindback Distinguished Tchg. Award; Phi Beta Kappa Visiting Scholar; U. of Chicago Profl. Achievement Award; Roosevelt U. Alumni Award. AUS, 1948-49. Office: Columbia U 420 W 118 St New York NY

JONES, FAUSTINE C., educator; b. Little Rock, AR, Dec. 3, 1927; A.B., A.M.&N. Coll., AR, 1948; A.M., U. of IL, Urbana, 1951; Ed.D., U. of IL, 1967; div.; children—Brian Vincent, Yvonne Dianne. Prof. of Edn., chrnia., Found. Dept., Sch. of Edn., Howard U., 1971—; asso. prof., Fed. City Coll., Washington, DC, 1970-71; asst. prof., Howard U., 1969-70; asst. prof., U. of IL, Chicago, 1967-69; tchr., Gary, IN H.S., 1964-67; teaching asst., Coll. of Edn., U. of IL, Urbana, 1962-64; tchr., Gary, IN, Pub. Sch. System, 1955-62. Book publ., "The Changing Mood in Am.: Eroding Commitment?", Howard U. Press, 1977; num. articles & book reviews pub.; mem., Am. Ednl. Studies Assn.; Commn. of Prof. of Adult Edn.; Philosophy of Ed. Soc.; N.A.A.C.P. Edn. Com. Mem., John Dewey Soc.; Phi Delta Kappa; speaker, Washington Internat. Center. Salutatorian, Dunbar H.S., 1945; Valedictorian, Dunbar Jr. Coll., 1946; summa cum laude, A.M.&N. Coll., 1948; U. Fellow, U. of IL, 1950-51; plaque from students for excellence in teaching, 1972; Outstdg. tchr. awd., 1974-75, Howard U.; Disting. Faculty Awd., 1977, Howard U.; Outstanding Alumnus Award, Dunbar Alumni Assn., 1973; Outstanding Tchr. in Sch. of Edn., Howard U., 1974-75. Office: Sch of Edn Howard U 2400 6 S: NW Washington DC 20059

LEONARD, WALTER J., university president; b. Albia, GA, Oct. 3, 1929; Savannah State Coll., 1947; Morehouse Coll., Atlanta, 1959-60; Grad. Sch. of Bus. Administrn., Atlanta U., 1961-62; J.D., Howard U. Sch. of Law, Washington, 1965-68; Inst. for Ednl. Mgmt., Harvard U., 1974; A.M.P., Harvard U., 1977; m. Betty E. Singleton; children—Anthony Carlton, Angela Michele. Pres., Fisk U., 1977—; spl. asst. to pres., Harvard U., 1971-77; asst. dean, asst. dir. of admissions & financial aid, Harvard U. Law Sch., 1969—; asst. dean & lecturer, Sch. of Law, Howard U., 1968-69; administrv asst. to Pres., Washington Tech. Inst., 1967-68; legal research asst., Dean Clarence Clyde Ferguson, Jr., Sch. of Law, Howard U., 1966-67; visiting prof., U. of CA, sum. 1971 & 1972 & U. of VA, 1969; owner-operator, The Leonard Land Co., Atlanta, 1962-65; cons., The Ford Found., NY, 1969-71; hearing examiner, U.S. Office of Econ. Oppor., 1969-70; asst. campaign mgr., Ivan

Allen, Jr., Atlanta, 1961; campaign asst., Sam Phillips McKenzie, Atlanta, 1963; author of var. articles. Mem., Assn. of Am. Law Schs.; Council on Legal Edn. Oppor.; Law Sch. Admissions Council; Am. Assn. of Univ. Prof.; Howard U. Law Sch. Alumni Assn.; bd. of trustees, Carleton Coll.; Assn. of Am. Univs. & Com. on Affirmative Action & Equal Pay; Internat. Assn. of Y's Men's Club, Inc.; N.A.A.C.P.; num. other civic & ednl. organizations. Nat. Bar Assn. Pres. Award for distinguished serv. to Assn. & Office of Pres., 1972; appreciation award, Harvard Black Students' Assn., 1971; "Walter J. Leonard Day", & key to city, Savannah, GA, 1969; 1st Annual Melnea A. Cass Comm. Award, Boston YWCA, 1977; New England Tribute Dinner to Walter J. Leonard, sponsored by Hon. Thomas P. O'Neill Jr., Hon. Edward M. Kennedy, Hon. Edward W. Brooke, Pres. Derek Bok of Harvard U., 1977; Paul Robeson Award, Black Am. Law Students Assn., 1977; Frederick Douglass Pub. Serv. Award, Grtr. Boston YMCA, 1977; numerous other awards. USCG, 1945-46. Office: President Fisk Univ Nashville TN 37203

MASSEY, WALTER EUGENE, physicist; b. Hattiesburg, MS, Apr. 5, 1938; B.S., Morehouse Coll., 1958; M.A., Ph.D., Washington U., 1966; m. Shirley Ann Streeter; children—Keith, Eric. Prof. & dean, Brown U.; asso. prof., Brown U., 1970-75; asst. prof., U. of IL, 1965-70; sif. physct., Argonne Nat. Lab., 1966-68. Cons., Argonne Nat. Lab., 1968-75; mem., revw. com. Nat. Sci. Fnd., 1971; mem., revw. Com., Nat. Acad. of Sci., 1973; com., Amer. Assn. of Physics tchrs., 1974-77. Bd. of dir., Urban Leag. of RI, 1972-74; corp., RI Hosp. Num. sci. publ.; dist. serv. cit., Am. Assn. of Physics tchrs., 1975; acad. adminstr. flw., Am. Coun. on Edn., 1975. Office: Brown U Providence RI 02912

WATSON, BERNARD C., educator; b. Gary, IN, Mar. 4, 1928; B.S., IN U., 1951; M.Ed., U. of IL, 1955; Ph.D., U. of Chicago, 1957; additional study, Harvard U., 1968; m. Lois Lathan; children—Barbra Diane, Bernard Charles.

v.p., Acad. Adm., Temple U., 1976—; chmn., Dept. of Urban Edn., Temple U., 1970-76; prof., Urban Edn., & Soc. Found., Temple U., 1970—; dep. supt., Planning, Sch. Dist. Phila., 1968-70; dir., Innovative Programs, Sch. Dist. Phila., 1967-68; dir., Innovative Programs, Ofc. of Planning, Sch. Dist. Phila., 1967. Chmn., Nat. Urban Edn. Task Force, Nat. Urban Coalition, 1972—; v.-chmn., Nat. Adv. Council on Edn. professions Devel., 1967-70; dir., Leadership Trng. Inst. on Recruitment, Nat. Center for Improvement of Ednl. Systems, U.S. Ofc. of Edn., 1970-73; exec. com., Nat. Urban Coalition, 1973—; mem., vis. com., Dept. of Afro-Am. Studies, Bd. of Overseers, Harvard Coll., 1974—. Bd. dir., Greater Phila. Partnership, 1974—; Health & Welfare Council, Phila., 1974-76; Council for Internat. Visitors, Phila., 1973—; Mayor's Com. on Sch. Improvement in Phila., 1973-75; Cit. Comm. on Basic Edn., Commonwealth of PA, app'd. by Gov. Shapp, 1972-74; mem., bd. of trustees, J.B. Lippincott Publ. Co., Cheyney St. Coll.; Lincoln U.; author, "In Spite of the System: The Individual & Ednl. Reform", Ballinger Publ. Co., 1974. Recipient, Finnis E. Engelman Scholarship. (Shankland Award), of the Am. Assn. of Sch. Adminstr., 1957. USAF, 1st Lt., 1951-54. Office: Temple U 322 Conwell Broad & Montgomery Philadelphia PA 19122

WHARTON, DR., CLIFTON R., JR., educator; b. Boston, MA, Sep. 13, 1926; B.A., cum laude, Harvard U., 1947; M.A., Johns Hopkins U., 1948; M.A., U. Chicago, 1956; Ph.D., U. Chicago, 1958; m. Dolores Duncan; children—Clifton III, Bruce. Economist, educ., frgn. policy expert, pres. & econ. prof., MI State U., 1970—; exec. & v.p., Agril. Devel. Coun., 1957-69; resrch. asso., U. Chicago, 1953-57; Am. Internat. Assn. Econ. & Soc. Devel., 1948-53. U.S. frgn. policy adv. panel, E. Asian & Pacific Afrs., U.S. Dept. St., 1966-69; Pres's. Task Force, agr. Vietnam, 1965; mem., pres. mission, Latin Am., 1969. Dir., Ford Motor Co.; Burroughs Corp.; Equit. Life; Rockefeller Found.; Carnegie Found.; Asia Soc.; Agril. Devel. Coun.; Overseas Devel. Coun. Vis. prof., U. Malaya, 1958-64; Stanford U., 1964-65. Mem., Gov's Econ. Expansion Coun., MI, 1972-75; mem., Gov's Econ. Action Coun., 1975-76. Comma. U.S. Latin Am. Rel., 1974—; panel, Ofc. Tech. Assessment, U.S. Cong., 1974-76. Ch., Bd. Internat. Food & Agril. Devel., AID, Dept. St., 1976—. Am. Acad. Arts & Sci.; Am. Agril. Econs. Assn.; Am. Econs. Assn.; Coun. Frgn. Relat.; Internat. Assn. Agril. Econs.; Nat. Acad. Pub. Adm.; Soc. Internat. Devel.; Mus. Modern Art; Econ. Club, Detroit; N.A.A.C.P.; Nat. Urban League; U. Club of NY. Num. publs. & monographs; 8 hon. degrees; first black admitted Johns Hopkins U. Sch. Advanced Internat. Studies. Office: MI State U East Lansing MI 48824

THE WHITE HOUSE
WASHINGTON

28 Feb 80

Secretary Miller

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

Rick Hutcheson



THE SECRETARY OF THE TREASURY
WASHINGTON 20220
February 28, 1980

MEMORANDUM FOR THE PRESIDENT

From: G. William Miller *Bill*
Subject: Intensified Anti-Inflation Program

This is a preliminary outline of possible program elements. Additional details and recommendations of your advisers will be forthcoming.

I. Budget

Objective: To establish confidence in a fiscal policy of restraint and austerity, fairly shared.

- A. FY 1980 Budget: As evidence of budget restraint, some spending reductions (about \$4 billion) would be proposed for FY 80 and an immediate freeze on new hiring of government personnel.

This could be coupled with a re-iteration of the commitment to achieve all cuts in the budget proposed in January and pledge not to submit any supplementals (including defense) without offsetting reductions.

- B. Option 1: A balanced budget for FY 81, to be achieved by spending cuts (and to be maintained in balance after re-estimates of both expenditures and revenues).

To be credible, it would be necessary to be sufficiently specific as to programs or areas of spending cuts (schedule of potential cuts to be supplied by OMB):

1. Limit indexed expenditures more in line with cost-of-living rather than CPI (potential savings of \$4 billion), plus
2. Cuts in specific programs, plus
3. Percentage cut across board (except defense, interest, personnel and entitlement programs) in an amount necessary to achieve a zero deficit.

Pro: Most powerful option to establish confidence in Administration's anti-inflation program, dampen inflationary expectations and help stabilize financial markets.

Con: Difficult to achieve sufficient cut without affecting sensitive social and other programs.

> C. Option 2: A balanced budget for FY 81, to be achieved by a combination of spending cuts in the neighborhood of \$12 billion and revenue increases. (Balance to be maintained after re-estimates of expenditures and receipts).

Spending cuts: Along same lines as in Option 1.

Revenue increases:

Option A: Request Congress to eliminate tax deductions for interest on consumer debt. Yield: about \$3.6 billion.

Request Congress to double the excise tax rate on liquor and tobacco. Yield: about \$6.4 billion.

Option B: Oil import fee (possibly allocated to gasoline only). Equivalent of 10 cents per gallon on gasoline would yield about \$11 billion.

Pro: Establish confidence, dampen inflationary expectations, help stabilize markets. Less impact on social programs.

Con: The oil import fee would contribute to inflation.

D. Option 3: Additional and reinforced austerity for FY 81 budget, with commitment to hold deficit below \$10 billion.

To be achieved by spending cuts similar to Option 1 or combination of spending cuts and revenue increases similar to Option 2.

Pro: Easier to achieve than Option 1 or 2. Adds to confidence.

$\Delta \text{CPI} = 4.6\%$

Con: May be perceived as weak, and therefore be counterproductive.

- E. Congressional Involvement: The budget action should be undertaken with close consultation with the Budget Committees and Congressional leadership. Explicit support by Congressional leadership should be obtained in advance.

II. Credit Limitations

Objective: To demonstrate commitment to control excess credit and thus to restore confidence in the financial markets.

A. Independent Federal Reserve actions.

The Federal Reserve is considering actions which it will take independently (but with coordinated timing) to reinforce credit restraint consistent with already announced targets. These will be within the general framework of the October 6 actions, but, to the extent feasible, designed to maximize "availability" rather than "interest rate" effects. They could include:

1. Action to tighten existing marginal reserve requirements on liability expansion. These requirements, imposed in October, are not "binding" on most banks now.
2. A more visible program of voluntary credit restraint, with reporting requirements, aimed primarily, but not entirely, at banks. This program will emphasize restraint on total lending, but with special accommodation of small business and mortgage lending to extent feasible. Emphasis would be placed on discouraging "take-over" or "speculative" financing.

B. Credit Control Act of 1969.

Option: Invoke the Credit Control Act of 1969, specifically to provide mandatory control of some

types of consumer credit, particularly credit cards. If the authority is invoked, the Federal Reserve would constrain credit not tied to autos, home repairs, or mobile homes (where restraint is not desirable) by a system of special reserve requirements of say, 10 percent, on any increase in outstanding amounts.

Pro: Restraint on growth of consumer credit would directly carry the message to the American public of the need for restraint. Many credit card issuers might welcome official sanction for pulling back from business that is currently unprofitable, and there could be minor effects on consumer saving.

Con: The Federal Reserve Board considers such action of relatively little importance substantively (depending on coverage, only \$70 to \$200 billion of credit is involved and borrowing would take different forms.) It would be administratively highly cumbersome because tens of thousands of individual lenders are involved (many of which would have to be exempted).

III. Wage Price Program

Objective: Strengthen program to moderate wage and price increases through voluntary cooperation.

- A. Re-iterate opposition to mandatory wage and price controls.
- B. Announce new pay standards in line with Pay Advisory Committee recommendations.
- C. Maintain the current price standard and tighten it further by disallowing passthrough of wage increases in excess of 8.5 percent.
- D. Increase the price monitoring staff significantly perhaps to the 300-400 range persons (from the current level of 80 persons).

Pro: Would permit closer scrutiny of price increases and demonstrate importance of compliance.

Con: May be perceived as first step toward mandatory wage and price controls.

- E. Explore vigorously all possibilities of proceeding against already cited non-compliers with the price standards, including application of existing sanctions.
- F. Appoint a prominent, qualified, person with legal, accounting, and auditing talent to assume responsibility for the price monitoring operation.
- G. Give greater visibility to wage-price monitoring activity, including more aggressive publicity of the names of companies out of compliance.
- H. Your personal involvement in this effort should be part of this program.
- I. The credibility of the entire program will be severely tested by the steel wage negotiations, and a high level coordinated effort should be undertaken to prevent an excessive wage settlement.

IV. Energy

Objective: Increase effort to conserve energy and reduce our dependence on foreign oil.

- A. Redouble efforts to secure passage of remaining energy legislation.
- B. Promulgate national target for state gasoline consumption of 7.0 mmb/d.

Based on Federal Highway data, current consumption of gasoline is projected by DOE to be 7.2 mmb/d in 1980, 200,000 b/d less than in 1979. State conservation actions could probably reduce this level by 200,000 b/d. Should additional restraint measures be proposed, consider lowering the state targets, perhaps to 6.7 mmb/d.

- C. Impose a fee on imported crude oil under the Trade Expansion Act of 1962 and direct the price effects to gasoline refining.

Import quota 8.2 → 7.8 ?
State gasoline quota targets: '79 7.4 mbd
'80 7.0

An oil import fee of roughly \$4.50 translates into an increase of gasoline at the pump of 10 cents per gallon.

Pro: Would generate revenue of about \$11 billion in FY 1981 and help close any budget gap.

Would result in import savings of roughly 50,000 barrels per day in the first year. Oil import savings would rise to approximately 250,000 b/d after a few years.

Con: Would have an immediate adverse impact to the CPI, adding roughly .5 percentage points to the index at a time of intense inflation.

Might provoke oil producing countries to increase prices further.

- D. Organize a high visibility, intensified communications program spearheaded by a non-partisan, prestigious group of citizens named by you.

V. Commodities

Objective: Dampen speculation in commodity markets which may exacerbate future inflation.

Consult with the CFTC and the Federal Reserve about increasing margin requirements on commodity futures transactions and appropriate steps to make excessive speculation costly and cool inflationary expectations

VI. Procedure

- A. Announcement by the President of his decisions in an address before a joint session of Congress, possibly on Thursday, March 6, 1980;

Pro: Prompt action soon would put the Administration in the forefront of the battle against inflation and satisfy mounting Congressional and public pressure.

Con: Budget re-estimates will not be available until March 17 and full details of program remain to be worked out.

- B. Initiate now a series of consultations with Congressional leadership and various domestic constituencies prior to any announcement in order to receive their ideas and get a better sense of their views and possible reactions;
- C. Conduct a limited number of discussions with our allies, including Saudi Arabia on the appropriate proposals;
- D. Organize series of coordinated follow up sessions after announcement of decisions to maintain momentum and build support for the elements of the program.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

①

27 February 1980

TO: THE PRESIDENT
FROM: RICK HUTCHESON *R.H.*
SUBJECT: Memos Not Submitted

1. ROUTINE CAB CASES with which Cutler, OMB and all agencies concur:

Dockets 14882, 15216, 15217, 15253, 16568 authorize PanAm service to Nairobi, and dismiss old applications for African routes no longer sought by PanAm and TWA.

Docket 36162 authorizes US-Canadian service for Brock Air Services Ltd.

Dockets 37669, 37554 suspend transatlantic fare increases sought by National, Delta and SwissAir which exceed the Standard Foreign Fare Levels, and vacate previous suspensions of fare increases which were the unintended by-product of an earlier order, or which now compare favorably with current domestic fare ceilings.

2. ROUTINE FEDERAL MARITIME COMMISSION DECISION, with which OMB, NSC and all agencies concur:

Docket 80-6 suspends certain commodity rates for the (Soviet-owned) Far Eastern Shipping Company, which were unreasonably low compared to other carriers trading between the US and the Philippines.

3. FRED KAHN MEMO, reporting on "concrete results" arising from the White House Conference on State and Local Regulatory Reform:

- o favorable press coverage (wire service lead: "President Urges Cutting Red Tape");
- o two governors included regulatory reform messages in their 'State of the State' addresses; several state legislators are pursuing regulatory reform programs;
- o NGA has commissioned a paper to be discussed at the Winter meeting;

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for Preservation Purposes**

- o state officials serving on the occupational licensure working group Kahn set up helped defeat the McClure Amendment regarding the FTC.

The long-term goal is to create a self-sustaining state and local regulatory reform movement. Several initiatives are being considered:

- o getting the Council of State Governments (CSG) to act as a clearinghouse for state/local regulatory reform efforts;
- o demonstration projects examining the possibilities for reducing red tape (HUD is attempting to demonstrate the possibility of cutting homebuilding delays in half, reducing home prices by 15-20%);
- o regional or interest group regulatory reform conferences.

for summary

ACTION
FYI

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

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

<input type="checkbox"/>	VICE PRESIDENT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	CUTLER
<input type="checkbox"/>	DONOVAN
<input checked="" type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	MCDONALD
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<input type="checkbox"/>	WEDDINGTON
<input type="checkbox"/>	WEXLER
<input type="checkbox"/>	BRZEZINSKI
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<input type="checkbox"/>	ANDRUS
<input type="checkbox"/>	ASKEW
<input type="checkbox"/>	BERGLAND
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<input type="checkbox"/>	DUNCAN
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<input type="checkbox"/>	KREPS
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<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CAMPBELL
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	CRUIKSHANK
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	FRANCIS
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HERTZBERG
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	KAHN
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MARTIN
<input type="checkbox"/>	MILLER
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<input type="checkbox"/>	PETERSON
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<input type="checkbox"/>	SPETH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	TORRES
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WISE

Summarized
memos

RECEIVED
FEDERAL BUREAU OF INVESTIGATION
U.S. DEPARTMENT OF JUSTICE
WASHINGTON, D.C. 20535

RECEIVED
FEDERAL BUREAU OF INVESTIGATION
U.S. DEPARTMENT OF JUSTICE
WASHINGTON, D.C. 20535

Date: 2/22/80

MEMORANDUM

FOR ACTION:

FOR INFORMATION:

VICE PRESIDENT ^
EIZENSTAT ^
MCDONALD ^
WATSON ^

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: KAHN MEMO, "WHITE HOUSE CONFERENCE ON STATE AND LOCAL REGULATORY REFORM: FOLLOW-UP"

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:
TIME:
DAY:
DATE:

ACTION REQUESTED:
 Your comments

Other:

STAFF RESPONSE:
 I concur. No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE

WASHINGTON

February 20, 1980

MEMORANDUM FOR: THE PRESIDENT

FROM: ALFRED E. KAHN *Fred*

SUBJECT: White House Conference on State and Local Regulatory Reform: Follow Up

This is my promised report on our January 11 White House Conference on State and Local Regulatory Reform, and -- remembering very clearly your admonition to produce concrete results -- on what we have been doing to follow up.

If you have any reactions, instructions or advice, we'd be grateful to receive it.

Since what we can accomplish will depend heavily on the extent to which Governors catch our enthusiasm and proceed on their own initiative, we are hoping to enlist their active support when they are in town next week for the National Governors' Association meeting, and we hope you will use any opportunities you have in meetings with them to urge them to do so. This is a very popular subject, as well as a worthy one.

The conference was designed to provide a visible forum for emphasizing the importance of regulatory reform at the state and local level; to permit the exchange of ideas about what is already going on, about where reform is most needed, and where the opportunities seem greatest; and to give public recognition to our efforts and accomplishments at the Federal level.

To the extent that any one-day conference can do all these things, ours did. Our overflowing audience included officials from more than 40 Governors' offices or state executive agencies, as well as a substantial number of Attorneys General, legislators, business, labor and consumer representatives. The panel presentations were stimulating and audience participation active. The background papers we developed have already proven useful to a number of officials in developing their own programs.

Unsolicited correspondence we have received from participants following the conference reflects enthusiastic interest. I attach a few, not entirely randomly selected excerpts.

Press coverage was quite positive. Wire stories with the lead "President Urges Cutting Red Tape" were carried across the country; detailed and very supportive stories appeared in the Post, Star and major Public Interest Group magazines, National Governors' Association, National Council of State Legislators, International City Managers Association. A number of dailies also ran features on hometown participants.

You might be interested in a few examples of the pervasive restrictions on competition and regulatory duplications, delays, and irrationalities cited by the various panelists:

- o In many states, opticians are not permitted to fit contact lenses, yet they are allowed to teach optometrists to do such fittings in schools of optometry.
- o Some states require as much as 1250 hours of study to become a barber -- more class time than is generally required to obtain a law degree.
- o In Arizona, a firm which had never purchased or operated a single truck sold its only asset -- a common carrier certificate from a state corporation commission -- for \$150,000.
- o A large Texas-based builder reported that five years ago it took a year from the time of land acquisition until the first house went up. Now, largely because of local regulations, that period has doubled. Experts estimate that each month of delay adds 1 to 2 percent to the final sales price.

Post-Conference Results: Short-Term

- o At least two governors have incorporated regulatory reform messages in their State of the State addresses.
- o NGA has commissioned a paper on the states' role in regulatory reform, to be discussed at its winter meeting.
- o State officials serving on the occupational licensure working group we set up played an important role in defeating the McClure Amendment, which would have prohibited the FTC from investigating professional activities regulated by the states.

- o A state legislator in Virginia has introduced a resolution to establish a joint House/Senate Committee to review recommendations of the White House Conference.
- o The President of the Senate in Louisiana intends to establish a State Regulatory Reform Commission.
- o I have written to every governor and attorney general suggesting they consider setting up a regulatory council, appoint an individual to expedite permitting procedures, adopt a regulatory calendar, and/or issue an executive order similar to E.O. 12044. Last week, I addressed a joint session of the Kentucky legislature, encouraging their regulatory reform efforts generally, and specifically urging them to rescind their milk fair trade law and deregulate trucking. The response was very warm.

Post Conference Proposals: Long-Term

Our long-term goal is to have the state and local regulatory reform movements develop a momentum of their own, and become self-sustaining, without need for continued stimulus from Washington. To this end, we are considering a number of initiatives. I will mention only three.

The states and localities have no systematic means of determining what is going on on the regulatory reform front elsewhere. We are exploring how best to fill the information vacuum. The leading current candidate for setting up a central clearinghouse is the Council of State Governments (CSG), which has lead responsibility for regulatory reform among the seven public interest groups. My deputy Missy Mandell and I met with several officials of CSG in Lexington, Kentucky this week; they expressed considerable enthusiasm for the project, and we plan to work closely together.

Second, we are considering several demonstration projects to examine the possibilities and benefits of reducing red tape in areas particularly entangled in it. HUD is particularly interested in initiating such projects in homebuilding. They believe they can demonstrate the possibility of cutting delays in half, and the price of homes 15% to 20%. We are working with other agencies, such as EPA and HEW, to develop additional projects.

Our third project, which has been strongly urged on us, is a series of regional or state conferences. I confess a certain suspicion of conferences that end up merely proposing additional conferences; but since the process of regulatory review and revision works only as we enlist the active participation of interested public officials and private citizens, regional and local meetings are a

promising way of drawing such people into the process and getting them actively involved.

A variety of trade associations and public interest groups, in addition to at least one federal agency, have expressed a desire to sponsor regional sessions. We plan to recruit sponsors actively for and work with them in designing good programs.

Attachment

EXCERPTS FROM CORRESPONDENCE
RECEIVED FROM CONFERENCE PARTICIPANTS

We have received a number of letters from state and local officials, from business and consumer representatives across the country. Excerpts from a small sample of that correspondence are included below:

(Letter to the President)

"I wanted to let you know how timely and important your initiative to reduce the damaging effects of regulatory excess are to the nation's economy. Since state and local regulatory activities are very much a part of the problem, the recent White House Conference on State and Local Regulatory Reform was a vital step in bringing state and local participation into a concerted reform movement.

One appeal heard repeatedly during the Conference concerned the lack of information on regulatory reform available to reformers at all levels across the country. With this in mind I would respectfully suggest that you consider the establishment of a national regulatory reform clearinghouse which would involve federal, state, and local governments, as well as private industry participation."

Charles S. Robb
Lieutenant Governor
Commonwealth of Virginia

"I applaud President Carter and your staff for perceiving the importance of regulatory reform at all levels of government and proving the sincerity of that concern by holding the White House Conference on Regulatory Reform The Council of State Governments particularly appreciates the time that the President took out of his busy schedule to impress upon Conference participants the intensity of his personal commitment to regulatory reform."

Jack L. McRay
Council of State Governments

"My congratulations on a most stimulating and productive conference. If effective competition is to be restored in the market place it is essential that action be taken at the state and local levels to eliminate counter productive regulation.

I am most interested in obtaining as much information as possible regarding deregulation of the trucking industry."

Bronson C. LaFollette
Attorney General
State of Wisconsin

(Letter to the President)

"I appreciate the opportunity to attend the White House Conference on Regulatory Reform. The conference was extremely helpful for those of us working on reform at the state level. I was especially pleased that you were able to speak at the conference; this indicates a commitment on your part to increased governmental efficiency through regulatory reform."

Kenneth Autrey
State President
Common Cause (Mississippi)

"The regulatory reform meeting on January 11 was most productive. I have discussed the subject with Governor Evans and am preparing a program of action for his review."

Daniel T. Emborg
Administrative Division of
Economic & Community Affairs
Office of the Governor
State of Idaho

"The ten local government managers who attended the conference felt it was stimulating and worthwhile. Some of them said they had not been aware how much the Federal government has already done to improve the regulatory process. At the local level, they feel more attention is needed in housing and licensing. They agreed that a great deal can be done to streamline regulations and to cut costs for the consumer.

As a result of their enthusiastic response, we are now considering a session on regulatory reform at our annual conference in September. In addition, we plan to collect information on what local governments have already done to improve regulations."

International City Management Association

THE WHITE HOUSE
WASHINGTON

Rick - This is the
one I told you
about - totally
non-controversial.

Alice R.

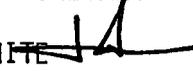


EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

FEB 15 1980

ACTION

MEMORANDUM FOR THE STAFF SECRETARY

FROM: JOHN P. WHITE 

SUBJECT: Federal Maritime Commission Decision:
Rates of Far Eastern Shipping Company
Docket No. 80-6

You will find attached a memorandum for the President concerning the above international maritime rate case. Under the provisions of the Ocean Shipping Act of 1978 (P.L. 95-483), the Federal Maritime Commission (FMC) may suspend the rates of state-controlled carriers if it "is of the opinion that the rates, charges, classifications, rules, or regulations filed by a controlled carrier may be unjust and unreasonable." Within 10 days after receipt of such order or its effective date, whichever is later, the President may stay the suspension for reasons of national defense or foreign policy.

The subject FMC suspension order was received in the White House on February 7, 1980. The President, thus, could decide to stay the order on or before February 17, 1980. Informal clearances have been obtained from the interested executive agencies. None object to the proposed order.

I recommend that the President take no action to stay the effect of the Commission's order.

We are concerned about the procedure for handling these maritime cases. This case arrived at the White House on February 7, was treated as standard correspondence, and did not reach the OMB staff coordinator until February 14. The preceding case did not reach OMB at all. The result is that agencies are either not consulted or do not have time to properly consider their advice to the President. We will make recommendations to you for improved procedures following discussion with FMC, other interested agencies, and other parts of the White House and Executive Office.

Attachments:

Memorandum to the President
FMC letter of transmittal
FMC order



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

FEB 15 1980

ACTION

MEMORANDUM FOR THE STAFF SECRETARY

FROM: (Signed) John P. White,
JOHN P. WHITE

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Attachments:

Memorandum to the President
FMC letter of transmittal
FMC order



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

FEB 15 1980

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM:

JOHN P. WHITE 

SUBJECT:

Federal Maritime Commission Decision:

Far Eastern Shipping Company (FESCO)
Docket No. 80-6

Under the "Controlled Carriers Act" that you signed in October 1978, the Federal Maritime Commission has the power to suspend the tariffs filed by state-controlled shipping companies if it is of the opinion that these rates may be "unreasonable." Within 10 days of either the receipt or effective date of the order, whichever is later, the President may stay the order for reasons of national defense or foreign policy.

The Commission believes that FESCO's recently-filed tariff rates for certain commodities may be unreasonable when compared with those of conference shippers and other independent carriers. It, therefore, has suspended the rates and is requiring FESCO to show cause why these rates should not be disapproved by the Commission.

While contesting this case, FESCO has filed new rates with the FMC and is continuing to operate in anticipation of formal public hearings on the case in April. In light of this, none of the interested agencies (Defense, State, Transportation, Justice, and Commerce) recommends that you exercise your right to disapprove the FMC action on foreign policy or defense grounds.

The National Security Council and the Office of Management and Budget also recommend that you take no action and allow the Commission's order to remain in effect. The Commission's order becomes final unless you disapprove the order on or before February 17, 1980.

Please record your decision on the following sheet.

Options and Implementation Actions:

_____ Approve the Commission's order by taking no action.
(DOD, DOS, DOT, DOJ, DOC, NSC, OMB).

_____ Disapprove.

_____ -- Appropriate implementation materials to be prepared.

_____ See me.

Attachments:

FMC letter of transmittal
FMC order

#26/2 - AD/EC
Rec'd 2-13, 12



Federal Maritime Commission
Washington, D. C. 20573

Office of the Chairman

5
R

February 5, 1980

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

064672

Dear Mr. President:

On October 18, 1978, you signed into law the Ocean Shipping Act of 1978, designed to eliminate the predatory pricing practices of Soviet and other state-controlled carriers which were disrupting the stability of the U. S. foreign commerce. Under the provisions of that law, the Federal Maritime Commission is required to notify you when we suspend or disapprove the rates of a state-controlled carrier. The Soviet state-controlled carrier whose rates are subject to the attached order of suspension has had certain of its rates suspended three times since the law's enactment.

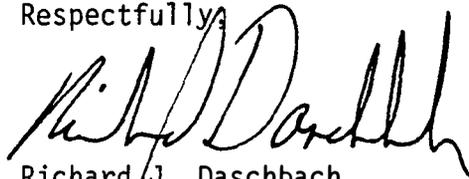
Pursuant to section 3(c)(5) of the Ocean Shipping Act of 1978 (Public Law 95-483), the Federal Maritime Commission herewith transmits an "ORDER OF SUSPENSION AND TO SHOW CAUSE," served on the Far Eastern Shipping Company, a controlled carrier as defined by section 2 of the Ocean Shipping Act. Section 3(c)(5) provides:

Concurrently with the publication thereof, the Commission shall transmit to the President any order of suspension or final order of disapproval or rates, charges, classifications, rules, or regulations of a controlled carrier subject to the provisions of this subsection. Within ten days after the receipt or the effective date of such Commission order, whichever is later, the President may request the Commission in writing to stay the effect of the Commission's order if he finds that such stay is required for reasons of national defense or foreign policy which reasons shall be specified in the report. Notwithstanding any other provision of law, the Commission shall immediately grant such request by the issuance of an order in which the President's request shall be described.

During any such stay, the President shall, whenever practicable, attempt to resolve the matter in controversy by negotiation with representatives of the applicable foreign governments.

This order, served on January 31, 1980, suspends certain commodity rates of the Far Eastern Shipping Company, a Soviet common carrier trading in the United States foreign commerce between ports in the Philippines and U.S. West Coast ports and inland points. The order of suspension takes effect upon the effective date of the individual tariff matter. In addition, the order requires the carrier to show cause why these same rates should not be disapproved by the Commission.

Respectfully,

A handwritten signature in black ink, appearing to read "Richard J. Daschbach". The signature is written in a cursive style with a large, prominent initial "R".

Richard J. Daschbach
Chairman

(S E R V E D)
(JANUARY 31, 1980)
(FEDERAL MARITIME COMMISSION)

FEDERAL MARITIME COMMISSION

DOCKET NO. 80-6

SPECIFIC COMMODITY RATES OF FAR EASTERN SHIPPING
COMPANY IN THE PHILIPPINES/U.S.
PACIFIC COAST TRADE AND U.S. GULF/AUSTRALIA TRADE

ORDER OF SUSPENSION AND TO SHOW CAUSE

The Far Eastern Shipping Company (FESCO), a controlled carrier as defined in section 1 of the Shipping Act, 1916, 46 U.S.C. 801, offers ocean liner service in the Philippines/U.S. West Coast and the U.S. Gulf/Australian trades.

FESCO has recently filed reduced rates, listed in Appendix A hereto, applicable to certain commodities in these trades. The rates on some of these commodities were among the numerous rates suspended by the Commission in Docket No. 79-10. A review of tariffs on file at the Commission indicates that these reduced rates, especially when bunker surcharges are included, appear to be significantly lower than the comparable rates of all other active carriers in these trades.

Because these FESCO rates are lower than the rates of all other active carriers in these trades and because these are rates which may be applicable to major moving commodities that are also carried

by other carriers in these trades, the Commission believes that these rates are not required to assure the movement of particular cargo and may create a disruptive effect on the trades. The Commission is, therefore, of the opinion that FESCO's rates, listed in Appendix A hereto, may be unjust and unreasonable. Accordingly, we shall order FESCO to show cause why such rates should not be disapproved. 46 U.S.C. 817(c).

In determining whether FESCO's rates are just and reasonable, the Commission may take into account certain factors. 46 U.S.C. 817(c)(2). Under the circumstances presented, particularly since only individual commodity rates are being considered and not FESCO's entire rate structure for these trades, the Commission believes that the last three factors set forth in section 18(c)(2) are those most appropriate to its decision. In addition, the parties should address themselves to: the historical trends and levels of these commodity rates in these trades; the effect of FESCO's service in these trades on rates for these specific commodities; the effect FESCO's new rates would have on these trades, particularly on FESCO's market share and the market share of other carriers in these trades; and whether FESCO's rates are necessary to assure the movement of particular cargo. If competition among shippers within a trade or from another trade is offered as justification for the level of FESCO's rates, specific evidence should be adduced to support that contention. Additionally,

no statements herein should be construed to shift the burden of proof under section 18(c). In any proceeding under that section, the burden of proof is on the controlled carrier to demonstrate that its rates, charges, classifications, rules, or regulations are just and reasonable.

This proceeding will be handled on an expedited basis. The matter will be assigned to an Administrative Law Judge to preside over prehearing and hearing procedures. The Administrative Law Judge will then certify the evidentiary record directly to the Commission for decision. The Commission urges all carriers and other parties with an interest in the proceeding to petition for leave to intervene at the earliest possible date.

The Commission is of the further opinion that the subject tariff matter should be suspended pursuant to authority granted the Commission under section 18(c)(4) of the Shipping Act, 1916.

Under section 18(c)(4), a controlled carrier may file new rates to take effect immediately during the suspension period in lieu of the suspended rates; provided that the Commission may reject such new rates if it is of the opinion that they are unjust and unreasonable. In this case, because of the difference between FESCO's rates and all other active carriers' rates (especially when considered in light of their respective bunker surcharges) and the potential for trade disruptions which these rate differentials present, the Commission is of the opinion that FESCO's replacement

rates falling below those of the lowest U.S. or bilateral flag carriers actively operating in these trades will be unjust and unreasonable. FESCO's rates can only be properly compared in the context of its total transportation charges. Any comparison between FESCO's rates and those of another carrier should, therefore, include relevant bunker surcharges and other significant factors affecting those rates. This opinion does not prejudice our final disposition of this proceeding, as that disposition will be based solely on the evidence adduced at the hearing, nor does it constitute a finding of unreasonableness under section 18(c)(1).

FESCO will be required to post and file a supplement to its tariffs FMC-23 and FMC-28 reproducing this suspension order in its entirety, to specifically indicate the replacement rates on each applicable tariff page, and to address each tariff filing regarding replacement rates to the Commission's Office of Audits and Programs.

NOW, THEREFORE, IT IS ORDERED, That pursuant to sections 18 and 22 of the Shipping Act, 1916, 46 U.S.C. 817, 821, the Far Eastern Shipping Company be named respondent in this proceeding and be ordered to show cause why the commodity rates published in its freight tariffs FMC-23 and FMC-28, as shown in Appendix A, should not be disapproved by the Commission;

IT IS FURTHER ORDERED, That pursuant to section 18(c) of the Shipping Act, 1916, Respondent demonstrate that the commodity rates published in its freight tariffs FMC-23 and FMC-28 as shown in Appendix A are just and reasonable;

IT IS FURTHER ORDERED, That pursuant to section 18(c) of the Shipping Act, 1916, the tariff matter set forth in Appendix A is hereby suspended, effective upon the effective date of the individual tariff matter, and the use thereof deferred for 180 days from the effective date of suspension, unless otherwise ordered by the Commission;

IT IS FURTHER ORDERED, That Respondent may file new rates during the suspension period, effective immediately, provided that the Commission may reject such new rates if it is of the opinion that the new rates are unjust and unreasonable;

IT IS FURTHER ORDERED, That all rates filed by FESCO to take effect immediately in lieu of rates suspended herein be addressed to the Commission's Office of Audits and Programs, Room 10125;

IT IS FURTHER ORDERED, That FESCO post and file a supplement to its tariffs FMC-23 and FMC-28 reproducing this suspension order in its entirety, and specifically indicate the replacement rates on each applicable page of its tariffs;

IT IS FURTHER ORDERED, That pursuant to Rule 42, the Commission's Bureau of Hearing Counsel be made a party to this proceeding;

IT IS FURTHER ORDERED, That this proceeding be assigned for expedited public hearing before an Administrative Law Judge of the Commission's Office of Administrative Law Judges and that hearings be held at a date and place to be determined by the Presiding Administrative Law Judge but commencing no later than April 14, 1980;

IT IS FURTHER ORDERED, That the scope of these proceedings shall include an examination of the relationship between the FESCO rates and rates of other carriers in these trades, including surcharges and other factors affecting those rates; whether FESCO's rates, set forth in Appendix A, including surcharges and other factors affecting those rates are required to assure the movement of particular cargo in these trades, and whether such rates are required to maintain acceptable continuity, levels, or quality of common carrier service from the Philippines to the United States Pacific Coast and from Houston, Texas to Australia. This examination shall include consideration of the following matters: the historical trends and levels of these commodity rates in these trades; the effect of FESCO's service in these trades on rates for these specific commodities; and the effect FESCO's new rates would have on these trades, particularly on FESCO's market share and the market share of other carriers in these trades;

IT IS FURTHER ORDERED, That the following procedural schedule will be adhered to, provided that the Presiding Administrative Law Judge, upon a showing of good cause, may make such changes as he deems necessary:

1. Petitions for Leave to Intervene - February 13, 1980
2. Replies to Petitions for Leave to Intervene - February 21, 1980
3. Rulings on Petitions for Leave to Intervene - February 28, 1980
4. Commencement of Discovery - March 6, 1980
5. Prehearing conference for rulings on discovery and other prehearing matters - March 18, 1980
6. Commencement of Hearings - April 14, 1980
7. Certification of Record - May 15, 1980
8. Simultaneous Opening Briefs - June 5, 1980

9. Simultaneous Reply Briefs - June 19, 1980

10. Request for Oral Argument - June 23, 1980

IT IS FURTHER ORDERED, That the hearing shall include oral testimony and cross-examination in the discretion of the Presiding Officer only upon a proper showing that there are genuine issues of material fact that cannot be resolved on the basis of sworn statements, affidavits, depositions, or other documents or that the nature of the matters in issue is such that an oral hearing and cross-examination are necessary for the development of an adequate record;

IT IS FURTHER ORDERED, That the record in this proceeding is to be certified to the Commission for decision on or before 1980, and that such certification shall contain a statement by the Administrative Law Judge that the record as so certified is a full and sufficient basis for agency decision and that there exist no questions of witness demeanor or of witness credibility not sufficiently reflected by the record, including witness cross-examination, which, in his opinion, necessitate the issuance of an initial decision. If the Administrative Law Judge is unable to make such certification, he shall amend the procedural schedule to provide for briefing and thereafter issue such decision promptly;

IT IS FURTHER ORDERED, That a notice of this order be published in the Federal Register and that a copy thereof be served upon the respondent;

IT IS FURTHER ORDERED, That persons other than those already party to this proceeding who desire to become parties and participate herein shall file a petition to intervene pursuant to Rule 72 of the Commission's Rules of Practice and Procedure (46 CFR 502.72) no later than the close of business February 13 1980;

IT IS FURTHER ORDERED, That all future notices, orders, and/or decisions issued by or on behalf of the Commission in this proceeding, including notice of the time and place of hearing or prehearing conference shall be mailed directly to all parties of record;

IT IS FURTHER ORDERED, That except as provided in Rules 159 and 201(a) of the Commission's Rules of Practice and Procedure (46 CFR 502.159, 46 CFR 502.201(a)), all documents submitted by any party of record in this proceeding shall be filed in accordance with Rule 118 of the Commission's Rules of Practice and Procedure (46 CFR 502.118), as well as being mailed directly to all parties of record;

IT IS FURTHER ORDERED, That concurrently with publication, a copy of this order be transmitted to the President of the United States in accordance with section 18(c)(5) of the Shipping Act, 1916.
By the Commission.


Francis C. Hurney
Secretary

(SEAL)

APPENDIX A

A. Far Eastern Shipping Company

Freight Tariff - FMC-23

From: Ports in the Philippines
To: U.S. Pacific ports and Overland Common points

DESCRIPTION	TARIFF ITEM	RATE	SUSPENDED	EFFECTIVE DATE	PAGE REVISION IDENTIFICATION
Furniture made of...					
<u>From Cebu only</u>					
<u>Special rate</u>					
Buri and Rattan	480	Local	41.00M	2-3-80	18th Rev 53
Furniture only	480	OCP	36.25M	2-3-80	Reissued on 19th Rev 53
Beer, mineral water, soft					
drinks, and spirits in	100	Local	41.50M	2-8-80	6th Rev. 49-A
cases, cartons or pallets	100	OCP	38.50M	2-8-80	
Footwear, viz:					
Rubber Sandals, Flat Soles	470	Local	43.00M	2-8-80	19th Rev 53
with thongs	470	OCP	41.50M	2-8-80	

B. From: U.S. Atlantic and Gulf
To: Australia and New Zealand

Freight Tariff - FMC-28

Freight, All Kinds, in
containers

Special Rate from Houston only	2800	2600PT	20	2-1-80	5th Rev 79-C
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THE WHITE HOUSE
WASHINGTON

2/25/80

TO: TOM JONES

FROM: PATTI MALOOMIAN

SUBJECT: Attached CAB Decision - Docket 37669,
37554

The White House offices have concurred on the attached CAB Decision. Please take the necessary action.



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

FEB 20 1980

ACTION

MEMORANDUM FOR THE STAFF SECRETARY

SUBJECT: Civil Aeronautics Board Decision:

Increases in transatlantic passenger fares proposed by
National Airlines, Inc.
Delta Air Lines, Inc.
Swiss Air Transport, Co., Ltd.

Docket 37669

Increases in international passenger fares proposed by
Pan American World Airways, Inc.
Braniff Airways, Inc.
Trans World Airlines, Inc.

Institution of International Zones of Reasonableness

Docket 37554

You will find attached a memorandum for the President about the above international aviation case. The interested executive agencies have indicated that they have no objection to the proposed order.

The Board's decision becomes final unless the President disapproves the order on or before February 25, 1980.

/s/ R. O. Schlickeisen
Rodger O. Schlickeisen
Associate Director for
Economics and Government

Attachments:

Memorandum to the President
CAB letter of transmittal
CAB order



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

FEB 20 1960

ACTION

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Civil Aeronautics Board Decision:

Increases in transatlantic passenger fares proposed by
National Airlines, Inc.
Delta Air Lines, Inc.
Swiss Air Transport, Co., Ltd.

Docket 37669

Increases in international passenger fares proposed by
Pan American World Airways, Inc.
Braniff Airways, Inc.
Trans World Airlines, Inc.

Institution of International Zones of Reasonableness

Docket 37554

The Civil Aeronautics Board proposes to suspend several transatlantic, normal economy fare (NEF) increases proposed by National, Delta and Swiss Air.

- National proposed increases of between 8 and 10 percent for its NEF's between the U.S. and France and Switzerland.
- Delta proposed a 7% increase in its NEF between the U.S. and London.
- Swiss Air proposed a 4 to 10% increase in its New York/Chicago--Zurich NEF's.

Taken together with previous fare increases already allowed by the Board, the combined effect of these further increases would be to exceed the Standard Foreign Fare Levels established by the Board (pursuant to the new International Air Transportation Competition Act) through March 31. The Board will adjust the Standard Foreign Fare Level for the April 1 through May 31 time period in the near future and permit fare increases up to the new levels on short notice at a later date.

The Board's opinion also proposes to vacate the previous suspension of:

- Pan American normal economy fare (NEF) increases between the U.S. and Mexico,
- promotional fare increases proposed by Pan American and Braniff between the U.S. and Latin America; and
- Pan American promotional fares for the transpacific market.

These cases involved fare increases of 3.5% to 8% and were originally suspended as part of a much broader order which focused on establishing the general procedure outlined above in which the policies of the new International Air Transportation Competition Act were translated into decision-making criteria. The U.S.-Mexico NEF increase would now be allowed by the Board because the resulting fare compares favorably with current domestic fare ceilings. The promotional fares for the Latin American and transpacific markets also were suspended by the earlier order as an unintended by-product of suspensions of NEF's in those markets. Except for promotional fares to and from Venezuela and Japan, where competition is severely limited, the Board proposes to vacate the earlier suspension of promotional fare increases.

The Departments of State, Defense, Justice and Transportation and the National Security Council have no objection to the Board's proposed order.

The Office of Management and Budget also recommends that you take no action and allow the Board's order to go into effect.

The Board's order becomes final unless you disapprove the order on or before February 25, 1980.

/s/ R. O. Schlickeisen

Rodger O. Schlickeisen
Associate Director for
Economics and Government

Attachments:

CAB letter of transmittal
CAB order

Options and Implementation Actions:

- 1) Approve the Board's order by taking no action.
(DOS, DOD, DOJ, DOT, NSC, OMB.)
- 2) Disapprove.
-- Appropriate implementation materials to be prepared.
- 3) See me.

ID 800908

THE WHITE HOUSE

WASHINGTON

DATE: 08 FEB 80

FOR ACTION: STU EIZENSTAT

LLOYD CUTLER (DOUG HURON)

INFO ONLY: THE VICE PRESIDENT

SUBJECT: CAB DECISION: BROCK AIR SERVICES LTD.; DOCKET 36162

LAST DAY FOR ACTION MARCH 10, 1980

+++++

+ RESPONSE DUE TO DOUG HURON +

+ BY: 1200 PM WEDNESDAY 13 FEB 80 +

+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

approved
2-14



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

FEB 11 1980

ACTION

MEMORANDUM FOR THE STAFF SECRETARY

SUBJECT: Civil Aeronautics Board Decision:

Brock Air Services Ltd.

Docket 36162

Due Date: March 10, 1980

You will find attached a memorandum for the President about the above international aviation case. The interested executive agencies have reviewed the Board's decision and have no objection to the proposed order.

This is a routine, noncontroversial matter. No foreign policy or national defense reasons for disapproving the Board's order have been identified. I recommend that the President sign the attached letter to the Chairman which indicates that he does not intend to disapprove the Board's order within the 60 days allowed by statute. Otherwise, the Board's order becomes final on the 61st day.

W. Bowman Cutter
Executive Associate
Director for Budget

Attachments:

Memorandum to the President
CAB letter of transmittal
CAB order
Letter to the Chairman

UNITED STATES OF AMERICA
CIVIL AERONAUTICS BOARD
WASHINGTON, D.C.

Adopted by the Civil Aeronautics Board
at its office in Washington, D.C.
on the 8th day of January, 1980

-----: :
: :
Application of : :
: :
BROCK AIR SERVICES LTD. : : Docket 36162
: :
: :
for a foreign air carrier permit : :
pursuant to section 402 of the : :
Federal Aviation Act of 1958, : :
as amended : :
-----: :

ORDER

By Order 79-12-69 , adopted December 13, 1979 , the Board directed all interested persons to show cause why the Board should not, subject to the disapproval of the President, issue a foreign air carrier permit to Brock Air Services Ltd. authorizing it to engage in small aircraft charter air transportation services between any point or points in Canada and the United States.

The order directed persons objecting to the Board's tentative findings and conclusions set forth in that order, or to the issuance of the proposed foreign air carrier permit, to file their objections within 21 days. In addition, the order provided that in the event no objections were filed, all further procedural steps would be considered waived, and the Secretary would enter an order which (1) would make final the Board's tentative findings and conclusions, and (2) subject to the disapproval of the President pursuant to section 801(a) of the Act, would issue a foreign air carrier permit to Brock Air Services Ltd. in the form attached to the order.

No objections to Order 79-12-69 have been filed.

ACCORDINGLY,

1. We make final our tentative findings and conclusions set forth in Order 79-12-69;
2. We are issuing a foreign air carrier permit in the form attached to Brock Air Services Ltd.;

3. The exercise of the privileges granted by the permit shall be subject to the terms, conditions, and limitations set forth therein; to such other reasonable terms, conditions, and limitations required by the public interest as may be prescribed by the Board; and to the following condition:

The holder shall not engage in the carriage of persons in foreign air transportation between the United States and Canada to or from a point in Ontario, west of a line drawn due north from Blind River, Ontario (46°11' North Latitude, 82°58' West Longitude) and extending to the border between Ontario and ~~Manitoba, which is not a resort, camp, or outpost operated by a person duly licensed for such purpose by the Government of the Province of Ontario, nor the licensed base of a Canadian charter air carrier, nor a Canadian Customs port of entry;~~ and is required on each flight out of the restricted area to make a stop at a Canadian Customs port of entry or at the licensed base of a Canadian charter air carrier where officers of the Ontario Ministry of Natural Resources may be available to make such inspection as they consider desirable; and shall have available on its aircraft for inspection by the U.S. authorities satisfactory evidence that it has complied with these conditions: Provided, however, that the above prohibition shall not apply to flights performed for purposes of medical evacuation, or other similar emergency situations; provided further that, when the circumstances warrant, the Board may, upon application by the holder, waive all or any part of these restrictions; and provided further that the holder shall clearly notify in writing all persons who contract for the holder's services of the limitations imposed on its operations; 1/

4. The Secretary of the Board shall sign the permit on our behalf and shall affix the seal of the Board; and

5. Unless disapproved by the President of the United States under section 801(a) of the Act, this order and the permit attached shall become effective on the 61st day after its submission to the President, 2/ or upon the date of receipt of advice from the President that he does not intend to disapprove the Board's order under that section, whichever is earlier.

By the Civil Aeronautics Board:

PHYLLIS T. KAYLOR

Secretary

(SEAL)

All Members concurred.

1/ See Order 79-6-83, effective June 12, 1979.

2/ This order was submitted to the President on JAN 10 1980
The 61st day is MAR 11 1980

UNITED STATES OF AMERICA
CIVIL AERONAUTICS BOARD
WASHINGTON, D.C.

PERMIT TO FOREIGN AIR CARRIER
FOR SMALL AIRCRAFT OPERATIONS

BROCK AIR SERVICES LTD.

is authorized, subject to the provisions of the Federal Aviation Act of 1958, as amended, and the Board's orders, rules, and regulations, to engage in charter foreign air transportation, as follows:

Charter flights with respect to persons and their accompanied baggage, and planeload charter flights with respect to property, between any point or points in Canada and any point or points in the United States.

The holder shall be authorized to perform those types of charters originating in Canada as are now, or may be, prescribed for carriage by small aircraft in Annex B(III)(B) of the Nonscheduled Air Services Agreement between the United States and Canada, signed May 8, 1974, including amendments, supplements, reservations, or supersessions to that Agreement: Provided, that any such charters may be performed only to the extent authorized by the Air Carrier Regulations of the Canadian Transport Commission applicable to operations by small aircraft, and the authority of the holder to perform such charters shall be subject to those Regulations. 1/ The authority of the holder to perform United States-originating charters shall, in accordance with Annex B(III)(A) of the Nonscheduled Air Services Agreement, be limited to commercial air transportation of passengers and their accompanied baggage, and property, on a time, mileage or trip basis, where the entire planeload capacity of one or more aircraft has been engaged by a person for his own use or by a

1/ Annex B(III)(B) currently authorizes Canadian-originating small aircraft charters of the types prescribed in section (II)(B); but only to the extent applicable to small aircraft pursuant to Canadian Transport Commission Regulations. The applicable types of charters presently authorized are: Single Entity Passenger, Single Entity Property, Pro Rata Common Purpose, and Inclusive Tour (in some instances split-passenger charters are authorized).

- 2 -

of a group of persons and/or their property,
of such group, or such small aircraft operations
to any amendment, supplement, reservation or
agreement.
shall be subject to the following terms, conditions, and

The performance of the charter operations authorized by this permit shall not use "large aircraft" as defined in Annex 1 of the Nonscheduled Air Services Agreement between the United States and Canada, signed May 8, 1974, including amendments, supplements, or supersessions to that Agreement.

(2) The holder shall not engage in foreign air transportation between the United States and any point or points, other than a point or points in Canada, or transport any property or persons whose journey includes a prior, subsequent, or intervening movement by air (except for the movement of passengers independently of any group) to or from a point not in the United States or Canada: Provided, that the Board may, upon application by the holder, or by regulation, authorize the performance of charters where such movements are involved.

(3) The holder shall not perform United States-originating charter flights which at the end of any calendar quarter would result in the aggregate number of all United States-originating charter flights performed by the holder on or after May 8, 1974, exceeding by more than one-third the aggregate number of all Canadian-originating charter flights performed by the holder on or after May 8, 1974: Provided, that the Board may authorize the performance of charters not meeting the requirements set forth. For the purpose of making such computation the following shall apply:

(a) A charter shall be considered to originate in the United States (or Canada) if the passengers or property are first taken on board in that country, and shall be considered as one flight whether the charter be one-way, round trip, circle tour, or open jaw, even if a separate contract is entered into for a return portion of the charter trip from Canada (or the United States).

(b) The computation shall be made separately for (i) "small aircraft" flights of persons; and (ii) "small aircraft" flights of property.

(c) In the case of a lease of aircraft with crew for the performance of a charter flight on behalf and under the authority of another carrier, the flight shall be included in the computation if the holder is the lessee, and shall not be included if the holder is the lessor.

2/ The exercise of the privileges granted by this permit is also subject to the condition set forth in paragraph 3 of the order issuing this permit, which shall remain in effect until further order of the Board.

(d) There shall be excluded from the computation:

(i) flights utilizing aircraft having a maximum authorized takeoff weight on wheels (as determined by Canadian Transport Commission Regulations) not greater than 18,000 pounds; and

(ii) flights originating at a United States terminal point of a route authorized pursuant to the Air Transport Services Agreement between the United States and Canada, signed January 17, 1966, as amended, or any agreement which may supersede it, or any supplementary agreement thereto which establishes obligations or privileges thereunder (if, pursuant to any such agreement, the holder also holds a foreign air carrier permit authorizing individually ticketed or individually waybilled service over such route, and provides some scheduled service on any route pursuant to any such agreement), when such flights serve either (a) a Canadian terminal point on such route, or (b) any Canadian intermediate point authorized for service on such route by such foreign air carrier permit.

(4) The holder may grant stopover privileges at any point or points in the United States only to passengers and their accompanied baggage moving on a Canadian-originating flight operating under a contract for round trip charter transportation to be provided solely by the holder and as to which the same aircraft stays with the passengers throughout the journey; Provided, that the Board may authorize the performance of charters not meeting the requirements set forth.

(5) The Board, by order or regulation and without hearing, may require advance approval of individual charter trips conducted by the holder pursuant to the authority granted by this permit, if it finds such action to be required in the public interest.

(6) The holder shall not engage in flights for the purpose of industrial or agricultural operations (i.e., crop dusting, pest control, pipeline patrol, mapping, surveying, banner towing, skywriting, aerial photography) within the United States unless a permit has been issued by the Board in accordance with Part 375 of its Regulations.

(7) The holder shall conform to the airworthiness and airman competency requirements prescribed by the Government of Canada for Canadian international air service.

(8) The holder shall not operate any aircraft under the authority granted by this permit, unless the holder complies with the operational safety requirements at least equivalent to Annex 6 of the Chicago Convention.

(9) This permit shall be subject to all applicable provisions of any treaty, convention, or agreement affecting international air transportation now in effect, or that may become effective during the period this permit remains in effect, to which the United States and Canada shall be parties.

(10) This permit shall be subject to the condition that the holder shall keep on deposit with the Board a signed counterpart of CAB Agreement 18900, an agreement relating to liability limitations of the Warsaw Convention and the Hague Protocol approved by Board Order E-23680, May 13, 1966, and a signed counterpart of any amendment or amendments to such agreement which may be approved by the Board and to which the holder becomes a party.

(11) The holder (1) shall not provide foreign air transportation under this permit unless there is in effect third-party liability insurance in the amount of \$1,000,000 or more to meet potential liability claims which may arise in connection with its operations under this permit, and unless there is on file with the Docket Section of the Board a statement showing the name and address of the insurance carrier and the amounts of liability limits of the third-party liability insurance provided, and (2) shall not provide foreign air transportation with respect to persons unless there is in effect liability insurance sufficient to cover the obligations assumed in CAB Agreement 18900, and unless there is on file with the Docket Section of the Board a statement showing the name and address of the insurance carrier and the amounts and liability limits of the passenger liability insurance provided. Upon request, the Board may authorize the holder to supply the name and address of an insurance syndicate in lieu of the names and addresses of the member insurers.

(12) By accepting this permit, the holder waives any right it may possess to assert any defense of sovereign immunity from suit in any action or proceeding instituted against the holder in any court or other tribunal in the United States (or its territories or possessions) based upon any claim arising out of operations by the holder under this permit.

(13) The exercise of the privileges granted by this permit shall be subject to such other reasonable terms, conditions, and limitations required by the public interest as may be prescribed by the Board.

This permit shall become effective on _____ . Unless otherwise terminated at an earlier date pursuant to the terms of any applicable treaty, convention, or agreement, this permit shall terminate (1) upon the effective date of any treaty, convention, or agreement, or amendment, which shall have the effect of eliminating the charter foreign air transportation authorized from the transportation which may be operated by carriers designated by the Government of Canada (or in the event of the elimination of part of the charter foreign air transportation authorized, the authority granted shall terminate to the extent of such elimination), or (2) upon the effective date of any permit granted by the Board to any

other carrier designated by the Government of Canada instead of the holder, or (3) upon the termination or expiration of the Nonscheduled Air Services Agreement between the United States and Canada, signed May 8, 1974: However, clause (3) of this paragraph shall not apply if, prior to the occurrence of the event specified in clause (3), the operation of the foreign air transportation authorized becomes the subject of any treaty, convention, or agreement to which the United States of America and Canada are or shall become parties.

The Civil Aeronautics Board, through its Secretary, has executed this permit and affixed its seal on January 8, 1980.

PHYLLIS T. KAYLOR

Secretary

(SEAL)

ID 800564

THE WHITE HOUSE

WASHINGTON

DATE: 25 JAN 80

FOR ACTION: STU EIZENSTAT

LLOYD CUTLER (DOUG HURON)

INFO ONLY: THE VICE PRESIDENT

SUBJECT: CAB DECISIONS: PAN AMERICAN WORLD AIRWAYS, INC.; TRANS
WORLD AIRLINES, INC.; DOCKETS 14882, 15216, 15217, 15253;
16568 — LAST DAY FOR ACTION FEBRUARY 16

+++++

+ RESPONSE DUE TO DOUG HURON +

+ BY: 1200 PM MONDAY 28 JAN 80 +

+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

Feb 11, 1980
Letter to Ch.

for summary

approved
2-11



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

JAN 24 1980

ACTION

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Civil Aeronautics Board Decision:

Pan American World Airways, Inc.

and

Trans World Airlines, Inc.

Dockets 14882, 15216, 15217, 15253, 16568

Due Date: February 16, 1980

The Civil Aeronautics Board proposes to amend the route certificate of Pan American World Airways, Inc., to authorize service to Nairobi, Kenya, for a period of five years. This authorization is limited to aircraft which provide combination (both passenger and cargo) services. Further, the Board proposes to dismiss the remainder of Pan American's East African service applications and those of Trans World Airlines, Inc. These remaining applications were filed over ten years ago and neither carrier has actively supported their adoption by the Board.

The Departments of State, Defense, Justice and Transportation and the National Security Council have not identified any foreign policy or national defense reasons for disapproving the Board's order in whole or in part.

The Office of Management and Budget recommends that you approve the Board's decision by signing the attached letter to the Chairman which indicates that you do not intend to disapprove the Board's order within the 60 days allowed by statute for your review. Also, OMB recommends that you state in your letter that no national defense or foreign policy reason underlies your action. This will preserve whatever opportunity is available under the new statute for judicial review.

R. O. Schlickeisen
Associate Director for
Economics and Government

Attachments:
CAB letter of transmittal
CAB order
Letter to the Chairman

Options and Implementation Actions:

- 1) Approve the Board's order and preserve whatever opportunity is available for judicial review (DOS, DOD, DOJ, DOT, NSC, OMB).
-- Sign the attached letter to the Chairman.
- 2) Approve the Board's order and do nothing to preserve whatever opportunity is available for judicial review.
-- Implementation materials to be prepared.
- 3) Disapprove the Board's order.
-- Implementation materials to be prepared.
- 4) See me.

UNITED STATES OF AMERICA
CIVIL AERONAUTICS BOARD
WASHINGTON, D.C.

Adopted by the Civil Aeronautics Board
at its office in Washington, D.C.
on the 6th day of December, 1979

Applications of :
: PAN AMERICAN WORLD AIRWAYS, INC. : Dockets 15216
: and :
: TRANS WORLD AIRLINES, INC. : 14882
: :
for amendment of their certificates of public :
convenience and necessity under section :
401 of the Federal Aviation Act of :
1958, as amended :

Applications of :
: PAN AMERICAN WORLD AIRWAYS, INC. : Dockets 15217, 16568
: and :
: TRANS WORLD AIRLINES, INC. : 15253
: :
for exemptions under section 416(b) of the :
Federal Aviation Act of 1958, as amended :

ORDER

By Order 79-9-63, adopted September 13, 1979, the Board directed all interested persons to show cause why the Board should not, subject to the disapproval of the President: (1) amend the certificate of Pan American World Airways, Inc. for Route 133 to add Nairobi, Kenya, as an intermediate point on segment 1, for a five-year period, with service to that point limited to combination carriage only; (2) dismiss the remainder of Pan American's application in Docket 15216; (3) dismiss Pan American's exemption applications in Dockets 15217 and 16568, effective 90 days after final Board decision on the certificate amendment; and (4) dismiss the applications of Trans World Airlines, Inc. in Dockets 14882 and 15253.

The order directed persons objecting to the tentative findings, conclusions or decisions in that order to file their objections no later than

October 19, 1979. In addition, the order provided that if no objections were filed, all further procedural steps would be deemed waived, and the Board could enter an order in accordance with the Board's tentative findings and conclusions.

No objections to Order 79-9-63 have been filed.

ACCORDINGLY,

1. We make final our tentative findings and conclusions set forth in Order 79-9-63;
2. We dismiss the applications of Trans World Airlines in Dockets 14882 and 15253, and the application of Pan American World Airways in Docket 15216 except to the extent granted in paragraph 4;
3. Effective 90 days from the date of adoption of this order, we dismiss the applications of Pan American World Airways in Dockets 15217 and 16568;
4. We amend the certificate of Pan American World Airways for Route 133 as shown in the appendix;
5. The Secretary of the Board shall sign the certificate amendment on our behalf and shall affix the seal of the Board; and
6. Unless disapproved by the President of the United States under section 801(a) of the Act, paragraph 4 of this order and the certificate amendment attached shall become effective on the 61st day after its submission to the President, 1/ or upon the date of receipt of advice from the President that he does not intend to disapprove the Board's order under that section, whichever is earlier.

By the Civil Aeronautics Board:

PHYLLIS T. KAYLOR

Secretary

(SEAL)

All Members concurred.

1/ This order was submitted to the President on DEC 18 1979
The 61st day is FEB 17 1980

CERTIFICATE AMENDMENTS

Pan American World Airways, Inc. for Route 133

Amend Segment 1 to read as follows:

"1. Between the terminal point New York, NY.; the intermediate points Boston, MA.; The Azores; Lisbon, Portugal; Madrid, Spain; Casablanca, Morocco; Dakar, Senegal; Monrovia, Liberia; Accra, Ghana; Lagos, Nigeria; Kinshasa, Republic of Zaire; and Nairobi, Kenya; and the terminal point Johannesburg, Republic of South Africa."

Add a new condition to read as follows:

"The authorization to serve Nairobi, Kenya, shall be limited to combination carriage only and shall expire on ."

UNITED STATES OF AMERICA
CIVIL AERONAUTICS BOARD
WASHINGTON, D. C.



Adopted by the Civil Aeronautics Board
at its office in Washington, D. C.
on the 13th day of September, 1979

-----	:	
Applications of	:	
	:	
PAN AMERICAN WORLD AIRWAYS, INC.	:	Dockets 15216
and	:	
TRANS WORLD AIRLINES, INC.	:	14882
	:	
for amendment of their certificates of public	:	
convenience and necessity under section 401	:	
of the Federal Aviation Act of 1958, as amended	:	
-----	:	
Applications of	:	
	:	
PAN AMERICAN WORLD AIRWAYS, INC.	:	Dockets 15217, 16568
and	:	
TRANS WORLD AIRLINES, INC.	:	15253
	:	
for exemptions under section 416(b) of the	:	
Federal Aviation Act of 1958, as amended	:	
-----	:	

ORDER TO SHOW CAUSE

We have before us the following applications of Pan American World Airways, Inc., and Trans World Airlines, Inc., for authority to serve various points in Africa:

- (1) Docket 14882: Application of TWA for amendment of its certificate for Route 147 to extend the route beyond Egypt to a terminal point or points in the Republic of South Africa via intermediate points in the Arabian Peninsula, Sudan, Kenya, Uganda, Tanganyika (now, part of Tanzania), and The Rhodesias and Nyasaland (now, Rhodesia, Zambia and Malawi).
- (2) Docket 15216: Application of Pan American for amendment of its certificate for Route 133 to extend the route beyond Accra, Ghana, to Lagos, Nigeria, and (a) beyond Lagos, the intermediate points Entebbe, Uganda, Nairobi, Kenya, and the terminal point Dar es Salaam, Tanzania and, (b) beyond Lagos, the remaining intermediate and terminal points already specified on the route (i.e., the intermediate point Leopoldville, Belgian Congo, (now Kinshasa, Republic of Zaire) and the terminal point Johannesburg, Republic of South Africa).

(3) Dockets 15217 and 16568: Applications of Pan American for extension of exemption authority granted it by Order 70-1-3 to serve on its Route 133 Nairobi, Entebbe, and Dar es Salaam beyond Lagos on flights also serving Lagos, and to operate flights on a New York-Rabat-Nairobi routing.

(4) Docket 15253: Application of TWA for extension of exemption authority granted it by Order 70-1-3 to serve Nairobi, Entebbe and Dar es Salaam on its Route 147 beyond Athens.

Neither TWA nor Pan American has actively prosecuted its certificate application. The carriers' East Africa exemption authorities granted by Order 70-1-3 have continued in effect, despite the December 31, 1971 termination date, because of the timely filing of their renewal applications under section 377.10 of the Board's Special Regulations and the automatic extension provisions of the Administrative Procedure Act (5 USC section 558(c)).

TWA ceased all service under the exemption after 1973. Pan American continues to provide exemption service but only to Nairobi.

We have decided to issue an order to show cause proposing to (1) amend Pan American's certificate for Route 133 to add Nairobi, Kenya, as an intermediate point on segment 1, and (2) dismiss the remainder of Pan American's certificate application in Docket 15216, its exemption applications in Dockets 15217 and 16568, and TWA's certificate and exemption applications in Dockets 14882 and 15253. We tentatively conclude that Pan American's service to Nairobi is required by the public convenience and necessity and that it is fit, willing and able to perform properly the air transportation and to conform to the provisions of the Act and the Board's rules. We also tentatively conclude that the remainder of Pan American's certificate application in Docket 15216 and TWA's application in Docket 14882 should be dismissed as stale, and that the carriers' exemption applications in Dockets 15217, 16568 and 15253 should be dismissed as unnecessary. Finally, we tentatively conclude that no oral evidentiary hearing is needed to take these actions, since there are no material determinative issues of fact requiring a hearing for their resolution.

Pan American first applied for certificate authority to Nairobi, Dar es Salaam and Entebbe in 1964 and 1965 (Docket 15216). Shortly thereafter, it applied for and received temporary exemption authority from the Board to serve the three East Africa points on its Route 133 (Order Nos. E-22581, August 26, 1965 and E-22977, December 7, 1965). With slight modifications, that authority was renewed through December 31, 1971. ^{1/} Because Pan American filed a timely application for renewal of its exemption, the authority has continued in effect.

^{1/} Order No. E-26090, December 8, 1967; and Orders 69-7-167, July 31, 1969 and 70-1-3, January 2, 1970.

Pan American has provided continuous service to Nairobi since awarded the exemption authority in 1965. It today provides the only direct service between the United States and Kenya, offering twice weekly B-747 round-trip service in the New York-Nairobi market. 2/ In view of Pan American's history of continuous service to Nairobi, and in consideration of the fact that certification, not exemption, is the norm under the Act, we tentatively find that it would be in the public interest to amend Pan American's certificate for Route 133 to add Nairobi as an intermediate point. Because all-cargo scheduled service to Kenya is at issue in the Transatlantic Cargo Service Case, Docket 30789, we propose to limit this authority to combination passenger/cargo service. We also propose to limit the authority to a five-year term. The United States does not have a bilateral air services agreement with Kenya. By limiting the duration of this certificate award, we or our successor will have the opportunity to review Pan American's service to the public in connection with any other applications that may be filed to provide certificated service to Kenya at the end of the five year period.

We propose to dismiss the remainder of Pan American's certificate application in Docket 15216, i.e., to serve Entebbe, Uganda, and Dar es Salaam, Tanzania, as stale. 3/ The request has been on file for over ten years and the carrier has taken no additional steps to prosecute it. The carrier is no longer serving either Entebbe or Dar es Salaam. 4/ Under these circumstances, we tentatively find that except to the extent proposed to be granted by this order, Pan American's application in Docket 15216 should be dismissed.

For similar reasons, we propose to dismiss Pan American's applications for renewal of exemption authority in Dockets 15217 and 16568. Since the carrier no longer serves Dar es Salaam or Entebbe, there is no basis to renew that authority. In addition, the award of the proposed certificate authority to Nairobi will obviate the need for exemption authority to that point. In order to permit Pan American to continue serving Nairobi until after final action is taken on its certificate amendment request, we propose to make this dismissal effective 90 days after final Board action in Docket 15216.

2/ Official Airline Guide, Worldwide Edition, August, 1979.

3/ Pan American's application in this docket also included service to Lagos, Nigeria. However, Lagos has since been added to Pan American's certificate for Route 133 (See Order 78-3-8). Consequently, this portion of its application in Docket 15216 is moot and will also be dismissed.

4/ Official Airline Guide, Worldwide Edition, August 1979 and July 1978.

TWA filed its application in Docket 14882 for new Africa certificate authority in 1963. It has taken no other procedural steps to pursue the authority. It filed its exemption request to serve Nairobi, Entebbe and Dar es Salaam in Docket 15253 in 1964/65. Although at one time it operated to all three points, after 1973 it ceased service. 5/ Under these circumstances, we tentatively find that we should dismiss the applications in Dockets 14882 and 15253 as stale and unnecessary, respectively.

Pan American over the past seven years has operated a maximum of three round-trip B-707 flights or two round-trip B-747 flights per week in the United States-Kenya market. 6/ We have no reason to believe that this pattern of service will be significantly expanded. For these reasons, we have determined that grant of this certificate authority will not constitute a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act of 1969 or a major regulatory action under the Energy Policy and Conservation Act of 1975.

Notwithstanding these tentative findings and conclusions, we wish to make it clear that we in no way desire to deter objections that might be asserted under the Federal Aviation Act, as amended, by carriers, civic interests or other interested persons. We will give interested persons 30 days following the service date of this order to show cause why the tentative findings and conclusions set forth here should not be made final; replies will be due within 10 days thereafter. We expect such persons to support objections, if any, with detailed economic analysis. An oral evidentiary hearing or discovery procedures may be requested. The objector should state in detail why such a hearing or discovery is considered necessary and what material issues of decisional fact he or she would expect to establish through such hearing or discovery that cannot be established in written pleadings. The objector should consider whether discovery procedures would alone suffice to resolve material issues of decisional fact; if so, the type of procedure should be specified (see Part 302, Rules 19 and 20 of our Rules of Practice); if not, the reasons why not should be explained.

ACCORDINGLY,

1. We direct all interested persons to show cause why we should not issue an order making final our tentative findings and conclusions stated above, and:

(a) Amending the certificate of public convenience and necessity for Pan American World Airways for Route 133 to add Nairobi, Kenya, as an intermediate point on segment 1, for a five-year period, with service to that point limited to combination carriage only;

5/ Official Airline Guide, Worldwide Edition, August 1979, and July 1971-July 1978, editions.

6/ Official Airline Guide, Worldwide Edition, August 1979 and July 1973-July 1978, editions.

(b) Dismissing the remainder of Pan American's application in Docket 15216;

(c) Dismissing Pan American's exemption applications in Dockets 15217 and 16568, effective 90 days after final Board decision on the proposed certificate amendment in paragraph 1(a); and

(d) Dismissing the applications of Trans World Airlines in Dockets 14882 and 15253;

2. Any interested person having objection to the issuance of an order making final the Board's tentative findings and conclusions shall, no later than October 19, 1979, file with the Board and serve on the persons named in paragraph 5 a statement of objections specifying the parts of the tentative findings and conclusions objected to, and include a summary of testimony, statistical data, and concrete evidence to be relied upon in support of the objections. Answers to objections may be filed no later than October 29, 1979;

3. If timely and properly supported objections are filed, we will give consideration to the matters and issues raised by the objections before we take further action; provided that we may proceed to enter an order in accordance with our tentative findings and conclusions set forth in this order if we determine that there are no factual issues present that warrant the holding of an oral evidentiary hearing or the institution of discovery procedures; 7/

4. In the event that no objections are filed, we will deem all further procedural steps to have been waived and we may proceed to enter an order in accordance with our tentative findings and conclusions; and

5. We will serve a copy of this order upon Pan American World Airways, Trans World Airlines, the Ambassador of Kenya in Washington, D.C., and the United States Departments of State and Transportation.

We will publish a summary notice of this order in the Federal Register.

By the Civil Aeronautics Board:

PHYLLIS T. KAYLOR

Secretary

(SEAL)

All Members concurred

7/ Since provision is made for the filing of objections to this order, we will not entertain petitions for reconsideration.

THE WHITE HOUSE
WASHINGTON

28 Feb 80

Stu Eizenstat

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

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON
February 28, 1980

Stu -
a) Did he ever go
there?
b) Alaska Officials:
Cong, State?
J

MEMORANDUM FOR THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT:

Proclamation on William O. Douglas

The attached Proclamation changes the name of the existing Arctic National Wildlife Range in Alaska to the William O. Douglas Arctic Wildlife Range. Gus, Anne, and I strongly recommend you sign this proclamation as a tribute to Justice Douglas.

We have planned that you make this announcement during your address this Friday on the Second Environmental Decade Celebration. Your draft speech has been prepared with this announcement in mind. We believe it will be a major highlight of the event and will be enthusiastically received.

OMB, Justice, Lloyd Cutler and the speechwriters have concurred in the Proclamation. Secretary Andrus also agrees with this recommendation and the Proclamation has been approved by the Interior Department.

2:00 pm

THE WHITE HOUSE
WASHINGTON

2/28/80

Mr. President:

A copy of the proclamation which you approved this AM will be at your chair in the Cabinet Room for you to sign during the 2:00 PM meeting.

Rick

MEETING WITH PRESIDENTS OF WOMEN'S ORGANIZATIONS

Thursday, February 28, 1980
 2:00 pm
 Cabinet Room

From: Sarah Weddington 

I. PURPOSE

To show the continued priority which you give to the ratification of the ERA by meeting with women's organizations on ratification. This meeting follows the December 13, 1979 and January 30, 1980 meetings with the same group.

To give an opportunity to discuss an approach to registration of women which will assist in the ERA effort and to ask their help.

To sign a Presidential message establishing National Women's History Week, March 2-8, 1980(if you agree to sign it).

II. BACKGROUND, PARTICIPANTS, AND PRESS PLANA. Background

From 1-2 there will be a meeting which I will chair which will include the following agenda:

AGENDA

1:00 Welcome - Sarah Weddington
 1:10 White House Conference on Families - Barbara Warden
 1:25 ERA - Linda Tarr-Whelan
 1:35 Women in the Military - Kathleen Carpenter
 2:00 President Carter
 2:30 Discussion

B. Participants

Same as before (see attached).

C. PRESS PLAN

White House photographer if you sign the message for National Women's History Week.

III. TALKING POINTS

A. Sign proclamation for National Women's History Week.

1. Many of the organizations in this room and others would like to emphasize the role of women in the history of this country.

It is important that this courageous role be understood as part of the framework for the ratification of the Equal Rights Amendment.

- B. I need your help to keep women in our package for registration.
1. I propose registration of women for non-combat status because it is the right policy. On grounds of ability or performance, there is no justification for excluding women. Women are increasingly important in the Armed Forces. They represent 8 per cent of the Armed Forces now and will represent 12 per cent by 1985.
 2. It is impossible to speculate how the Congress will act on this issue. But we will be working very closely with the Congress in the coming weeks to obtain the authority to register women.
 3. Any difficulty we may have in getting the necessary authority from Congress is not a reason for failing to seek that authority. The equal rights women deserve under the Constitution imply equal responsibilities. And it should be clear by now that I believe in proposing legislation which I regard as necessary and right -- whether it is assured of passage or not. Some of the most important measures I have proposed during the past three years were initially regarded as nearly impossible to pass (e.g., Civil Service Reform, Canal Treaties).
 4. Registration of women is not currently authorized and any supplemental appropriation at this time will be limited to the registration of men. An additional \$8.6M will be needed to cover the costs of registering women once an authorization is enacted. The House Armed Services Committee is tentatively scheduled to hold hearings on the registration of women in March.
 5. I believe that this question is relevant to the passage of the ERA. The acceptance of equal responsibility is a fact of life for women - as it once was with 18 year old Americans who did not have the right to vote. The impetus for passage is strengthened as there is increased recognition of the need for equal rights under the Constitution.
- C. Progress on ERA since the last meeting in January.
1. We have suffered another defeat for ERA due to the vote of one man. In the Virginia Senate one Senator refused to vote, thereby depriving the Lt. Gov. of the opportunity of casting the necessary 21st vote for passage.
 2. On February 12, Abraham Lincoln's Birthday and Oglethorpe Day in Georgia, we had the first of a series of White House briefings on the ERA. We had approximately 150 participants from Illinois, Florida, Missouri, and Georgia. This briefing, like others we have done on major issues such as the Panama Canal treaty was designed to educate opinion leaders, to recognize state leadership and to increase the dedication of the participants to passage. I know some of you attended. We'll be planning others.

V. Other issues which may be raised

A. ERA Boycott

Q. In the Press Conference on February 13, 1980, you noted that it was not the policy of this Administration to support the ERA boycott. Is this a change in position and why doesn't the Administration support the boycott?

A. While this may be a very effective tool in the private sector, it is not appropriate for the Federal government and the President to boycott any state on any issue.

B. State ERA Passage

Q. In our last meeting with you, you mentioned possible support of State ERA's. What is your feeling on this matter?

A. I have received information from Sarah Weddington that clearly shows that the passage of state ERA legislation, particularly where there has not been passage of the Federal amendment to the Constitution, is a tactic used by the opponents. It delays action, uses up the resources of the proponents, and generally does not improve the lives of women in the state.

I believe that our appropriate agenda is the passage of the 27th Amendment to the Constitution.

PRESIDENTS OF NATIONAL WOMEN'S ORGANIZATIONS

MEETING WITH PRESIDENT CARTER

FEBRUARY 28, 1980

American Association of University Women	Mary Grefe President
B'Nai B'rith Women	Edna Wolf Executive Director
Church Women United	Martha Edens General Director
Coalition of Labor Union Women	Gloria Johnson Treasurer
ERAmerica	Suone Cotner Executive Director
General Federation of Women's Clubs	Mary Elizabeth Quint President
Girl Scouts of America	Mary Frances Peters Washington Representative
Girl's Clubs of America	Jane Pratt President
Federally Employed Women	Dorothy Nelms President
League of Women Voters	Ruth Hinerfeld President
Mexican-American Women's National Association	Lupe Aguierre First Vice President
National Association of Commissions on the Status of Women	Patricia Hill Burnett President
National Association of Cuban- American Women	Ana Marie Perera President
National Association of Junior Leagues	Martha Bankson Washington Area Coordinator
National Black Hook-up	Shirley Small-Rougeau Executive Director

National Conference of Puerto Rican Women

Gladys Zeda
National Board Member

National Council of Jewish Women

Miriam Salkind
Washington Representative

National Council of Negro Women

Bette C. Thomas
President

National Federation of Business and
Professional Women's Clubs

Julie Arri
President

National Federation of Democratic Women

C. Delores Tucker
President

National Women's Political Caucus

Representative Kathy Wilson
ERA Chair

Women's Equity Action League

Cris Candela
President

Young Women's Christian Association

Nancy Skallerup
Vice President-at-large

OBSERVERS

Congressional Women's Caucus

Susan Scanlan
Staff Assistant

Democratic National Committee

Ester Kee
Coordinator for Asian
Affairs

Federal Women's Program

Diane Herrmann
Director



ADMINISTRATION ATTENDEES

FEBRUARY 28, 1980

Betty Anderson
Undersecretary of Treasury

Joan Bernstein
General Counsel
HEW

Barbara Blum
Deputy Administrator
EPA

Pat Derian
Assistant Secretary of State

Carol Foreman
Assistant Secretary of Agriculture

Stella Hackel
Director
Bureau of the Mint

Alexis Herman
Director
Women's Bureau
DOL

Ann Hoffman
Executive Assistant
to the Attorney General

Mary King
Deputy Director
ACTION

Janice Mendenhall
Deputy Regional Administrator
National Capitol Region, GSA

Azie Taylor Morton
Treasurer of the United States

Eleanor Holmes Norton
Chair
EEOC

Graciela Olivarez
Director
CSA

Donna Shalala
Assistant Secretary
HUD

BACKGROUND BRIEFING MATERIALS INCLUDE:

National Women's History Week

Selective Service Registration of Women

State ERA's

Virginia and Illinois ERA

NATIONAL WOMEN'S HISTORY WEEK

Fifty women's organizations and the American Historical Association have joined to request that you proclaim March 2-8, 1980, as National Women's History Week. There is real concern that there has never been adequate recognition of the role of women in U.S. history. Recognition at this time would increase visibility for the ERA.

SELECTIVE SERVICE REGISTRATION OF WOMEN

There are many variations of opinion regarding registration of women and the effect this will have on ERA. Very few of the organizations which will meet with you have official opinions on registration, although many have resolutions opposing the draft and see registration as the same issue.

Many activists in the women's movement were also activists in the peace movement. Thus, many women's groups are opposing registration of men or women.

The Women's Equity Action League has taken a position that if there is registration for men, women should register as well.

The National Women's Political Caucus has noted opposition to the draft and registration but also noted that any registration should be for women as well as men. This is also the position of the YWCA.

The Business and Professional Women do not take a position on the draft or registration but are strongly in favor of equal employment opportunity for women in the military.

The best arguments from an ERA point of view are:

- the concept of full equality of rights and responsibilities.
- the leadership already shown by women in the military which is now 8% and soon to be 12% of the armed services.

STATE ERA AMENDMENTS

State Equal Rights Amendments have proven to be elusive and ineffectual tools for positive national efforts toward ratification of the Federal amendment. They are a diversionary tactic usually advanced by the ERA opponents as a public relations ploy and used to divert energies and dollars away from serious ratification campaigns.

The State amendments/legislation is seldom of assistance in protecting the rights of women. Of the 16 states with a state statute, only those states which have ratified the Federal Amendment are truly effective with the single exception of Illinois. Examples of State ERA's that carry little or no legal weight are Utah and Virginia. In many cases State ERA activities are non-binding referenda or advisory acts which legislators use for their own platform.

As ballot issues the State ERAs have always lost in off-year elections, even in "liberal" states such as New York and New Jersey. Elections in Presidential years have been won in Colorado and Massachusetts.

State ERA campaigns have increasingly cost scarce resources - up to a half a million dollars in Florida. National organizations active in the ERA fight will not fund a move by proponents or opponents nor defend a move by any legislator to place a State ERA on the ballot.

Until the Federal Constitution is amended, State ERA efforts are counter-productive.

Virginia and Illinois ERA Progress

Virginia - On February 12, 1980 the Senate voted on ERA. Twenty-one votes were needed for passage. One Senator, Chichester of Fredricksburg, refused to vote although an opponent. By this tactic, a 20-20 tie was avoided. Chuck Robb was willing to vote in favor. The measure is dead for this year. The House would not have voted favorably.

Illinois - The Illinois vote will be scheduled for the end of May or the beginning of June. Members of my staff have spent several days in the state and bring the following report:

1. Chances for passage must be assessed after the March 18 primary. In several races, pro-ERA challengers are running against anti-ERA incumbents (particularly Republican).
2. Passage will be difficult and will require concerted action by the grassroots lobby groups, the sponsors and the elected leadership. The last vote count two years ago cannot be used as a guide due to the wholesale changes in the state.
3. Several Carter delegates who are Senators or Representatives are active in their anti-ERA stand. I believe that they should be approached after the primary to see if their votes are moveable.
4. The grassroots lobby and the AFL-CIO are more active than they have ever been. Their strategy is, at this time, removed from that of the sponsors and leadership. Particular problems are the choice of which house will vote first and who will be the sponsor in each house.
5. The Coalition of Women of Colors, with staff effort from this office, have a major meeting this week with clergymen from the minority community.



NATIONAL WOMEN'S HISTORY WEEK

March 2-8, 1980

From the first settlers who came to our shores, from the first American Indian families who befriended them, men and women have worked together to build this nation. Too often the women were unsung and sometimes their contributions went unnoticed. But the achievements, leadership, courage, strength and love of the women who built America was as vital as that of the men whose names we know so well.

As Dr. Gerda Lerner has noted, "Women's history is women's right -- an essential, indispensable heritage from which we can draw pride, comfort, courage, and long-range vision."

I ask my fellow Americans to recognize this heritage with appropriate activities during National Women's History Week, March 2-8, 1980. I urge libraries, schools, and community organizations to focus their observances on the leaders who struggled for equality -- Susan B. Anthony, Sojourner Truth, Lucy Stone, Lucretia Mott, Elizabeth Cady Stanton, Harriet Tubman, and Alice Paul.

Understanding the true history of our country will help us to comprehend the need for full equality under the law for all our people. This goal can be achieved by ratifying the 27th Amendment to the United States Constitution: "Equality of rights under the law shall not be denied or abridged by the United States or by any State on account of sex."

THE WHITE HOUSE,

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

28 Feb 80

Secretary Duncan

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

Rick Hutcheson

cc: The Vice President
Zbig Brzezinski
Jack Watson
Stu Eizenstat



THE SECRETARY OF ENERGY
WASHINGTON, D.C.

27 February 1980

*Charles.
Call him. Make
every effort to
hold down price.
(I would like
to cut
import
volume)*

C. W. Duncan, Jr.

MEMORANDUM FOR: THE PRESIDENT
FROM: Charles W. Duncan, Jr.
SUBJECT: Mexican Gas Pricing

As I indicated might be the case in my latest memorandum to you on Canadian gas pricing, the Mexican government is now seeking an increase in the Mexican gas border price. In conversations over the past five days with representatives of the U.S. pipeline companies, PEMEX President Diaz Serrano has indicated that Mexico cannot stay more than \$.80 below the new Canadian price, and that a pricing change must be undertaken.

The proposed plan for dealing with this situation outlined below has the support of the Department of State, Henry Owen and Stu Eizenstat.

As a practical matter, the Mexicans cannot accept a price lower than the Canadian price. We cannot tolerate a Mexican renegotiation that leads to further leapfrogging with the Canadian price. Assuming the Canadians keep their pre-election commitment to us to freeze their gas price until June 1 and then apply their pricing formula on a 70 to 90 day lag, the future Canadian price starting in April or May will return to acceptable competitive fuel pricing levels. If necessary, therefore, an amendment to the Mexican agreement that provides them with the higher of their existing contract price or the Canadian price could be acceptable to us once the Canadians confirm our pre-election gas pricing understanding. Given the difference between the Mexican \$3.625 price and the \$4.47 Canadian price, it is unlikely that the Mexican price would ever exceed the Canadian price.

After difficult discussions, the Companies report that PEMEX is willing to accept this most favored nation with Canada approach, and want a response on such an agreement in the next several days. The difficulty is that the Canadians will not be in a position to finalize our understanding until a new energy minister is appointed, which is likely to take at least several more weeks. If we are forced to agree to an increase of the Mexican price before this agreement is finalized, regulatory approval of such a Mexican price tied to an unknown Canadian price would not be possible.

Thus, if this approach is acceptable, I would propose to call Diaz Serrano and seek his agreement for a several week delay in any Mexican action in order to give us enough time to firm up the Canadian understanding. If pressed, I would propose to him an April 1 effective date, which should leave us enough time to settle matters with Canada.

If this is not successful, and the Mexicans remain serious about immediate action, we might then have to consider an interim regulatory action (through May 15), like that taken with Canada. As a regulatory matter, however, this will be most difficult because the companies purchasing from Mexico have a much less compelling need for the gas than those purchasing from Canada. The several week delay would be far more desirable.

I would propose to call Diaz Serrano as soon as I hear back from you concerning the acceptability of this approach.

3:00 PM

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

MEETING WITH THE PRESIDENT
Thursday, February 28, 1980

3:00 p.m., The Roosevelt Room

PURPOSE:

To discuss anti-inflation policy.

PARTICIPANTS:

The Vice President
Secretary Miller
Secretary Duncan
James McIntyre
Stuart Eizenstat
Alfred Kahn
Charles Schultze

Paul Volcker

OFF-THE-RECORD

AGENDA:

Budget Options
Monetary Policy Options
(Including Credit Controls)
Wage-Price Options
Energy

BACKGROUND PAPER: To be provided by the Treasury Department
after principals' meeting at 11:00 a.m.
Thursday.

**Electrostatic Copy Made
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NAME GOVERNOR BILL CLINTON

1061

TITLE _____

CITY/STATE _____

Phone Number--Home (501) 376-6884

Work (501) 371-2345

Other () HOSPITAL: (501) 224-1480

Requested by Phil Wise

Date of Request 2/28/80

INFORMATION (Continued on back if necessary)

BILL CLINTON AND HIS WIFE HILLARY HAD THEIR FIRST CHILD LAST NIGHT --

AN "UPPITY" GIRL (CHELSEY) 6 LBS. -- 2 WEEKS PREMATURE BUT OKAY.

YOU MAY WANT TO CALL OR SIGN ATTACHED LETTER.

NOTES: (Date of Call NO)

**Electrostatic Copy Made
for Preservation Purposes**

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

February 27, 1980

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze ^{CLS}

Subject: Merchandise Trade Deficit in January

Tomorrow (Thursday, February 28) at 2:30 p.m., the Commerce Department will release the January figures on the foreign trade deficit. The deficit increased by \$0.5 billion in January; imports rose \$1.3 billion, while exports increased \$0.6 billion. The rise in imports occurred despite a decline in the dollar volume of oil imports.

The level of the deficit in January that will be published tomorrow is \$4.6 billion. The reason this sounds very high is because of the new basis on which the trade figures are being published.

As the result of an amendment inserted by Senator Long into the Trade Agreements Act, the Commerce Department is now required to release monthly import numbers initially on a c.i.f. basis (i.e., the import values include cost, insurance, and freight). Up to now, import numbers were released simultaneously both c.i.f. and f.a.s. (free alongside ship -- excluding insurance and freight). Henceforth, the f.a.s. numbers will be made available publicly only 48 hours after the c.i.f. numbers.

During 1979, imports based on c.i.f. values were \$12.6 billion higher than f.a.s. imports. Freight and insurance charges generally ran close to a billion dollars per month. By including these charges in merchandise imports, the measured trade deficit is correspondingly enlarged, since exports are recorded only f.a.s.

Commerce, Treasury, and other agencies have alerted the press to the fact that this change is only one of accounting, and not substance. There is nevertheless a risk of misinterpretation. The apparently larger deficits may get played up as indicating a weaker U.S. trade position. Unfortunately, the widening of the deficit in January from December will compound this problem.

We will continue to receive, privately, f.a.s. and c.i.f. numbers together. The f.a.s. numbers also show a widening of the deficit in January by \$0.6 billion to a level of \$3.6 billion. These f.a.s. numbers cannot be divulged publicly under law until Monday.

For balance of payments analysis, f.a.s. import numbers are the appropriate ones. This is because some insurance and freight payments recorded with imports are in fact payments to U.S. shippers. Conversely, U.S. shippers receive freight and insurance payments on U.S. exports which are not recorded in merchandise exports.

THE WHITE HOUSE
WASHINGTON

28 Feb 80

Jim McIntyre

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

Rick Hutcheson

cc: Jody Powell

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

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

ACTION
FYI

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

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



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

*Jim up -
keep it J*

FEB 27 1980

MEMORANDUM FOR THE PRESIDENT

FROM: Jim McIntyre *Jim*

SUBJECT: Agency Furniture Procurement and Management

We have been actively involved with Senator Chiles and Administrator Freeman of GSA in improving agency furniture management since last October. At that time you asked me to put a stop to the dumping of usable government furniture and assure that we control the situation in the future.

I am planning to announce several actions I am taking to bring about permanent reform in the management of furniture and other high-value property by departments and agencies. These include my:

- . issuance of an order placing an immediate freeze on the procurement of new office and household furniture by the agencies; and *good*
- . endorsement of Administrator Freeman's proposed government-wide furniture management plan. *good*

Admiral Freeman's proposal requires the agencies to submit furniture expense plans to OMB for approval. It also involves a series of aggressive management actions, including returning furniture not being used by agencies to GSA for use elsewhere and forcing greater use of rehabilitated furniture. I plan to keep my freeze order in effect until GSA has initiated its government-wide furniture management plan and OMB has approved each agency's furniture expense plan for 1981.

My announcement should appear in the press on Thursday. We have coordinated these actions with Senator Chiles.

THE WHITE HOUSE
WASHINGTON

2/26/80

Mr. President -

The attached letter was sent to every fuel dealer in New Hampshire as a result of our briefing in the White House last month. See especially the last paragraph on page 2.



P.S. I am submitting a phone call request separately.

Charles H. Burkhardt

February 20, 1980

Dear

At this time, it is important that we call to your attention, the outstanding record of President Carter in supplying America with a balanced energy program as well as facing the realities and problems that result in over-consumption. The program of the President has been extremely effective and has reduced imports of petroleum by a million barrels per day since he took office.

Further, the President has been in the forefront of activities that directly affect and enhance the viability of independent heating oil marketers. Among these was his extraordinarily successful effort in achieving primary storage of 240 million barrels of home heating oil throughout the major heating oil marketing areas in the United States before the winter set in. Never in my forty years with this industry has New England gone into a winter season with 24 million barrels of home heating oil in reserve--more than one quarter of our year's supply. This unusual achievement was directly due to the determination of the President to live up to his commitment made in a speech in New Hampshire last year. Further, the Small Business Administration's activities, and especially the office of advocacy which was recently instituted by the President, have been of great value and distinct timely advantage to the economic viability of our small business industry.

The newly instituted Small Business Loans Program and the substantially changed criteria for heating oil marketers' eligibility for such loans, has saved many of our dealers from financial extinction, and will prove to be substantially more effective as time goes on.

During NEFI's recent briefing at the White House, where three hundred of us were so graciously and hospitably received, the President, in an eighteen minute speech, addressed himself to the four major problems facing us. These were: supply; reasonable credit terms from refiners; the issuance of supply contracts by suppliers in the spring instead of fall of this year; and further development of programs by the Small Business Administration that would help our industry survive.

Charles H. Burkhardt

-2-

February 20, 1980

The President further noted our efforts and those of New England consumers in achieving a high degree of heating oil conservation. He emphasized that consumption of heating oil in New England was down 20.4%, and what is more important, he reiterated strongly, his intent to allow a free market to operate at the retail and wholesale levels of heating oil distribution.

In the course of my forty years with this industry, no President has ever applied himself so diligently, effectively, and beneficially to policies that directly ensure the viability of our small business industry. We owe the President a debt of thanks for his dedicated efforts and you can express this clearly and emphatically by supporting him in the coming primary in New Hampshire as well as in the election that will follow next November.

Sincerely

CHB/slr

8:00 AM

THE WHITE HOUSE

WASHINGTON

February 27, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*
SUBJECT: Domestic Policy Breakfast
February 28, 1980
8:00 a.m. (1 hour)
Cabinet Room

Participants

Cecil Andrus
Bob Bergland
Neil Goldschmidt
Philip Klutznick
Moon Landrieu
Jim McIntyre
Charles Schultze
Jack Watson
Stu Eizenstat
Al McDonald

Vice President

AGENDA

I suggest that we focus the discussion primarily on post-New Hampshire strategy and the politics and presentation of economic policy.

New Hampshire

The Secretaries will be interested in hearing your personal views on the New Hampshire and Minnesota results. We should also discuss our overall strategy for the next several weeks, particularly the primaries in Illinois on March 18 and New York on March 25.

As I mentioned to you briefly on Tuesday, at Tim Kraft's request, I am working with the campaign to develop a five-week master schedule for Cabinet officials and senior White House staff specifically targetted on New York. We need to take maximum advantage of media opportunities in New York so that the Administration's visibility there will be high between now and March 25. You might mention to the Secretaries that they will be hearing from me soon about specific requests for appearances, speeches, interviews, etc. in New York.

Economic Policy

As you know, there is considerable press attention being given to your recent meetings with economic advisors on inflation. Since these are the Cabinet officials who do the most substantial campaign traveling, it is very important for them to understand the current review of economic and budget policies, and the options being considered. I suspect they will have some advice about how best to present any new actions in this area from a political point of view.

It is also important from an operational viewpoint for them to know what is being considered with respect to possible further cuts in the FY 1981 budget. Bob Bergland called me today for guidance on some decisions he has to make within the next few days that will be affected by decisions you are likely to make soon regarding further anti-inflation/budgetary actions. Even though these Secretaries are not your primary economic advisors, there is no subject more relevant to them than the economic situation and your general views on what to do about it. I recommend that most of the discussion be devoted to this subject.

Draft Registration

This issue continues to be controversial and misunderstood. Neil, in particular, would like to discuss the "politics" of registration and how best to deal with the issue.

Iran

Given recent developments concerning the hostages, you might want to brief the Secretaries on the overall situation, especially since they are having to answer questions about it all the time.

cc: Vice President
Stuart Eizenstat
Al McDonald

THE WHITE HOUSE
WASHINGTON
2/28/80

Rick Hertzberg

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

Rick Hutcheson

1247

THE WHITE HOUSE
WASHINGTON

February 27, 1980

MEMORANDUM FOR THE PRESIDENT

From: Rick Hertzberg *Rick*
Subject: "The Elephant Man"

Rick
Richmond was
effusive in his
praise for
Gordon -
J

After dinner in the East Room last evening, when Philip Anglim, star of "The Elephant Man," was talking about how the play happened to become a Broadway hit, he mentioned "some invaluable preliminary work by Gordon Stewart."

You may well have wondered what one of your speechwriters could possibly have had to do with a play you and a passel of governors were about to see.

The answer -- to make a long story short -- is that Gordon was the original director of "The Elephant Man."

Before coming on board here, Gordon's career had been divided about equally between politics (with John Lindsay and Howard Samuels, among others) and the theatre (he is a graduate of the Yale Drama School and has directed and/or written plays, movies and TV dramas).

Richmond Crinkley selected Gordon to direct "The Elephant Man," and Gordon did the original casting and blocking, as well as working with the author to rewrite the play.

Then Gordon had a sudden and serious illness -- his lung collapsed, the opening of the play was postponed, he had minor surgery, the opening was postponed again, and finally he had major surgery and was forced to leave the play. His successor won the Tony Award for best director -- partly on the strength of Gordon's work.

One of the things Gordon did as director was to cast Philip Anglim in the lead role.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

WASHINGTON, D.C. 20460

February 27, 1980

REPORT TO THE PRESIDENT

THE ADMINISTRATOR

FROM: Douglas M. Costle

Last Thursday I announced standards, mandated by the Clean Air Act, that will reduce by 74 percent the amount of soot expected to be emitted by diesel cars and light trucks. An initial standard, effective in 1982, will hold the line while technology is developed to enable all diesels to meet a tougher standard for 1985.

The standards are feasible, cost effective, and will not prevent automakers from rapidly expanding diesel production. Indeed, almost all diesels already meet the 1982 standard and some, such as the Volkswagen Rabbit, almost meet the 1985 standard.

Background Information:

Americans seeking to save fuel are buying diesel vehicles in record numbers. (Diesels get about 25 percent better gas mileage than similar gasoline powered cars.) We anticipate one of every five new cars sold in 1990 will have a diesel engine - up from one of twenty new cars today. Yet, the diesel power plant is dirty, emitting about 30 to 70 times more particles of soot than a gasoline vehicle.

Expansion of our diesel fleet will worsen an already serious particulate problem in large cities. Exposure to high particulate concentrations can cause or aggravate bronchitis, emphysema, asthma and other respiratory diseases, especially among children and the elderly.

Diesel particles are emitted at ground level where people are much more likely to be exposed, and are so small that they penetrate the deepest, most sensitive areas of the lungs. In contrast to larger particles which are cleared from the respiratory system within a few days, diesel particles can remain for months, interfering with vital gas exchanges.

Finally, there are thousands of chemicals attached to diesel particles. Some of these chemicals are known to cause cancer in animals. Although it is too early to draw definite conclusions about the cancer risk to people, we are increasingly concerned. We have a \$10 million research effort underway, which will tell us whether additional control is required.

A handwritten signature in black ink, appearing to be "D. Costle".

KV

NAME Secretary Miller

1056

TITLE Secretary of Treasury

FM

CITY/STATE _____

Requested by Frank Moore

Phone Number--Home () 566-2533

Date of Request 2/27/80

Work () _____

Other () _____

INFORMATION (Continued on back if necessary)

You should congratulate Secretary Miller on getting the Windfall Profits Tax conference to complete its work and compliment the Secretary and his staff for their hard work and effectiveness. Two staff persons who should be mentioned are: Assistant Secretary Gene Godley and Assistant Secretary Don Lubick.

NOTES: (Date of Call 2-27)

done

THE WHITE HOUSE
WASHINGTON

February 26, 1980

MEMORANDUM FOR THE PRESIDENT

From: Al McDonald
Rick Hertzberg *Lick*
Gordon Stewart *Gordon*

Subject: Presidential Speech:
Reception for Law
Enforcement Officers

Scheduled delivery:
Thur, Feb 28, 1980
4:30 P.M.

The Presidential speech for this event is attached.

Clearances

David Rubenstein
Louis Martin
Gene Eidenberg

[Any changes in the salutation
will be supplied no later than
12:30 p.m. Thursday by
Michael Rowny, x7873.]

Gordon Stewart
Draft A-1; 2/26/80
Scheduled for delivery:
Thurs., 2/28/1980, 4:45 p.m.

4-130

Remarks at the White House Briefing for State and Local
Law Enforcement Officials

recipients of Justice Dept. awards,^{*}
Attorney General Civiletti,[^] law enforcement officials
from around the country, ladies and gentlemen --

I want to welcome you to the White House. And I want to
say a special word of welcome to the newest member of our
team at the Department of Justice -- the new Deputy Attorney
General, Judge Charles Renfrew. Today is his first day on
the job.

Our nation's tasks at home and abroad cannot be separated.
As I said in my State of the Union address, "It has never been
more clear that the state of the Union depends fundamentally
on the state of the world -- and that the state of freedom and
peace in the world depends on the state of our American Union."

* chg. per Michael Rowney / AL McDonald

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While we work to build our military strength and energy security, we must never stop working to build the just society for which America stands -- because the true promise of America is not raw military power but the power of equal justice for all.

Whether a crime takes place in the street, in a home, or in a business, our whole society suffers the pain, the loss, and the erosion of confidence in the rule of law. That is why every person in our society has a vital stake in a system of justice that is strong, swift, and sure.

You who work to uphold and strengthen justice throughout America have complex and demanding jobs. You must balance many conflicting pressures -- often with scarce resources. You must face up to impatience, pressure for instant solutions, and the easy promises of simple slogans.

I know something about those kinds of pressure -- just as

*Feb 1st/60
Kammun/Coop*

I know how absolutely vital the fairness and firmness of our legal system is to the cohesion of our society. I also know that even the best and most rigorous law enforcement cannot, by itself, achieve a society dedicated to fair and certain justice. A truly just society depends on the strength of its fundamental values -- honesty, equality of opportunity, and respect for the law. By renewing the vitality of those principles in action, by rekindling the idealism of America, each of us can attack the cynicism and frustration that underlie so many crimes.

We must also renew our efforts to eliminate dehumanizing poverty. Between unemployment and frustration, rage and crime there is -- and always has been -- a deadly connection. That is one reason why the Youth Education and Employment Program I announced last month is a measure whose passage must not be postponed.

Above all, public officials themselves must set the highest

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example of justice and fairness. A top priority for me as President has been to restore the historic integrity of this high office and its commitment to the even-handed administration of justice throughout America. I am proud that today our Justice Department has the independence and competence it requires to administer the laws of this nation with total integrity. I am proud that the highest office of your profession is prepared to help you serve the people. *I back FBI*

From the moment I considered running for President, I had as a goal the rebuilding of public confidence that the Office of the Attorney General is truly the people's advocate, not the President's personal defender.

I have worked to strengthen our overall justice system in several ways -- among others, by actively supporting the passage of the legislative charter for the FBI, by promoting revisions in the Federal Criminal Code to provide for fair

sentencing, and by reorganizing the Law Enforcement Assistance Administration.

I have placed Inspectors General in the Federal Departments and Agencies to stop fraud and abuse. Above all, I will continue to work for federal support of state and local law enforcement -- because you are our nation's first and most important line of defense against crime.

In important areas where the federal government has special capacities, we will use them to help you.

¶ For example, we have developed joint attacks on white collar crime -- which is especially damaging to public confidence in the fairness of our society.

¶ We have assigned more federal agents to fight organized crime, and our strike forces across the country are conducting deep, long-term investigations that will

lead to significant prosecutions and convictions.

¶ The Justice Department is investigating and will vigorously enforce federal criminal laws against the perpetrators of racial violence, such as the Ku Klux Klan.

¶ Our programs to stop repeat offenders, who commit a high proportion of dangerous, violent crimes, led to the identification and prosecution of thousands of such "career criminals," at a conviction rate of 94 percent.

¶ Last year, arson took over one thousand lives and caused over one billion dollars of destruction. We recognize it as the fastest rising crime -- and are helping you to stop it.

¶ You have heard today from the Attorney General and

other federal law enforcement officials about steps being taken both here and with our allies to deal with the influx of heroin from Southwest Asia, and the actions that you can take to help in a national drug effort.

¶ I am absolutely determined we will meet this problem.

Last month in the State of the Union Message I summarized the substantial progress that we have made against heroin -- reducing the number of heroin addicts from half a million to 380,000; cutting heroin deaths by 80 percent; and reducing the number of heroin-related injuries by 50 percent.

I want you to know today that just as the American people count on you in the fight for true justice -- so you can count on me to support you.

I am proud of all we have achieved together, and confident

that we will continue to build respect for certain, equal justice in America -- and respect around the world for the values, spirit, and practice of our American society.

Working together, we have shown that by careful targeting of problems and dedicated action we can make the kind of real progress that slogans and scare rhetoric can never accomplish.

You know this, we know this -- and I believe the people know this. The more we do together, the more support we find for fair and firm law enforcement from all parts of our society -- because in the end only a just society can be a strong society.

###

Clough

THE WHITE HOUSE
WASHINGTON

*do not
have
orig.*

February 22, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: Al McDonald
Rick Hertzberg
Gordon Stewart *scg*

SUBJECT: Presidential Speech:
Law Enforcement
Briefing *thurs. 2/28*

Attached for your modification and approval is the speech strategy for the above speech as worked out at a speech-planning meeting earlier today.

PRESIDENTIAL SPEECH STRATEGY

LAW ENFORCEMENT BRIEFING

(Group or Event)

Thursday, February 28, 1980
(Date)

4:45 P.M.
(Time)

East Room
(Place)

Gordon Stewart
(Speechwriter)

- ¶ Audience description: 75-100 state Attorneys-General, police chiefs, county prosecutors, district attorneys, etc.
- ¶ Purpose: To cap their day-long briefing with a short, strong statement of the President's commitment to law enforcement.
- ¶ Theme: The foreign crises have made it clear that to be strong abroad we must continue to strive for a just society at home -- and a just society begins with respect for the law and with public officials, starting at the top, who value and uphold the integrity and independence of our Criminal Justice System.
- ¶ Main topics:

Federal efforts have been targeted at both the most complex kinds of crimes and the most dangerous types of criminals:

- 1) White-collar crime
- 2) Career Criminal Program
- 3) Anti-arson program
- 4) Victim-witness program
- 5) Drugs
- 6) Organized crime
- 7) Environmental violations

Youth Employment initiative

International cooperation in law enforcement

Federal/State cooperation

¶ Tone: Forceful

¶ Length: 8-10 minutes

¶ Notes:

Caution: In the drug area, both DPS and NSC stress that, while we wish to show firmness, solidarity, and preparedness, we do not want to stimulate public fears of a new "drug plague" coming from Iran, Afghanistan, and Pakistan.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

February 28, 1980

FOR : RICK HUTCHESON
FROM : MICHAEL ROWNY

R

*Chg. noted
or Pres. remarks
SB*

The saluation of the President's speech to the law enforcement officials this afternoon should be changed to reflect the fact that five of them are being given awards today by the Attorney General in recognition of their achievements in law enforcement. The revised opening paragraph should read as follows:

"Attorney General Civiletti, recipients of Justice Department awards, law enforcement officials from around the country, ladies and gentlemen -- "

(Added language underlined in red)

cc: Suzanne Brooks
Gretchen Poston
Gordon Stewart

2/28/80 LAW ENF MTG 2-28-80
AG CIUILETTI - JUSTICE DEPT AWARD
HEROIN & ARSON

Reception/Law Enforcement Officials
WELCOME - MY SUPPORT
MIL - PEACE - JUSTICE
CRIME - PAIN, LOSS, & CONFIDENCE
CONFLICT PRESSURE - LIM RESOURCES
FED/ST/LOC COMMUN/COOP
INTEGRITY → TRUST
ORGAN/WM COLLAR CRIME
RACIAL VIOLENCE - KKK
CAREER CRIMINALS
ARSON - FASTEST RISING
HEROIN - DEATHS → 80%

Luncheon 2-28-80

ANDERSON - ECON - ROCKEFELLER

BRIMMER - ECON - PRIVATE

MS COBB - BIO - RUTGERS

HAMILTON - POL - COLUMBIA

MS JONES - ED - HOWARD

PROF LEONARD - ED - FISK (ALMA)

MASSEY - PHYS - ARGONNE LAB

WATSON - ED - TEMPLE

WHARTON - ECON - STU of NY

WILSON - SOCIO - U of CHICAGO

Private Luncheon
Thursday, 2/28/80

(Black economists,
social scientists and
educators)

Meeting with Economic Advisers re
Inflation Thursday, 2/28/80

THE WHITE HOUSE
WASHINGTON

Econ/infl mktg

2-28-80

Industry slow down investment?
REIT's ? speculation re H
Big deals \Rightarrow housing, enviro, energy
shopping centers, Industrial bond deals, etc

80 budget

81 "

HCC

Oil import fee

Consumer credit

Commodity speculation

~~PERSONAL AND CONFIDENTIAL~~

NOT FOR CIRCULATION

THE WHITE HOUSE

WASHINGTON

February 27, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: Inflation/Budget

As you are about to get detailed papers from OMB and the EPG on the inflation problem, I wanted to give you my overview of the situation.

It is critical that in forcefully dealing with the problem -- and there is no question from my contacts with a wide range of Congressmen and others that forceful action is necessary -- you not take action in dealing with inflation which is itself inflationary (e.g. import fees) or which unfairly asks for sacrifice from those least able to give it.

I am convinced that the American people -- even on the budget -- will accept sacrifice if it asks equitably for sacrifice.

There are a number of factors you should consider if you feel that proposing a balanced budget for FY 1981 is necessary -- as it may be.

(1) In these times of great uncertainty -- when foreign events are at best frightening and economists admit they can neither predict the course of the domestic economy nor offer sure solutions to its problems -- what Americans want most from their President is a sense of control. To announce a dramatic program and then have it quickly rejected on the Hill -- or even to have it sharply criticized by key leaders -- would be a great mistake. Both inflationary expectations and our political standing would suffer badly.

This argues both for care in designing the program and for consultation before it is announced.

(2) It is not clear that a balancing of the 1981 budget is necessary to provide the needed psychological boost -- and certainly it is not necessary that it all be accomplished on the expenditure side.

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Tony Solomon believes that reductions in the '80 budget, combined with a firm commitment that the '81 budget will not be allowed to increase, would adequately bolster business confidence. Belief that the '81 budget is "soft" is -- I believe -- not based on the 1981 budget itself, which is tight, especially in the domestic arena (-1.0% real growth). It is based on experience with the '80 budget, plus a sense that a defense-spending led boom is coming. Since the '80 budget was announced, budget authority has been increased by \$38.4 billion and outlays have been increased by \$32 billion. The bulk of these additional expenditures have been caused by increased interest payments, inflation, the defense increase, and the need to support grain prices. But, whatever the cause, the effect is a belief both that the '80 budget is too stimulative and that the '81 budget will in the end be far larger than it is today. Thus some expenditure reductions will be necessary. The FY '80 outlay increases come in the following areas:

- o Only about 30% (\$9.1 billion) is accounted for by major changes in Administration policy:
 - Defense supplemental and associated acceleration of purchases (\$4.7 billion)
 - Middle East Peace Treaty package (\$400 million)
 - Energy initiatives (ESC, aid to poor, gasohol, etc.) (\$2.0 billion)
 - Grain embargo initiatives (\$2.0 billion)
- o 50% (\$16 billion) is accounted for by changes in economic assumptions and fixed costs, with about 20% (\$5.6 billion) due to increased interest payments on the debt.
- o The remaining 20% is essentially increases in outlay estimates and Congressional failure to enact Hospital Cost Containment (\$1.2 billion).

Note that the following changes in 1980 economic assumptions took place between publication of the '80 and '81 budgets:

- estimates of 1980 inflation are up 5.1% from 6.7% to 11.8% year over year
- estimates of unemployment are up 1.3% from 6.2% to 7.5%
- the 90-day Treasury bill rate is up from 7.6% to 10.5%

(3) The effect of trying to balance the '81 budget may be politically and substantively devastating. Again, I want to reserve my final recommendation until I have seen the results of OMB's work. However, defense, international affairs and interest make up more than 36% of the '81 budget (\$223 billion). Social Security, SSI, unemployment compensation, AFDC, Medicare and Medicaid make up another 43% (\$264 billion). Controllable outlays in civilian programs amount only to \$59 billion.

As a practical matter I believe that approaching a \$16 billion reduction may require the following unpalatable actions (a) total repeal of general revenue sharing, with a devastating effect on cities, counties and States, (b) caps on "uncontrollable" benefits for the elderly and the poor (Social Security, SSI, Medicaid, Medicare and AFDC), (c) proposing new tax increases (for example increase in liquor and cigarette taxes) which while not politically harmful are unlikely to pass and therefore unlikely to help with inflation psychology, and (d) economic reestimates. Obviously the latter two approaches are less harmful politically and substantively but if they make up too large a share of any announced budget reduction the desired effect on inflation psychology will be lost.

(4) Charlie Schultze wants to make up a significant part of the current proposed FY'81 deficit by imposition of an oil import fee. This would be a serious mistake. It would be telling Americans you are fighting inflation (by balancing the budget) by increasing the inflation rate -- something few, if any, will understand. By my rough calculations, achieving a 10¢ increase in gasoline prices at the pump would require an import fee of \$4.50 per gallon of imported crude, if the fee is completely tilted to gasoline. This would: (a) directly increase the CPI by 0.5%, with further "feedback" impacts, (b) increase consumer costs 8-10% or \$10 billion, and (c) increase prices for domestically produced crude oil not subject to controls by \$4.50 per barrel.

It is worth noting the enormous recent escalation in energy prices. During 1979 gasoline rose 36¢ per gallon or 50%. No end is in sight in 1980. The average price of imported crude oil rose \$17 per barrel or 125%. Your own energy policy is going to add significantly to inflation this year already. Decontrol was announced when oil was \$14.50 per barrel. Even Charlie Schultze before your decision in April, 1979 talked of possible caps on the level we would permit domestic oil to go to. Oil is now double that price and the inflationary impact is totally in the hands of OPEC. Decontrol of domestic oil will add at least another 10-15¢ to the price of gasoline this year. And the impact of OPEC actions are hard to predict. Just keeping pace with inflation would bring crude oil prices to

\$36 per barrel by December. Much of the increase in the underlying inflation rate must be due to the direct effect of energy price increases on cost of production and materials. It is also worth noting that these price increases have reduced gasoline consumption -- demand in the first six weeks of 1980 is running 5-7% below the same period last year.

It is clear that the public deeply resents increased gasoline prices. They see it weekly at the pump in a very direct way. It is the most visible evidence that inflation is out of control. It is also clear that you are not personally blamed. Imposition of an import fee on top of the already spiraling price increases would focus this resentment on you in a devastating way. Nor is there any reason to believe it would stop further OPEC increases since it would only mildly add to conservation in a way unlikely to have any impact on world oil prices. And I cannot believe that a balanced budget purchased with this kind of directly inflationary action is the best policy at this time.

(5) We should avoid counting too much on the Budget Committee. They may well manage to report out a budget resolution that balances -- particularly with the help of reestimates of inflation and employment. But the first budget resolution is not binding and there is always the danger -- particularly great this year -- that the House will be unable to pass the resolution at all. Any strategy will be much more credible if it actively involves the entire Democratic leadership of both the House and Senate. Taking extra time for full consultation will, I believe, greatly increase the credibility of the announcement when it is made.

If you still wish to balance the budget the following should be done:

- a) Announce an intention to work with Congress to balance the FY '81 budget.
- b) Announce a range of expenditure reductions you will seek toward this end (significantly less than the full \$15.8 billion deficit to be made up). State this could be achieved by Congress in a variety of ways -- for example, through across-the-board reductions in all discretionary programs (or all non-defense, foreign and domestic programs) of a given amount. Affect entitlement programs upon which the elderly and poor depend indirectly, by seeking legislation which will better measure the c.p.i., which will reduce the inflated cost-of-living adjustments under those programs but not change basic

benefits or artificially seek to cap them. Although Muskie strongly objects to across-the-board cuts you would simply be urging that Congress appropriate 1% or 2% less than you asked for in each category, thus not fundamentally changing your domestic policy or priorities (which would occur if you eliminated General Revenue Sharing).

- c) State that in addition so all equally share, you will seek to close a few egregious tax expenditures (and perhaps raise the excise tax on liquor and/or cigarettes).
- d) Indicate you will work with Congress to find other ways to achieve a balanced budget (to leave room for their inevitable reestimates).

I strongly support imposition of control on consumer credit. This is an action that can be taken without Congressional action, and it will have an immediate impact.

Recommendation

To succeed in affecting business and consumer psychology, your program must not only be substantial, it must receive favorable reviews on the Hill to the extent that it requires Congressional approval, and from the public at large.

I would recommend:

- (1) Some reductions in expenditures in '80 and '81 (further action would be needed if you want to work for an actual balance).
- (2) We attempt to gain Volcker's concurrence to consumer credit controls.
- (3) We explore limits on commodity speculation, a one-time sale of gold and regulatory actions.
- (4) That before any public announcement is made there be extensive consultation with Congressional leaders. If the initial reaction from the Hill is not supportive, much of the desired psychological impact may well be lost.
- (5) It is critical that full consultations with Lane Kirkland go forward since the type of budget reductions under consideration could end the labor accord. The AFL-CIO Executive Committee is now meeting in Florida. To avoid adoption of premature adverse resolutions sparked by the recent press leaks, I recommend that Bill Miller call Kirkland and tell him that no decisions will be made by you until he has been fully consulted.