

3/14/80 [1]

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/att	<p>Henry Owen to the President. Re: Cuts in foreign aid budget. (3 pp.)</p> <p><i>opened per RAC NLC-126-21-1-1-6 12/17/13</i></p>	3/11/80	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of Staff Sec.-
 Pres. Handwriting File, "3/14/80 [1]." Box 175

RESTRICTION CODES

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regular foreign affairs breakfast
friday, march 14, 1980

THE WHITE HOUSE
WASHINGTON

For MB

3-14-80

- > Afghan - keep alive
- > Sadat / Begin → U.S.
- > Harris fly from Bern
- > 3/14 mtg SCC re SALT II
- > Strauss
- > El Salvador
- > Are → Pak?
- > Italian sales helio parts → Iran
- > State operation terminated

TALKING POINTS, COAL DAY MARCH 14, 1980

1. I AM PLEASED TO JOIN WITH YOU TODAY IN RECOGNIZING THE IMPORTANCE OF COAL,
2. { AND IN HONORING THOSE WHO HAVE HELPED AMERICA TO RECOGNIZE,
3. { THE IMPORTANCE OF COAL FOR OUR PRESENT ENERGY NEEDS,
4. { AND FOR OUR FUTURE ENERGY SECURITY. /
5. COAL IS OUR MOST ABUNDANT ENERGY RESOURCE --
6. WE HAVE ABOUT ONE-THIRD OF THE WORLD'S RESERVES.
7. { I HAVE LONG BELIEVED THAT AMERICA WOULD HAVE TO USE MORE,
8. { OF THIS NATURAL RESOURCE IN OUR OWN NATIONAL DEFENSE. /
9. { TWO YEARS AGO I ESTABLISHED THE PRESIDENT'S COAL COMMISSION,
10. { TO MAKE RECOMMENDATIONS ON THE MAJOR ISSUES INVOLVING COAL.

(=OVER=) (THE COAL COMMISSION REPORT.....)

1. THE COAL COMMISSION REPORT HAS BEEN SUBMITTED TO ME
2. { AND I THANK THE MEMBERS OF THE COMMISSION & STAFF
3. { FOR THE QUALITY OF THEIR REPORT, THEIR DEDICATION, & THEIR HARD WORK. /
4. { I AM ESPECIALLY PROUD OF GOVERNOR JAY ROCKEFELLER,²
5. { THE CHAIRMAN OF THE COMMISSION.
6. { THE COMMISSION'S SUCCESS & THE PROPOSALS FOR INCREASING COAL USE
7. { CAN BE TRACED TO HIS DYNAMIC LEADERSHIP & HIS COMMITMENT TO COAL. /
8. { ALSO I WANT TO THANK SENATOR BYRD, SENATOR FORD, SENATOR RANDOLPH,
9. { SENATOR HUDDLESTON, CONGRESSMEN STAGGERS & RAHALL,
10. { AND MANY OTHERS WHO HAVE WORKED TIRELESSLY TO PROMOTE COAL UTILIZATION. /

(=NEW CARD=) (THE FOREMOST RECOMMENDATION.....)

1. { THE FOREMOST RECOMMENDATION OF THE ROCKEFELLER COMMISSION,
2. { WAS EMBODIED IN THE UTILITY OIL & GAS REDUCTION PROPOSAL,
3. { I SENT TO CONGRESS LAST THURSDAY,
4. { WHEN THE CONGRESS ENACTS THIS LEGISLATION,
5. { WE WILL BE ACTING DECISIVELY TO REDUCE THE USE OF OIL & GAS,
6. { IN THE ELECTRIC UTILITY SECTOR,
7. { THIS ACCELERATED NATIONAL EFFORT AT REDUCING,
8. { OUR DEPENDENCE ON IMPORTED FUEL IS ESSENTIAL --
9. { BECAUSE THE CONVERSION OF EXISTING BIG BOILERS,
10. { TO COAL & OTHER ALTERNATIVE FUELS,
11. { PROVIDES AMERICA WITH THE BEST NEAR-TERM SAVINGS OF OIL & GAS.

(=OVER=) (THE USE OF 3 MILLION BARRELS.....)

1. { THE USE OF 3 MILLION BARRELS OF OIL & NATURAL GAS PER DAY IN UTILITY BOILERS
2. { IS A SIGNIFICANT ELEMENT IN OUR NATION'S DEPENDENCE ON IMPORTED OIL. /
3. { MY PROPOSAL IS DESIGNED TO REDUCE THE USE OF OIL & NATURAL GAS EQUIVALENT
4. { BY 1 MILLION BARRELS PER DAY BY 1990.
5. IT WILL PROVIDE SIGNIFICANT ECONOMIC & NATIONAL SECURITY BENEFITS,
6. AND REPRESENTS A SOUND INVESTMENT IN OUR NATION'S ENERGY FUTURE. /
7. THE PROPOSAL CONSISTS OF 2 PARTS.
8. { PHASE ONE MANDATES THE CONVERSION OF 107 COAL-CAPABLE UNITS,
9. { AT 50 GENERATING STATIONS.
10. { \$3.6 BILLION WILL BE AVAILABLE IN GRANTS TO PAY UP TO HALF,
11. { THE CAPITAL COSTS ASSOCIATED WITH THESE CONVERSIONS. /

(=NEW CARD=) (PHASE TWO PROVIDES.....)

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(=OVER=) (COAL MINING SAFETY.....)

**Electrostatic Copy Made
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1. { COAL MINING SAFETY IS OF PARAMOUNT CONCERN TO ME,
2. AND I AM TODAY COMMISSIONING SUCH A STUDY TO REPORT TO THE,
3. SECRETARIES OF LABOR, ENERGY,
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5. ONE OF THE GREAT BENEFITS OF INCREASED COAL USE IS EMPLOYMENT.
6. WE WANT THOSE NEW JOBS TO BE SAFE.
7. I AM AWARE OF THE ENVIRONMENTAL CONCERNS ASSOCIATED WITH THE USE OF COAL.
8. THE COMMISSION HAS ADDRESSED THESE FORTHRIGHTLY IN ITS REPORT.
9. { WE CAN CONVERT OLDER PLANTS & BUILD NEW ONES,
10. WITHOUT COMPROMISING THE AIR QUALITY STANDARDS OF THE CLEAN AIR ACT.

(NEW CARD) (ACID RAINFALL IS ALSO....)

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1. { ACID RAINFALL IS ALSO A SERIOUS PROBLEM TO WHICH WE MUST //
2. { FIND AN ACCEPTABLE SOLUTION.
3. { I URGE YOU TO JOIN WITH ME & THE CONGRESS, ↙
4. { IN PURSUING A COMPREHENSIVE STUDY OF THE ACID RAIN PROBLEM. //
5. AMERICA HAS MORE MINEABLE COAL RESERVES THAN ANY OTHER COUNTRY.
6. { EVERY BARREL OF IMPORTED OIL WE CAN REPLACE WITH COAL, ↙
7. { WILL SAVE US PRECIOUS DOLLARS WHICH WE WOULD OTHERWISE SEND OVERSEAS.
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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

14 March 1980

TO: THE PRESIDENT
FROM: RICK HUTCHESON
SUBJECT: Memos Not Submitted

1. LOUIS MARTIN wanted you to be aware of the "tragic fiscal plight of the Harambee House Hotel which borders the Howard University Campus. It is an embarrassment to the government and all concerned. I strongly suggest that negotiations with Howard leading to the acquisition of the Hotel by the University should be encouraged. I have already talked to Bob Hall of EDA about it. The Administration is already pledged to help Black colleges and Howard can put the Hotel to good use."

Jack Watson's office is tracking this situation and reports that negotiations among EDA, the District, Howard University and others to resolve this problem are proceeding satisfactorily.

2. VARIOUS MEMOS ON BUDGET CUTS have been sent to OMB for handling in their appeals process:

HENRY OWEN reports that the major private American voluntary organizations will oppose publicly any cut in the number of Indochinese refugees admitted to the US below 14,000/month.

HENRY OWEN favors no foreign aid cuts for Israel and Egypt, with moderate cuts elsewhere, of the options presented to you by OMB. OMB shares this view.

DON MCHENRY states his "strong belief that a reduction in the foreign assistance request for FY 81 would be highly detrimental..."

BENJAMIN CIVILETTI states that the reduction contemplated for LEAA "would leave (him) no other real choice than to recommend a phased termination of that agency..."

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THE WHITE HOUSE
WASHINGTON

INFORMATION

March 11, 1980

MEMORANDUM FOR: THE PRESIDENT

FROM: HENRY OWEN ~~10~~

SUBJECT: FY 1981 Cuts in Indochinese
Refugee Intake

Executives of the major private American voluntary organizations (Church World Service, CARE, U.S. Catholic Conference, HIAS, etc.) came to Washington Monday on behalf of the Council of American Voluntary Agencies to express to Lincoln Bloomfield of the NSC Staff their opposition to any cut in the number of Indochinese refugees admitted to the U.S. below 14,000 a month.

The voluntary agencies fear that such a cut would provoke "countries of first asylum" such as Malaysia and Thailand to undertake forced repatriation, and otherwise jeopardize the refugee program. They argue that we have a moral commitment to maintain the 14,000 figure into 1981, and that any change at this time could threaten the life and well being of large numbers of human beings. They made clear that they would publicly criticize any such action.



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

March 13, 1980

MEMORANDUM FOR: RICK HUTCHESON
FROM: RANDY JAYNE
SUBJECT: Owen Memo on Cuts in Foreign Aid Budget

Henry's recommendation (to take the "A" list, but not B and C) is consistent with Jim McIntyre's view, and seems to have been accepted by the Congressional leadership. I suggest you pass the Owen memo on with a note which says that OMB believes we can hold Foreign Affairs cuts to the "A" list, but Congress will try to cut more.

A handwritten signature in black ink, appearing to read "Randy Jayne".

ID 801477

THE WHITE HOUSE

WASHINGTON

DATE: 11 MAR 80

FOR ACTION: JIM MCINTYRE

~~CONFIDENTIAL~~

INFO ONLY:

SUBJECT: ~~CONFIDENTIAL~~ OWEN MEMO RE CUTS IN FOREIGN AID BUDGET

+++++

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

+ BY: +

+++++

ACTION REQUESTED:

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

PLEASE NOTE OTHER COMMENTS BELOW:

DECLASSIFIED
 White House Guidelines, September 11, 2006
 NARA KS Date 12/15/13

~~CONFIDENTIAL~~

ID 801477

THE WHITE HOUSE

WASHINGTON

DATE: 11 MAR 80

FOR ACTION: JIM MCINTYRE

INFO ONLY:

~~CONFIDENTIAL~~

SUBJECT: ~~CONFIDENTIAL~~ OPEN MEMO RE CUTS IN FOREIGN AID BUDGET

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

ACTION REQUESTED:

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

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

March 11, 1980

~~CONFIDENTIAL~~

INFORMATION

MEMORANDUM FOR: THE PRESIDENT
FROM: HENRY OWEN ^{YO}
SUBJECT: Cuts in Foreign Aid Budget (U)

1. Although I believe that cuts in your lean foreign aid budget will do us more damage than is warranted by their relatively small contribution to balancing the budget, I am conscious of the disadvantage of asking the Congress to make deep cuts in domestic programs without also offering some painful cuts in foreign programs. Hence this memorandum deals with how, not whether, to make such cuts. (Q)

2. The central question is whether to cut aid for Israel. If this is not done, deep cuts in our aid to poor countries would:

-- alienate Moslem and other Third World countries, which would perceive a sharp and unwelcome distinction between their programs, which get reduced, and Israel's, which don't;

-- antagonize the domestic groups on which we rely for support of aid (the churches, voluntary agencies, and liberal Congressmen), which would see in this distinction evidence that we were giving security goals higher priority than humanitarian goals. (Q)

These considerations have led OMB to submit to you three alternative cuts: one with no reduction for Israel or Egypt and moderate cuts elsewhere, and two with progressively greater reductions in Israel, Egypt, and elsewhere. I believe this presentation fairly states the alternatives. (Q)

3. I favor Package A not simply because it avoids a contentious issue with Israel at this time, but for more basic reasons. I believe Packages B and C would damage our national security at least as much as the cuts in the defense budget that you have rejected. Either Package B or C is likely to be read overseas as evidence of US abdication of international leadership. German Finance Minister Matthoefer warned of this reaction when he said here last week that the United States, like Germany earlier, should exempt foreign aid from its budget cuts. Even Package A, which is opposed by State and IDCA, goes farther than Matthoefer had in mind, but I believe it is manageable. (Q)

DECLASSIFIED

Per, Rac Project

ESDN: NLC-126-21-1-1-6

BY KS NARA DATE 12/10/13

~~CONFIDENTIAL~~

Review on March 11, 1986

~~CONFIDENTIAL~~

ID 801410

THE WHITE HOUSE
WASHINGTON

DATE: 07 MAR 80

FOR ACTION: STU EIZENSTAT

Stade

JIM MCINTYRE

mc

INFO ONLY: THE VICE PRESIDENT

FRANK MOORE

ANNE WEXLER

SUBJECT: CIVILETTI MEMO RE LAW ENFORCEMENT ASSISTANCE
ADMINISTRATION (LEAA)

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (455-7052) +
+ BY: 1200 PM MONDAY 10 MAR 80 +
+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:



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

March 6, 1980

MEMORANDUM TO THE PRESIDENT

I have submitted to the Office of Management and Budget, in accordance with their request, possible program cuts in grant programs. The single significant grant program of this Department is the Law Enforcement Assistance Administration (LEAA). As I have told Director McIntyre, however, such a reduction in the LEAA program, combined with past cuts, would leave me with no other real choice than to recommend a phased termination of that agency. Although I fully appreciate the importance of stabilizing the economy and balancing the federal budget, I am convinced that taking such action would be a serious mistake.

On December 27, 1979, you signed into law a bill radically reorganizing LEAA, the passage of which was an Administration achievement reached only after repeated assurances to the Congress that the Administration would indeed be committed to the future of this program if only its proposals were adopted. This thoroughgoing reform, coupled with strict administrative measures taken internally over the past three years, has already eliminated the funding of wasteful and extravagant programs that was prevalent in the previous Administration. The programs currently administered by LEAA are genuinely innovative initiatives in support of enlightened state and local law enforcement. The useful and important contribution to the fight against crime now being made by LEAA is already restoring the faith of state and local law enforcement constituencies in this Administration, in LEAA, and in the criminal justice system.

If a reduction in LEAA programs is in fact ordered, thereby causing the death of the program, all of us in the

Administration will be perceived not only as having reversed the course of rebuilding effective federal support for law enforcement that we have pursued for three years, but we will also be accused of having misrepresented our true intentions in seeking the fundamental improvements in LEAA that we have just obtained. The demise of LEAA will undoubtedly provoke a storm of indignation from the many groups naturally concerned with the fate of the program: state and local police departments and investigative agencies, district attorneys, state attorneys general, state and local legislators, governors, mayors, and, most vocally, members of Congress. At a time when Congress will also be responding to rising public concern about the apparent escalation in rates of crime, I am compelled to ask that LEAA be excluded from any general reductions in federal grant programs.



Benjamin R. Civiletti
Attorney General

cc. James T. McIntyre, Jr.
Director, OMB

THE WHITE HOUSE

WASHINGTON

March 12, 1980

MEMORANDUM FOR THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT:

Justice Budget Cuts: Civiletti's Request That
You Exempt LEAA

Attorney General Civiletti has asked you to exempt LEAA from the current budget cutting effort. LEAA is the principal reduction the Attorney General identified in response to OMB's request.

I recommend you not act on his request until you have had an opportunity to review all the proposed cuts.

Although LEAA probably has greater potential now (the new legislation limits funding to programs with a record of proven success or a high probability of success), it is still, in my view, less important than some of the other services we may have to cut. I would tend to leave it at or near the top among the candidates.

ID 801435

THE WHITE HOUSE

WASHINGTON

DATE: 10 MAR 80

FOR ACTION: ZBIG BRZEZINSKI *Concur*

JIM MCINTYRE

CHARLIE SCHULTZE

This will be answered by P's budget division

INFO ONLY: THE VICE PRESIDENT

STU EIZENSTAT

SUBJECT: MCHENRY LETTER RE INFLATION --

+++++

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

+ BY: 1200 PM WEDNESDAY 12 MAR 80 +

+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

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THE REPRESENTATIVE
OF THE
UNITED STATES OF AMERICA
TO THE
UNITED NATIONS

March 8, 1980

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

Dear Mr. President:

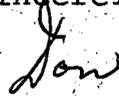
I appreciate the urgent need for vigorous action against inflation. I understand the difficult budget decisions you face, and I support your determination to restrain public spending. Accordingly, I have assisted those engaged in the current review process to identify reductions which might be made if there is no other alternative. At the same time I want to convey to you my strong belief that a reduction in the foreign assistance request for FY 81 would be highly detrimental to the nation's foreign policy and security interests.

Instability in the Third World countries is a constant threat to international peace and American security. A strong and alert military is essential in these difficult times. But a substantial and growing foreign assistance program is equally imperative. In most developing countries, internal subversion is far more menacing than the possibility of external aggression. Political opportunists seek to exploit internal dissension and frustration which is inevitable in a time of rapid transition. Moreover, this discontent among groups in developing countries is intensified by a growing awareness -- because of the communications revolution -- of the contrast between the destitution of the poorer countries and the affluence of the richer nations.

Our bilateral and multilateral assistance efforts, as well as those of other donors, go directly to the heart of this dangerous problem. Our aid reaches poor people, supports their basic human needs, provides opportunities for self-advancement, stimulates economic progress within developing countries, and helps over time to structure a more equitable and just global economic system.

Last fall's rigorous budget review reduced the FY 81 foreign assistance request to the lowest level consistent with achieving our political, economic, and security objectives toward developing countries. I am firmly convinced that reducing further the FY 81 request would be a serious mistake. On the contrary, I believe it imperative that we and other developed countries should urgently examine ways in which we might cooperatively face the challenge to world stability and our security interests which will result from exploitation of the manifold problems existing in the Third World.

Sincerely,



Donald F. McHenry

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

March 12, 1980

*file
not
submitted*

MEMORANDUM FOR THE PRESIDENT

From: Alfred Kahn *(re)*
Charlie Schultze *CS*

Subject: Marshall Letter Re Consumer Price Index

Ray's letter leaves the impression that all is well with the CPI, but it leaves unrefuted the following facts:

- o The CPI takes no account of the capital gains that persons already owning homes receive when the price of housing rises.
- o The CPI does not reflect the fact that the money cost of housing services for the vast majority of households remains unchanged when mortgage interest rates and housing prices rise. Thus of late the CPI has overstated the increase in the cost of living for the country as a whole.
- o Therefore, using the CPI in 1980 to index the money wages or benefits of a representative group of people (including purchasers of homes) will increase the real standard of living of that group of people.

In short, the CPI is a very good index of prices; it is not an accurate measure of the cost of living.

However, we do not disagree with Ray's conclusion: we cannot simply order BLS to "fix" the CPI. We should, however, explore long-term reforms both in the CPI and in the way in which program benefits are indexed.

THE WHITE HOUSE

WASHINGTON

February 21, 1980

NOTE TO RICK HUTCHESON

FROM: PAULINE SCHNEIDER *Pauline*

RE: Louis Martin's Memo to President on
Harambee House

It is my understanding, based on conversations with Louis Martin, that he intends to withdraw and rewrite his memo to the President on Harambee House. He will recast it to reflect that negotiations are proceeding with EDA, the District, Howard University and others to resolve this problem. Thus, the memo will become one of information rather than one seeking Presidential action.

cc: Louis Martin

for summary

ID 801097

THE WHITE HOUSE

WASHINGTON

DATE: 19 FEB 80

FOR ACTION: JACK WATSON

will comment

Hold for revised memo

INFO ONLY:

SUBJECT: MARTIN MEMO RE HARAMBEE HOUSE HOTEL

+++++

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

+ BY: 1200 PM THURSDAY 21 FEB 80 +

+++++

ACTION REQUESTED:

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

PLEASE NOTE OTHER COMMENTS BELOW:

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PS for
Action

ID 801097

THE WHITE HOUSE
WASHINGTON

DATE: 19 FEB 80

FOR ACTION: JACK WATSON

INFO ONLY:

SUBJECT: MARTIN MEMO RE HARAMBEE HOUSE HOTEL

```

+-----+
+  RESPONSE DUE TO RICK HITCHESON, STAFF SECRETARY (456-7052)  +
+      BY: 1200 PM THURSDAY 21 FEB 80      +
+-----+

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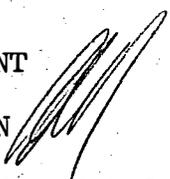
ACTION REQUESTED:

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

PLEASE NOTE OTHER COMMENTS BELOW:

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THE WHITE HOUSE
WASHINGTON
February 19, 1980

MEMORANDUM FOR THE PRESIDENT
FROM: LOUIS MARTIN 
SUBJECT: HARAMBEE HOUSE HOTEL

The attached letter from EDA describes the tragic fiscal plight of the Harambee House Hotel which borders the Howard University Campus. It is an embarrassment to the government and all concerned. I strongly suggest that negotiations with Howard leading to the acquisition of the hotel by the University should be encouraged. I have already talked to Bob Hall of EDA about it.

The Administration is already pledged to help Black colleges and Howard can put the hotel to good use.

EYES ONLY

ABSTRACT OF SECRETARIAL CORRESPONDENCE

TO:	<input checked="" type="checkbox"/> The Secretary	<input type="checkbox"/> The Under Secretary
-----	---	--

Date: February 12, 1980

INFORMATION MEMORANDUM

From: Assistant Secretary for Economic Development *nh*

Prepared by: RTHall, 337-5081

SUBJ: Harambee House Hotel

As you are aware, the Harambee House Hotel opened for business in April 1978, the result of a seven-year effort by EDA to facilitate the development of a minority-owned and operated hotel in the distressed Shaw area of the District of Columbia. From the onset, the Hotel has been plagued by financial difficulties and EDA, to the best of its ability and in light of its role as the steward of public monies, has attempted to provide all possible assistance, financial and managerial, to both the Hotel's owner, the People's Involvement Corporation (a community-based organization) and to its lessee/operator Murph's Hotel Corporation (MHC). Motivating EDA's actions was our determination to continue the Hotel's operation under current management as to minimize disruption of service, maintain employment on Georgia Avenue and act as a stabilizing force in the revitalization of the community.

During the past year, MHC has done much to strengthen management at the Hotel, and has made dilligent efforts to secure additional equity for the Hotel. Those efforts failed, however, and in mid-January of this year, MHC informed EDA that potential foundation investments in the Hotel would not be forthcoming.

MHC recognized that it would be compelled to relinquish its position as lessee/manager, and offered to cooperate with EDA during a transitional period during which a new minority owner and/or operator would be sought. Because of the Harambee Hotel's significance to the District of Columbia, EDA and MHC then tried to negotiate an interim sale of the Hotel to the District of Columbia Development Corporation (DCDC), a city agency. While Mayor Barry initially expressed support for this approach, EDA was

Control No. _____

SURNAME AND ORGANIZATION (Typed)	PREPARED BY	CLEARED BY	CLEARED BY	CLEARED BY	CLEARED BY	CLEARED BY
	RTHall AS/EDA					
INITIALS AND DATE	2.12.80					

EYES ONLY

informed on February 8 that the City would not participate as planned. (It now appears as of February 13 that the D.C. Government may come back with a counteroffer -- we will work with them if they do.)

In the meantime, it is now necessary for EDA to exercise its stewardship role of the Hotel project by both assuring its continued operation and protecting the public's investment. We are developing the following plan of action. MHC will relinquish its tenancy of the Hotel, and EDA will place interim management at the Hotel effective Friday, February 15. During this interim management period, which we anticipate lasting about 90 days, EDA, in cooperation with MHC and PIC, will seek a purchaser for the Hotel. The purchaser must be a minority (preferably, a District business) who is acceptable to the District Government, the community and to EDA. We will also take all necessary actions to keep the Hotel open to maintain jobs and its attractiveness to potential buyers.

EDA staff are now carrying on intensive meetings with MHC and PIC to effect an orderly transition to new management and ownership. We will also be meeting with District Government staff so that they are informed of all developments. While we are hopeful that the transition will be relatively easy given MHC's expressed desire to see the Hotel's continued operation, it is possible that the departure of MHC (and PIC) from the premises could precipitate adverse publicity and have some repercussions. I feel, however, we have no choice but to proceed with this course of action, and want you to be aware of the facts in the situation -- and the sensitivities involved. Once we have a decision by MHC and PIC as to their acceptance (or rejection) of our workout plan, I will provide you with an up-date on the situation.

cc: Ted Schell
Homer Moyer

EYES ONLY

THE WHITE HOUSE

WASHINGTON

February 29, 1980

MEMORANDUM FOR LLOYD CUTLER

FROM: FRANK MOORE *F.M.*

SUBJECT: LETTER TO THE PRESIDENT FROM SENATOR ROBERT
BYRD REGARDING JUDICIAL APPOINTMENTS

As you can see from his comment on his Summary of Congressional Mail for February 28 (a copy of which is attached), the President would like to see your reply to Senator Robert Byrd's letter regarding the need to fill currently vacant judgeships expeditiously. A copy of Senator Byrd's letter is also attached, for your ready reference.

In addition, and for your information, I have acknowledged receipt of Senator Byrd's letter. Attached is a copy of that interim response.

Attachments

cc: Rick Hutcheson ✓
Suzanne Brooke
Michael Cardozo

SUMMARY OF CONGRESSIONAL MAIL TO THE PRESIDENT

DATE: FEB 28, 1980

PAGE: - 4-

FROM -----	SUBJECT -----	DISPOSITION -----	COMMENTS -----
REP. TONY HALL (D) - OHIO	ENDORSES THE INVITATION FROM THE BETH JACOB CONGREGATION FOR YOU TO BE KEYNOTE SPEAKER AT THE DEDICATION OF ITS NEW SANCTUARY, DAYTON, OHIO, MAY.	REFERRED TO: FRANCES M. VOORDE	
SEN. JIM SASSER (D) - TENNESSEE	ENDORSES THE INVITATION FOR YOU TO OPEN THE MEMPHIS COTTON CARNIVAL, MAY.	REFERRED TO: FRANCES M. VOORDE	
SEN. MARK HATFIELD (R) - OREGON	FORWARDS AND ENDORSES AN INVITATION FROM THE GEORGETOWN CHRISTIAN FELLOWSHIP GROUP OF GEORGETOWN UNIVERSITY FOR YOU TO JOIN THEM IN WORSHIP; NOTES THAT HE HAS PARTICIPATED WITH THE GROUP AND THAT "THE TIME WITH THESE YOUNG, VIBRANT BELIEVERS WAS ONE I WILL LONG REMEMBER."	REFERRED TO: FRANCES M. VOORDE	
SEN. ROBERT BYRD (D) - WEST VIRGINIA	CONCERNED THAT THE JUDICIARY WILL BE UNABLE TO OPERATE EFFECTIVELY UNLESS THE REMAINING 47 VACANCIES ARE FILLED; URGES YOU TO SUBMIT YOUR NOMINATIONS FOR THESE POSITIONS; OFFERS HIS ASSURANCE THAT THE JUDICIARY COMMITTEE AND THE FULL SENATE WILL ACT EXPEDITIOUSLY ON ALL PENDING NOMINATIONS AND CONFIRMATIONS.	ACKNOWLEDGED BY FM REFERRED TO: LLOYD CUTLER	<i>Let me see reply</i>
REP. BOB ECKHARDT (D) - TEXAS	RECOMMENDS JAMES B. GAMBRELL FOR THE U.S. COURT OF CUSTOMS AND PATENT APPEALS.	ACKNOWLEDGED BY FM REFERRED TO: LLOYD CUTLER	
REP. BOB GARCIA (D) - NEW YORK REP. ED ROYBAL (D) - CALIFORNIA	RECOMMEND NELSON DIAZ FOR THE U.S. PAROLE COMMISSION.	ACKNOWLEDGED BY FM REFERRED TO: ARNIE MILLER CC: ESTEBAN TORRES	
REP. RON MARLENEE (R) - MONTANA	RECOMMENDS JAMES KRYZMINSKI FOR THE INTERSTATE COMMERCE COMMISSION.	ACKNOWLEDGED BY FM REFERRED TO: ARNIE MILLER	

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United States Senate
Office of the Majority Leader
Washington, D.C. 20510

February 27, 1980

Ack FM/Cutler
CONGRESSIONAL
LIAISON

FEB 28 1980

001842CL

a: Tate

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

Dear Mr. President:

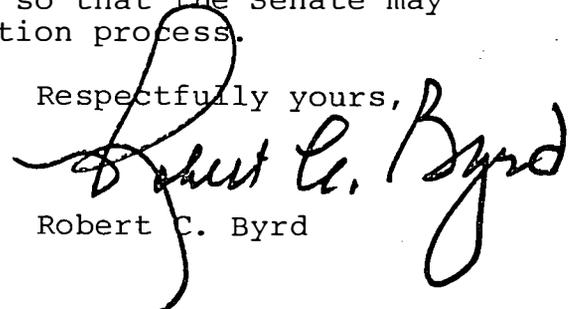
The Federal Judiciary was expanded by the creation of 152 new judicial positions when Congress enacted H.R. 7843 which you signed into law (P.L. 95-486) on October 20, 1978. Of these 152 new positions, you have submitted the nominations for 132 of them, and the Senate has confirmed 119.

In addition, there are 36 vacancies in pre-existing judgeships in the Federal Judiciary. The Senate is currently considering the nominees for three of these positions.

I am concerned that the Judiciary will be unable to operate most effectively unless the remaining vacancies are filled. I have been assured by members of the Judiciary Committee that the pending nominations will be acted on as expeditiously as possible, and I can assure you that the Senate will act on the confirmation of those nominees which that Committee reports with all deliberate speed.

I am anxious to avoid the politicization of the confirmation process for what will be 7% of the entire Federal Judiciary. I urge you to submit the nominations for the 47 vacancies which remain, so that the Senate may speedily complete the confirmation process.

Respectfully yours,



Robert C. Byrd

REOI

THE WHITE HOUSE
WASHINGTON

February 29, 1980

Dear Senator Byrd:

The President asked me to acknowledge his receipt of your letter of February 27 urging him to submit his nominations for the remaining vacancies in the Federal Judiciary.

The President appreciates having the benefit of your views on this matter. He has asked me to forward your letter to Lloyd Cutler, Counsel to the President, for review and response. You should be hearing from him shortly.

With best wishes,

Sincerely,

A handwritten signature in cursive script, appearing to read "Frank Moore".

Frank Moore
Assistant to the President
for Congressional Liaison

The Honorable Robert C. Byrd
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE
WASHINGTON

Phil has

pen

THE WHITE HOUSE
WASHINGTON

Q

March 10, 1980

MEMORANDUM FOR: PRESIDENT CARTER ✓
FROM: PHIL WISE
SUBJECT: 1st Anniversary of Egyptian-
Israeli Peace Treaty

The consensus at the White House and Re-elect is that you and Rosalynn should host a White House reception for the same group who attended the dinner at the signing of the Peace Treaty one year ago. The date is March 26 - one day after the New York primary. Hamilton and Strauss suggest holding the reception on Sunday afternoon, March 23, as a better time than March 26. We need to begin preparations if this is to be done.

Approve March 23 White House Reception
for attendees of last year's dinner
 Disapprove

1400 too
many

2:30

THE WHITE HOUSE
WASHINGTON

3/10/80

Mr. President:

Jack Watson told me
you agreed to a meeting
on tuesday with close
friends and supporters
from the mayors and governors.
Shall I schedule this?

yes no

Phil

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9:55 AM

THE WHITE HOUSE

WASHINGTON

Meeting with Ed Maddox
Friday, March 14, 1980
The Oval Office
(3 minutes)
9:55 a.m.

by: Bob Dunn *Bob*

I. PURPOSE: Personal visit - photo opportunity

II. BACKGROUND, PARTICIPANTS, PRESS:

A. Background: Ed Maddox has accepted a position with The Times-Mirror Corporation in Los Angeles.

Ed will be getting married to Donna Fitzgerald (of Washington, D. C.) on April 12.

B. Participants; The President
Ed Maddox

C. Press: White House photographer only.

9:50 AM

THE WHITE HOUSE

WASHINGTON

March 13, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: GENE EIDENBERG



SUBJECT: Farewell Photo Opportunity for
Graciela (Grace) Olivarez
March 14, 1980
9:50 a.m. (5 minutes)
Oval Office

Grace is leaving your Administration as Director of the Community Services Administration after approximately three years of service. She will be leaving Washington to return to her home in Albuquerque, New Mexico where she will be a consultant to the United Way.

In addition to thanking Grace for her loyal service to you, you might want to add Birthday greetings. Her birthday was this past Sunday, March 9.

The White House photographer will be present to take the farewell photograph.

**Electrostatic Copy Made
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NAME Senator Donald W. Riegle, Jr.

1115

TITLE D-Michigan

CITY/STATE _____

Phone Number--Home (202) 543-4242

Work (202) 224-4822

Other (313) 232-7707

(home in Michigan)

INFORMATION (Continued on back if necessary)

RE: TRUCKING DEREGULATION

In markup of the trucking deregulation bill, Senator Riegle voted in support of our position on antitrust immunity and entry; he opposed the Stevenson amendment on agricultural exemption on the grounds that he required more data. Senator Riegle has become a target for the Michigan truckers as a prospective switch on antitrust immunity and for farm groups on the agricultural exemption. Secretary Goldschmidt and Stu Eizenstat have already spoken with the Senator several times and (cont.)

NOTES: (Date of Call _____)

Cancelled

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Requested by *FM*
Frank Moore

Date of Request 3/10/80

(call should be made today)

recommend that you call him. Secretary Bergland called him on Friday.

When you speak with Senator Riegle, we anticipate that he may bring up the subject of foreign car imports from Japan and their effect on the domestic auto industry. He was unaware of your interest in the bill and he made several references to the fact that he has rarely had occasion to speak with you.

TALKING POINTS

1. I want you to know that I'm aware that you cast some extremely difficult votes last Thursday on the trucking deregulation bill which my Administration supports.
2. This is an important bill and with your support we are making real progress in increasing competition, lowering prices, eliminating unnecessary government regulation, and saving energy in the trucking industry.
3. I know that the pressures must be intense, particularly on the antitrust immunity, and I would greatly appreciate your continued support on this critical issue. The reconsideration vote is extremely close and we need your help.
4. I also hope you will take another look at the agricultural exemption. My staff is putting together more information on this for you. I just want you to know that we think it will benefit farmers and help contain food costs.



THE WHITE HOUSE
WASHINGTON

March 10, 1980

*Let's not
permit an
override*

J

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
BOB BERENSON

SUBJECT: Enrolled Bill H.R. 5235 - Uniformed Services
Health Professionals Special Pay Act of 1980

Sponsors - Rep. Nichols (D) Alabama and
11 Others

THE BILL

(1) Addresses the problem of serious and persistent physician shortages in the military departments by revising the special pay system for uniformed services health professionals and
(2) exempts from conflict of interest laws private sector representatives to international telecommunications conferences.

In 1974, Congress addressed the issue of special pay for health professionals in all the uniformed services by inaugurating a system of bonuses for medical officers who sign active duty agreements and by modifying the system of continuation pay for physicians and dentists, originally enacted in 1967.

In recent years, DOD has experienced difficulty retaining experienced physicians, particularly those who have achieved board certification in specialty areas. The Administration introduced legislation which would partially close the gap between salaries for physicians in the military and potential earnings for physicians in the private sector by adding approximately \$8,000 in special pay to DOD physicians in shortage specialties. (Currently, a typical military physician with ten years of service earns between \$45,000 and \$50,000.)

In a number of respects H.R. 5235 goes further than the Administration bill:

- o Extends the additional special pay and bonuses to cover physicians in all the uniformed services, including the 2700 doctors in the Public Health

Service Commissioned Corps, where currently about 12% of the slots are unfilled. There is no demonstrated need for additional bonuses for the Commissioned Corps.

o Provides more generous special pay and bonuses. Career uniformed services physicians in shortage specialties would receive about \$3,000 more under H.R. 5235 than under the Administration's proposal. Career physicians who are not in shortage specialties would receive about \$10,000 more than under our proposal. Those physicians who are obligated to serve by virtue of having received defense or public health service medical scholarships would receive up to \$15,500 more -- the Administration's bill would not provide bonuses or additional special pay to those with a service obligation.

o Makes permanent, instead of temporary, bonus pay for physicians. The Administration's bill had asked for authority to make three year bonus pay commitments for only two years, based on projections that DOD may have a physician surplus by 1984, made up of scholarship recipients currently in the pipeline.

o Authorizes increased special pay that we did not request for dentists and optometrists and new special pay for podiatrists, also not requested. There are not significant shortages in these areas.

VOTES IN CONGRESS

House: voice vote
Senate: voice vote

ARGUMENTS FOR SIGNING

o Despite the excesses in the bill, DOD's demonstrated need to provide additional comparability pay to alleviate the shortage of critical specialists at this time should be supported. There is a high level of expectation amongst military physicians, almost half of whom will decide whether to "re-up" this summer. A veto could have an adverse effect on the ability of DOD to keep this group, especially since it is not clear that we would be able to pass a bill closer to the Administration's proposal in the time remaining in this session.

o A veto of H.R. 5235 could be perceived by certain critics of draft registration as confirmation of their fears that the Administration is not willing to deal with shortages of skilled career personnel through appropriate increased pay. This perception could place the necessary appropriations for draft registration in jeopardy.

ARGUMENTS FOR VETO

o This bill would demonstrate your strong resolve to fight inflation by cutting back on unnecessary Federal spending. Enactment of H.R. 5235 would result in increased outlays over the next five and one-half years of approximately \$170 million compared with the Administration's proposal. Enactment of this bill would likely be followed by efforts to achieve similar special pay and bonuses by VA and General Schedule physicians, so that total unnecessary spending might ultimately be significantly greater than \$170 million.

o A veto could help discourage certain broad military pay and benefit increases being sought by Senators Nunn and Warner through the Senate version of H.R. 5168 which is now in conference. These increases total \$550 million above the Administration's recommendations in FY '81.

o A veto of exorbitant pay increases for health professionals would demonstrate that budget cutting and the fight against inflation must be applied to all segments of the population, and will not be applied solely to those most vulnerable.

AGENCY AND STAFF RECOMMENDATIONS

The following agencies recommend approval: DOD, HEW, VA, DOT, DOC, and State.

OMB, Lloyd Cutler, Jack Watson, Anne Wexler, and I recommend disapproval. A veto message approved by the speech writers is attached.

DECISION

Sign H.R. 5235 _____

Veto H.R. 5235 and issue
attached statement _____

St Rev Sh 23/17

"EYES ONLY"



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

March 12, 1980

new	3.6
1 new cuts	6.9
Ann index	1.2
	<hr/>
	11.7
Rev Sh	1
	<hr/>
	12.7

MEMORANDUM FOR THE PRESIDENT

SUBJECT: INTENSIFIED ANTI-INFLATION PROGRAM

I. BUDGET

A. FY 1981

13 bil

Balance FY '81 without additional revenue

OMB		CBO	
625 out		631	
610 rev		613	
15 def		18	

Balance even if this requires reduction in entitlement programs by:

revising index
across the board cut (1%)

In any case, appoint a Commission to recommend possible changes in indexing methods.

B. FY 1980

hiring

50,000
20,000

Government employment freeze [for 3 months]

Spending reduction through OMB process

Freeze exec level salaries

C. Defense Budget

Defense commitments for FY '80 and '81 to be met, but reductions sought in non-readiness areas to offset other increases

D. Special Presidential Powers

Request Congress to grant special powers to the President through 1981 to withhold spending, subject to disapproval by both Houses.

E. Include some form of overall spending limitation

<u>YES</u>	<u>NO</u>
<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input checked="" type="checkbox"/>

80 + 15 3 bil
91 +

150,000,000
1,500,000

Indexing

If upcoming 1980 increases are capped at 1% below expected rates, then:

- Savings for all social security and retirement programs will be \$1.4 billion in 1981.
- Average weekly check received beginning June 1980 will change as follows:

Current average check	\$294
Expected in June with 14.1% increase .	\$335
Decrease of 1% to 13.1%	<u>-3</u>
Average after cap	\$332

II. <u>CREDIT LIMITATIONS</u>	<u>YES</u>	<u>NO</u>
A. <u>Presidential Action</u>		
Invoke Credit Control Act authorizing Fed to:		
Control consumer revolving credit (not home mortgages, autos, etc.)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Control non-depository intermediaries (money market funds)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Control managed liabilities of non-member banks.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Require reporting	<input checked="" type="checkbox"/>	<input type="checkbox"/>
III. <u>WAGE - PRICE PROGRAM</u>		
New standards have been announced today		
IV. <u>ENERGY</u>		
Impose gasoline conservation charge on imported oil to be allocated solely to gasoline in an amount equal to 10¢ a gallon. (\$10-11 billion in FY '81)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Propose to Congress an ad valorem gasoline tax to substitute for the gasoline conservation charge and present gasoline tax	<input checked="" type="checkbox"/>	<input type="checkbox"/>
V. <u>LONGER TERM PROGRAM TO DEAL WITH INFLATION AND STRUCTURAL IMPROVEMENTS</u>		
Appoint a national commission	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Appoint a joint Administration-Congressional task force	<input type="checkbox"/>	<input type="checkbox"/>
VI. <u>REVENUES</u>		
Gasoline conservation charge - covered above		
Withholding on interest and dividends	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Increase tobacco and alcohol taxes	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Surtax on higher income individuals	<input type="checkbox"/>	<input checked="" type="checkbox"/>

*80,000,000
bbl/day
200,000*

VI. REVENUES (Continued)

YES NO

Surtax on corporations

_____ _____

Increase Internal Revenue Service staff to increase revenue collections (\$1-billion additional revenue for \$100-million increased staffing costs)

_____ _____

VII. ANNOUNCEMENT

A. Timing

Thursday, March 13

_____ _____

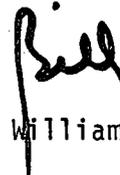
Friday, March 14

B. Format

Joint Session of Congress

_____ _____

White House



G. William Miller

Timing of Import Fee Implementation

- It will take at least 7 and probably more like 10-14 days after a go-ahead decision is made to prepare and issue a proclamation. (The proclamation itself would be very complex, since it would include the specifics not only of the fee but also the gasoline entitlements program.)
- The lead-time necessary for the proclamation would not prevent the President from announcing that the fee will apply to all oil imported after the date of the announcement, even though the proclamation is not issued until several days later. It can apply retroactively, as long as the public is notified of the fee when it becomes effective.
- The import fee could be made effective at any time. On the same day as the fee becomes effective, entitlements obligations would attach to all gasoline produced thereafter.
- Payments of import fees and gasoline entitlements obligations would not be made until the end of the second full month after the oil is imported and the gasoline is produced. (e.g., payments on oil imported and gasoline produced in March would be made by May 31.) This lag is necessary in order for DOE to receive necessary data from the industry and to calculate entitlements obligations (the same lag exists in the present entitlements program).
- Under the existing pricing rules, the cost of the entitlements obligation could not be passed through in gasoline prices until the month following the payment (e.g., in June for entitlements obligations paid in May for gasoline produced in March). This passthrough could be accelerated to earlier months (including the month in which the gasoline is produced), but this would give the companies the use of consumers' money for a substantial period before they (the companies) would have to pay either fees or entitlements obligations. We recommend that the passthrough be accelerated not more than one month. Thus, beginning May 1 refiners could be allowed to begin passing through entitlements obligations that will become payable by May 31.

-- A possible schedule:

March 13

First date on which fee applies to imports and entitlements obligation applies to gasoline produced.

April 20

Firms would have to report to DOE their crude oil and gasoline imports and their gasoline productions in the month of March.

May 1

Gasoline producers can begin passing through the entitlements obligations they will have to pay for gasoline produced in March.

May 20

DOE would publish the entitlements list.

May 31

Import fees for March imports would be payable to DOE and entitlements obligations on gasoline would be payable to crude oil importers.

3:30 PM



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

March 7, 1980

MEMORANDUM FOR THE PRESIDENT

Subject: Economic Program

Attached is a brief outline of the current status of the Intensified Anti-Inflation Program. I understand that Jim McIntyre is sending you separately a list of potential budget cuts, not as recommendations but to indicate the range of prospects.

Your economic advisors spent most of the day with the joint Senate-House Democratic group. We will be meeting with them again tomorrow and possibly on Sunday.

We have a meeting scheduled with you at 3:30 p.m. tomorrow to brief you on the program and to seek your guidance.


G. William Miller

~~CONFIDENTIAL ATTACHMENT~~

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~~CONFIDENTIAL~~INTENSIFIED ANTI-INFLATION PROGRAMI. Budget

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

All items are tentative, since consultations have not been completed.

A. FY 1980 Budget

- Give cuts - state budget balanced*
- (i) Consider holding the budget in balance (seasonally adjusted) starting April 1, 1980, through FY 1981. (Depends on outcome of current budget exercise.)
 - (ii) Seek spending cuts of \$4 billion or more. (List of possible cuts to be supplied by OMB.)
 - (iii) Some form of personnel freeze for three months.
 - (iv) Commit not to submit supplementals without offsetting reductions.
 - (v) Contain defense spending within budget amounts and timing.

B. FY 1981 Budget

- (i) Seek balanced budget -- requiring \$20²⁵ billion or more combination of spending cuts or revenue increases.
- (ii) List of potential candidates for spending cuts to be submitted separately by OMB.
Summary (OMB classifications):

(a) Stoppable new programs	\$ 5.9 billion
(b) Reduction in other controllable programs	
• Most acceptable	
--Nonsensitive	3.8
--Sensitive	4.6
• Less acceptable	1.0
• Least acceptable	1.0
Subtotal	<u>10.4</u>
Grand total	\$16.3 billion

Jan 10/11/80

Consumer Price Index
vs "Cost of Living"

\$12 on \$500

CONFIDENTIAL

- 2 -

- (iii) Adjust indexed programs to approximate cost-of-living rather than CPI -- potential savings of \$4-\$5 billion.
- (iv) Seek enactment of all legislative spending cuts included in FY 81 budget (\$5.6 billion).
- (v) Seek Congressional approval where required for revenue items in FY 81 budget (cash management, restrictions on tax-exempt mortgage bonds, etc.) (\$5.9 billion).
- (vi) Contain defense budget.
- (vii) Potential for revenue increases:
- (a) Oil import fee allocated to gasoline equivalent to 10¢ per gallon (\$10-\$11 billion). (Presidential action)
- (b) Authorize tax withholding on interest and dividend payments (\$3.3 billion). (Congressional action)

Total # in programs?

Enrolled into 40% budget

+

II. Credit Limitations

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

A. Presidential action: Limited activation of the Credit Control Act of 1969.

- (i) Fed to impose a reserve requirement on revolving consumer credit balances in excess of amounts outstanding at end of February. Would not cover home mortgages, mobile homes, auto loans, insurance policy loans. Exempt balances below \$2 million in order to exclude small financial institutions.
- (ii) Fed to impose a reserve requirement on any increase in Money Market Funds. SEC to support restraint efforts in this area.
- (iii) Require reporting.

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B. Federal Reserve actions:

- (i) Tighten reserve requirements on managed liabilities (possibly extend to non-member banks under Credit Control Act).
- (ii) Voluntary Credit Control Program. This would attempt to limit loans and credits to "productive" purposes and also to assure adequate credits to farmers and small businesses.

III. Wage Price Program

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

- A. Reiterate 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 from the present 80 to, say, 300-400.
- 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. The President's personal involvement would 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 will 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 another 200,000 b/d. Should additional restraint measures (such as import fee) be proposed, consider lowering the state targets, perhaps to 6.7 mmb/d.

- C. Impose a fee on imported crude oil and direct the price effects to gasoline refining.

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 \$10-\$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.

- D. If the import fee is imposed, lower the oil import quota from 8.2 mmb/d to 7.5 mmb/d.
- E. Organize a high visibility, intensified communications program spearheaded by a non-partisan, prestigious group of citizens named by you.

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- 5 -

V. Commodities

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

Consult with the CFTC and the Federal Reserve about action such as increasing margin requirements on commodity futures transactions and other appropriate steps to dampen excessive speculation and cool inflationary expectations.

VI. Structural Improvements

- A. Regulatory reform measures.
- B. Structural improvements to financial institutions and Federal Reserve System. The bill has cleared conference committee.
- C. Savings (Regulation Q phase-out). This is part of the same bill referred to in B.
- D. Investment/Productivity (?)
- E. Export policy (avoid protectionism). (?)

Classified by

Randall K.C. Kan

Declassify

Review for

Declassification on March 7, 1986

~~CONFIDENTIAL~~



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

March 7, 1980

EYES ONLY

MEMORANDUM FOR: THE PRESIDENT
FROM: Jim McIntyre *Jim*
SUBJECT: Budget Reductions

Attached is a tentative list of reductions we are considering in both the FY '81 and '80 budgets. (It does not include possible limits on cost-of-living increases in indexed programs. We will present those options to you separately.) The reductions were identified by the agencies, in most part, with some modifications by my staff.

We are passing them back to the agencies today and the agency heads will have a chance to discuss them with us this weekend. These lists are also serving as the basis for our general discussions with congressional leaders. I have made it clear that you have not seen these possible reductions.

The 1981 list is divided into two main categories, one for stoppable new programs (Table 1) and the second (Tables 2 & 3) for cuts in ongoing discretionary programs. The second group is based on initial targets which were spread evenly among non-defense programs, including a two percent cut in personnel expenses and related operating costs.

I wanted you to have the list now, even though it is preliminary, to get a sense of the span of the reductions. They touch virtually every interest group, as well as State and local governments.

As you know, external expectations are running high that you will balance the '81 budget and cut significantly in '80. The financial community, in particular, sees this effort as the clearest indication of your determination to take strong economic action. This is welcome support, but that sense of anticipation fuels the nervousness of those constituencies whose programs may be in jeopardy.

We are continuing our discussions with Members of Congress, and see good progress so far. You will get a complete report at our meeting with you on Saturday afternoon.

Attachment

OMB FORM 68
REV SEPT 79

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COVER SHEET

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

Attach this form to **CONFIDENTIAL** material in use. **DETACH** the form when material is filed, stored or dispatched.

~~CONFIDENTIAL~~

COVER SHEET

THE WHITE HOUSE
WASHINGTON

3/13/80

Stu Eizenstat

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

Rick Hutcheson

Stu
J

The Senate Republican Conference, having met to consider the inflation crisis, has adopted the following declaration:

We consider inflation to be the number one domestic crisis we face today. It must be stopped and then reversed. Inflation is destroying the purchasing power and standard of living of the American people and is steadily eroding the economic and social foundations of our Nation. Inflation is causing taxes to rise as a percentage of income for most American families; it is driving up the cost of government; it is weakening our competitive position in the world; it is encouraging spending instead of saving; and it is robbing us of our ability to plan for the future, thereby stifling capital investment and the modernization of the U.S. industrial machine. Also, the international position of the dollar as the linchpin of the international monetary system requires that we get inflation under control. We must reassure the world and the overseas holders of the more than \$900 billion in U.S. dollars of our resolve to stop the dollar from becoming a depreciating asset.

The Administration does not now have, nor has it had, a viable and coherent program for fighting inflation. Administration economic policies have been inconsistent, unpredictable and disjointed, and have been initiated haphazardly over the past three years. The present 18% inflation rate compares to the 4.8% annual rate which existed at the end of President Ford's Administration.

The Administration's frequently contradictory pronouncements have sent mixed signals which make it impossible for Americans to know, with any degree of certainty, the environment in which they must make their basic economic decisions.

Futhermore, the Democratic-controlled Congress has shown no capability to control the growth of federal entitlement programs in order to restrain government spending.

We believe the following principles must be implemented to control inflation and offer Americans a positive economic program on which they can count year after year and will promote real economic growth and jobs in the private sector:

1. A limitation of Federal outlays to a percentage of the Gross National Product (GNP) must be adopted, and we establish this figure at 21% for FY 1981.

2. The Federal budget for FY 1981 must be balanced without tax increases (and as a threshold, rescissions will have to be made in spending for FY 1980) and we commit ourselves to a balanced budget over a period of years.

3. Federal taxes must be reduced and tax laws changed to encourage greater individual and business savings, investment, output and productivity and thus more jobs for Americans.

4. America's energy dependence on foreign imports must be reduced by 50 percent over the next decade through conservation and domestic energy production.

5. An immediate program of regulatory reform must be undertaken.

6. A real export drive must be implemented.

7. The formation of appropriate labor-management committees to deal with the problems of worker morale and of youth and structural unemployment must be encouraged to improve the participation and productivity of the U.S. work force.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

①
—

March 13, 1980

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS by 297*

Subject: Industrial Production in February

Tomorrow (Friday, March 14) at 9:30 a. m. the Federal Reserve Board will release its estimate of industrial production in February.

Industrial output rose 0.2 percent last month, about the same as in January. Auto output rose sharply -- 10 percent -- from the very low levels of production in January. Declines in output occurred in a number of categories, such as durable household goods, construction products, and nondurable materials. In fact, excluding motor vehicles and parts, industrial production went down slightly last month.

This weakening in nonauto output is welcome news. The sooner the economy cools off, the more likely we are to get more favorable results on the price front.

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THE WHITE HOUSE

WASHINGTON

March 13, 1980

MEMORANDUM FOR THE PRESIDENT

FROM:

GENE EIDENBERG *Gene*

SUBJECT:

Cabinet Briefing on Anti-Inflation Program
March 14, 1980
2:30 p.m. (5 minutes)
Cabinet Room

All Members of the Cabinet are expected to attend this briefing except Secretaries Harris, Landrieu, Goldschmidt, and Ambassador McHenry. All have sent representatives. In addition to those Agency Heads who usually attend Cabinet Meetings, we have invited several others who have an obvious interest in the program and can be helpful in explaining it to their specific constituencies. A list of attendees is attached.

You are scheduled to open the meeting at 2:30 p.m. with brief remarks. After your opening comments, you can leave the meeting. Secretary Miller will brief the Cabinet on the program.

Your remarks should be brief and direct -- stressing that the program on which they are about to be briefed was very difficult to shape, will be difficult to effect, and will require sacrifice. The personal attention and support of everyone at the meeting over the next weeks and months is imperative if the anti-inflation program is to be effective.

Talking points prepared for Secretary Miller by Fred Kahn are attached for your information.

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Cabinet Meeting
March 14, 1980

Attendees

The Vice President

Robert Bergland

Philip Klutznick

Harold Brown

Charles Duncan

Cecil Andrus

Benjamin Civiletti

Ray Marshall

Cyrus Vance

William Miller

Shirley Hufstедler

Assistant Secretary William Welsh (for Pat Harris)

Assistant Secretary Robert Embry (for Moon Landrieu)

Deputy Secretary William Beckham (for Neil Goldschmidt)

Charles Schultze

James McIntyre

Reubin Askew

Zbigniew Brzezinski

Deputy U. N. Representative William Vanden Huvel (for Don McHenry)

John Macy (FEMA)

Bob Frosch (NASA)

Scotty Campbell (OPM)

Sam Brown (ACTION)

Gus Speth (CEQ)

Bill Allison (CSA)

Doc Freeman (GSA)

Doug Costle (EPA)

Vernon Weaver (SBA)

Rufus Wilson (VA)

Talking Points For Cabinet Meeting

1. Selling this anti-inflation program to the American public over the next several months will be one of the most difficult jobs this Administration has ever undertaken. If we are to succeed, everyone of you will have to help.
2. We are planning an extensive outreach effort. Over the next few weeks, we intend to hold hundreds of briefings in the White House and across the country. It is our intention to meet with all interest groups and to have top Administration officials meet with groups in the 25 largest media markets in the country. Many of you will be asked to participate in those briefings.
3. The reason we are undertaking such a comprehensive effort is that our most essential task is to change the public expectations that are helping to fuel inflation. Unless we can change that psychology, our ability to bring inflation under control will be undermined.
4. Our task will be made even more difficult because in the months immediately ahead, the Consumer Price Index is likely to remain high, while our strengthened program takes hold. And that fact is almost certain to evoke more cries for the quick fix solutions which we know will not work and which the President has rejected.

5. In strengthening his anti-inflation program, the President has made a number of difficult choices which are likely to be unpopular with your constituencies. I'm sure many of you have already heard from them. We can expect that nearly every interest group whose programs are affected by the President's decisions will make its voice heard.
6. For that reason, it is critically important that the Administration speaks with one voice. I'm sure that the interest groups will do their best to divide and conquer in their efforts to avoid having their programs cut. Any chink in our armor could be fatal for the President's anti-inflation effort.
7. The President has made reducing inflation his number one priority. That is in the best interest of the country, and it is in the best interest of our party. Inflation threatens to erode the progress we have made for all our constituents over the past 50 years. As leaders of the country and as leaders of our party we can not allow that to happen.
8. Finally, if we do not succeed, the Republicans will be waiting in the wings to capture the White House and the Congress. And that can only bode ill for the efforts we, as a party have made during the last half-century.

1:00 PM

THE WHITE HOUSE

WASHINGTON

March 13, 1980

DROP-BY & REMARKS AT CONFERENCE ON COAL & ENERGY

Friday, March 14, 1980
1 p.m. - 1:15 p.m.
The East Room

From: Sarah Weddington ^{Re}
Anne Wexler ^{Ann}

I. PURPOSE

To emphasize, before a group of coal industry and coal miner interests, your Administration's record of achievement on energy and the steps you are taking to increase coal production and usage.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

A. Background: A few weeks ago, the report of the President's Commission on Coal, chaired by Governor Jay Rockefeller of West Virginia, was released to the press. The report has not yet been formally transmitted to you. Last week, Stu Eizenstat and John Sawhill announced your proposed legislation to encourage electric utilities to convert to coal (utility oil back-out). This event has been designed to allow formal transmission of the Coal Commission report and to explain the back-out legislation to those interested in increased coal production and usage.

B. Participants: An audience of about 250 is expected. Among those invited were the entire Senate and House Coal Caucus, the international executive board and officers of the United Mine Workers, and numerous private citizens (including chief executive officers of leading coal companies) from West Virginia, Kentucky, Pennsylvania, Ohio, Illinois, Virginia, and other states.

C. Press Plan: White House Photo and Press Pool for your remarks. In addition, several publishers have been invited as guests and will be in the audience for your remarks as well as for earlier briefings by Administration officials.

III. AGENDA

Between 10:30 a.m. and 11:55 a.m., the group will be in Room 450 of the Old Executive Office Building, where they hear short presentations by, and participate in a question-and-answer session with, Stu Eizenstat, Cecil Andrus, Doug Costle, Jay Rockefeller, and John Deutch, Undersecretary of Energy (both Charles Duncan and John Sawhill will be out of town). At 11:55, the group will go to the State Dining Room for a buffet luncheon.

Shortly before 1 p.m., the audience will assemble in the East Room. The members of the Coal Commission (list attached) will stand on the stage, except for Jay Rockefeller, who will wait outside the room for you. You will be announced, and Jay and you will enter the East Room together.

Jay will take the microphone and speak for one to two minutes, formally transmitting the Coal Commission report to you. After you then thank the Commission members, they will take their seats in the front row. You should then proceed with your remarks.

~~After you speak, we recommend that (time permitting) you shake hands with each of the attendees in a receiving line.~~

(See attached agenda.)

IV. TALKING POINTS

Talking points prepared by the speechwriters, working with the Domestic Policy Staff and our offices, have been submitted separately.

THE WHITE HOUSE

WASHINGTON

Coal and Energy Conference

March 14, 1980

Agenda

10:30 AM	Opening Remarks - Room 450	Anne Wexler
10:32	Coal & Energy	Jay Rockefeller
10:45	What the Administration Has Done for Coal (other than backout legislation)	John Deutch
10:55	Backout Legislation	Stuart Eizenstat
11:05	Panel Discussion, Q & A	Group above joined by Cecil Andrus & Doug Costle
11:55	Adjourn to State Dining Room	
12:05 PM	Lunch is served	
12:50	Group moves to East Room	
1:00	Presentation of Coal Commission Report	Jay Rockefeller
1:02	Remarks	The President
1:20	Meeting Adjourns (Receiving line if time permits)	

MEMBERS OF THE PRESIDENT'S
COMMISSION ON COAL

The Honorable John D. Rockefeller IV Governor of West Virginia	(Commission Chairman)
Mr. Jesse Core	(Commission Voting Member)
Mr. Marvin Freidman	(Commission Voting Member)
Mr. W. Dewey Presley	(Commission Voting Member)
Mr. W. Willard Wirtz	(Commission Voting Member)
The Honorable Walter Huddleston U.S. Senate	(Ex Officio Member)
The Honorable Charles Percy U.S. Senate	(Ex Officio Member)
The Honorable Jennings Randolph U.S. Senate	(Ex Officio Member)
The Honorable John Buchanan U.S. House of Representatives	(Ex Officio Member)
The Honorable Austin Murphy U.S. House of Representatives	(Ex Officio Member)
*The Honorable Carl Perkins U.S. House of Representatives	(Ex Officio Member)
*The Honorable Ray Marshall Secretary of Labor	(Ex Officio Member)
*The Honorable Charles Duncan Secretary of Energy	(Ex Officio Member)

* not expected to attend

OUTLINE OF PRESIDENTIAL SPEECH
INTENSIVE ANTI-INFLATION PROGRAM

I appear before you to deal with an urgent major problem: inflation. It is a matter of highest priority.

Since my economic and budget reports in January, rapid changes in world events and economic prospects have made it necessary to intensify our economic policies.

Inflation is a clear threat to the well-being of every American.

Inflation is a deadly disease. It destroys real incomes and real values. It dries up job-creating investments. It breeds economic disruptions. It falls most heavily on those least able to bear the burden.

Inflation undermines our economic strength. In the last analysis, our very security depends on a strong and stable economy.

Inflation has built up over some 15 years. It is now deeply entrenched in our economic system.

The causes of inflation are many. Some relate to Government policy over a long period of time. Other causes have been beyond Government control, such as periodic droughts or crop failures. One important cause has been a steady decline in productivity over the last 10 years. America's competitive edge has been eroding.

Another major cause arises from the energy crisis. Expanded world demand in relation to world supply has lead to enormous price increases. Since 1973, the world price of oil has risen more than twelvefold. This has been reflected in the price of all goods and services.

*last 12 mos
" 120*

Worldwide
During the decade of the 1970's, different factors have been major contributors to inflation at different times. During recent months, increases in the price of oil and in home financing costs have been the largest items. They have driven the consumer price index to alarming levels. The net result has been to heighten inflationary expectations and to increase uncertainties in financial markets.

I am prepared to respond to these concerns with forceful action.

To prepare for action, my Administration has consulted widely throughout the private sector.

There have also been close consultations with many members of the Congress of both parties. These discussions have been the most intensive and extensive in recent memory. I am grateful to the leadership and the members of Congress for their dedicated involvement in hammering out many difficult issues.

The suggestions and recommendations from all these consultations have been carefully weighed in arriving at my own proposals.

I am proposing tough actions. Every American will be asked

to make some sacrifice, but the sacrifice will be fairly shared. My intensive anti-inflation program involves several major components.

First, the budget.

One of my main objectives has been to assure fiscal responsibility and move our nation as rapidly as possible toward a balanced budget. The 1981 Budget submitted in January fell somewhat short of balance because of the outlook for a mild recession.

Now, the evidence of both higher inflation and a stronger economy necessitates extraordinary efforts to reduce Federal spending.

Therefore, I plan to submit a revised budget for fiscal year 1981. It will be a balanced budget. It will be the first balanced budget in 12 years.

To begin the process towards balance, even stricter controls will be imposed immediately.

As a first step, Federal civilian employment will be frozen at current levels for the next three months.

I have instructed the Office of Management and Budget to prepare rescissions for a number of pending legislative proposals. All executive departments and agencies will be expected to curtail spending even further in all non-essential activities. My Economic Advisors will work with the Congress to identify every opportunity for further reducing Federal expenditures. The results will be reflected in a reduced deficit for the remainder of fiscal year 1980.

My revised budget for 1981 will be balanced entirely by spending cuts. Outlays and revenues are now being re-estimated. As soon as this is completed, the details of the revised budget will be submitted to the Congress.

The spending cuts needed to produce a balance will be distributed fairly throughout the budget. However, I do not plan to propose any change in the method of indexing social security and other benefits. This is a complex issue which will require further study by the Congress and the Administration.

Every area of Government will be asked to share to some extent in the austerity. But, special care will be taken to maintain essential Government services and to provide adequately for those most in need and least able to provide for themselves.

In the field of national defense, I will meet my commitments to strengthen our national security. But, I will also exercise the same degree of prudence here as elsewhere. Reductions not related to military readiness will be used to offset other increases.

The spending cuts I will propose will also involve substantial reductions in budget obligational authority, and will, therefore, result in reduced spending in later years.

Congress has a key role to play in balancing the budget. Extensive consultations have convinced me that Members of the Congress on both sides of the aisles are ready and eager to do

their part. I have received pledges of support for making the difficult decisions.

Neither the Congress nor I, acting alone, is likely to achieve the desired result. Working together, we can accomplish a goal which has eluded all Congresses and all Presidents for more than a decade: A Balanced Budget.

To assure meeting that goal, I expect to withdraw or modify some proposals and to seek Congressional approval for some spending recisions and reductions. Through close cooperation, I hope to find a broad consensus for individual items. But in case of disagreement, I will not hesitate to use my veto power.

Since we face an extraordinary circumstance, I also ask the Congress to grant me special power for a limited time to exercise greater control over spending. These special powers would authorize me, until the end of 1981, to withhold spending unless disapproved by both Houses of the Congress.

Second is money and credit.

Excess volumes of credit add fuel to inflationary forces. This encourages speculation, excessive debt burdens, and consumption beyond cost-effective productive capacity. This means that less credit is available for more essential activities.

As inflation has accelerated, the traditional tools available to the Federal Reserve to control the growth of money and

credit have not been entirely satisfactory. Interest rates have soared but credit has remained in ample supply.

But attempting to improve this situation through the application of general credit controls would also restrict the availability of funds for productive areas, and thus impede economic progress.

Closely targeted controls are more appropriate. Therefore, I am issuing an Executive Order exercising my powers under the Credit Control Act of 1967 to authorize the Federal Reserve to impose limited credit controls in three areas:

(1) Control over consumer revolving credit, but not including loans for home mortgages, mobile homes, automobiles, insurance policies, and similar items.

(2) Control over credit extended by money market funds.

(3) Control over certain credits extended to commercial banks who are not members of the Federal Reserve System.

The Federal Reserve has advised me that it will be announcing certain independent monetary actions. It also will be introducing a Voluntary Credit Restraint Program for larger banks which will seek to limit non-productive loans, and at the same time to assure adequate credits for farmers and small businesses.

I fully support these Federal Reserve initiatives.

These combined actions will curtail excess credit without damaging the productive capacity of our nation. Along with other actions, they will help lessen the burden on monetary policy and enhance the future prospects for more moderate credit conditions.

Third is the voluntary wage and price program.

I do not favor mandatory wage and price controls. Such controls create economic distortions, dislocations, and inequities. They place a heavy burden on the weakest members of society. They have no affect on foreign producers. History has shown that mandatory wage and price controls do not work except in time of warm or dire national emergency. And, they will not work in today's conditions.

There is no authority for me to impose mandatory controls. I will not seek it. If authorized, I will not use it.

Instead, I will strengthen the present voluntary system, which offers flexibility to deal with our complex economy. It has already worked to moderate both prices and wages.

Business and labor and employee groups have given me their cooperation. I seek their continued cooperation, and will ask for their particular attention to maintaining compliance with the new wage and price standards. These standards will be issued by the Council on Wage and Price Stability within the next few days.

The new pay standard will be consistent with the unanimous

recommendation of the Pay Committee, made up of representatives from business, labor, and the public. The range of allowable annual wage increases will be 7-1/2 - 9-1/2% to permit latitude for dealing with each situation where justified. It is expected that the average actual increase for the year will be at the mid-point, 8-1/2%. The Council will work with employers and employee groups toward this end.

The staff of the Council will also be expanded to enable it to meet this responsibility and to provide more effective monitoring.

This is a program where almost every American can contribute, through moderation, toward banking the fires of inflation. All can benefit from reduced inflationary pressures. I plan to be active personally in communicating and implementing this program.

Fourth is energy.

In the long run, we will not win the war against inflation unless we deal successfully with the energy issue.

In the short run, energy prices will continue to rise and work against our anti-inflation efforts. Because America, and many other countries, have become heavily dependent upon foreign oil, we will be adversely impacted by increases in world oil prices. And, in order to encourage both conservation and greater domestic production, we need to allow our domestic oil prices to rise gradually to world levels.

It is essential that we reduce our dependence on foreign oil as soon as possible.

In the last few years, Congress has addressed a series of major proposals to shape a new national energy policy. Some have been enacted; some are pending. Three critical bills have passed both Houses but have not yet been finally enacted into law. They cover the Windfall Profits Tax, the Energy Security Corporation, and the Energy Mobilization Board. These three bills are cornerstones for our energy policy. They are of the utmost importance, and I urge Congress to complete action and send them to my desk without delay.

I have recently submitted a proposal to Congress to provide for conversion of electric power plants from oil to coal or other fuels. This, too, is important legislation and should be dealt with expeditiously.

Gasoline use represents one of the most promising opportunities for further conservation. This would make a major contribution toward reducing the amount of oil we import and the number of dollars we send abroad to pay for it.

To help meet the urgency of this situation, and to make additional reductions in oil imports, I am exercising my authority under the Trade Expansion Act of 1962 to impose a gasoline conservation charge on imported oil. This will be allocated solely to gasoline in an amount equal to 10¢ a gallon. The charge will not add to the cost of any other oil product. It will not cause any interruption in available oil supplies.

I will submit to Congress a request for enactment of a direct gasoline tax to replace the conservation charge. The gasoline conservation charge will be removed as soon as Congress approves the gasoline tax.

The gasoline conservation charge and the substitute gasoline tax will generate new revenues. I will not use these revenues to help balance the budget. The budget will be balanced by spending cuts.

The funds from the gasoline conservation charge will be held in reserve or used to reduce the federal debt. If Congress adopts the substance of my revised budget and produces a balanced budget for fiscal year 1981, then the surplus funds from the gasoline conservation charge will be available to apply toward future tax reductions.

Fifth is the matter of basic structure.

While we deal with the current conditions, we must not neglect the more fundamental issues which affect our nation's vitality. There are many areas where our system is in need of structural improvements. I will mention only a few.

Government Regulation is one. The burden has become too great. The benefits in relation to costs and inflation are not adequate in many cases. But here is another opportunity for partnership. Congress could advance the cause by enacting promptly the Regulatory Reform Act. Congress could also contribute to the fight against inflation by authorizing deregulation of the trucking industry.

In the area of financial institutions, Congress has made giant strides in grappling with structural problems which have become increasingly urgent in an inflationary environment. The Federal Reserve/Regulation Q Legislation has been approved by the Conference Committee and is awaiting final passage. It is landmark legislation. Among other things, it improves the Federal Reserve's monetary controls, authorizes the payment of interest on checkable deposits for individuals, and strengthens the nation's important thrift institutions.

The bill also phases out interest rate ceilings on savings accounts. When the transition is completed, interest rates on these accounts will be determined by market conditions. This will be a significant step toward encouraging personal savings by permitting higher interest rates for savers.

Action on this important legislation should also be completed as soon as possible.

One of the most important areas of concern is productivity. For 20 years after World War II, the U.S. experienced very satisfactory annual rates of productivity gains. This helped make possible annual increases in real income. For the past 10 years, the rate has slowed significantly, and last year it was actually negative.

Higher productivity means lower unit costs for goods and services and lower prices for consumers.

Among the causes of lower productivity gains are lower levels of saving and business investment in productive machinery

and equipment. Some initial steps are being taken to encourage saving. As we bring the budget into balance, there will then be prospects for tax relief. This too will help savings. Tax reductions to encourage business investment will also be appropriate when our budgetary house is in order.

Economic conditions can change, and they are likely to do so from time to time in unpredictable ways. I intend to monitor the economy closely, and to be prepared to take further appropriate measures if necessary.

For now, the first priority is a balanced budget. If we are to achieve that goal, as we must, then there is no room for tax reductions at this time.

But if Congress enacts a balanced budget for 1981, then I will be prepared to consider targeted tax measures for both individuals and businesses which would encourage savings and investment.

There is no quick or easy solution for inflation. But by working together we can begin the process of winding inflation down. The more we persist with our fundamental policies, the more likely we are to make continued and significant progress. It is necessary for us to take the bitter medicine now, begin to cure inflation and thus move more certainly toward our principal goals of balanced growth, full employment, and price stability.

With the help of Congress and the American people, we shall succeed.

"EYES ONLY"

THE SECRETARY OF THE TREASURY
WASHINGTON, D. C. 20220

March 11, 1980

TO THE PRESIDENT

FROM G. WILLIAM MILLER



Here's a revised memorandum of the main items
in the Intensive Anti-Inflation Program.

Also attached is a draft outline of the
Presidential Speech on the Anti-Inflation Program.

In view of the critical importance of the
inflation issue, and the intensive effort in the
Congress to work with the Administration toward a
balanced budget, I strongly urge that you announce
your decision before a Joint Session of the Congress.

GWM:1a
enc.

"EYES ONLY"



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

March 11, 1980

MEMORANDUM FOR THE PRESIDENT

SUBJECT: INTENSIFIED ANTI-INFLATION PROGRAM
A RECOMMENDATION

I. BUDGET

A. FY 1981.

Balance FY '81 budget as follows (rough estimates):

	<u>Orig. Budget</u>	<u>Re- estimates</u>	
Outlays	\$616	\$623	UBO 629
Spending Cuts		13	
Revenues	<u>\$616</u> 600	<u>\$610</u> 610	← \$ 308 BA
Surplus (Deficit)	(16)	0	ref 198 117 8' <hr/> <hr/> 2 ⁹⁰

Cuts will not include changing in indexing.

B. FY 1980.

Immediate freeze of federal civilian employment levels
(for three months.)

Spending reductions to extent possible.

In both FY '80 and '81, defense commitments to be met,
but reduction sought in non-readiness to offset other
increases.

C. Special Presidential Powers

Request Congress to grant special powers through 1981
to withhold spending subject to disapproval by both
Houses.

II. CREDIT LIMITATIONS

A. Presidential Action: Limit activation of Credit Control Act authorizing Fed to:

- (1) Control consumer revolving credit (not home mortgages, autos, etc.).
- (2) Control money market funds.
- (3) Control managed liabilities of non-member banks.
- (4) Require reporting.

B. Federal Reserve Actions:

- (1) Tighten certain reserve requirements.
- (2) Establish a Voluntary Credit Restraint Program to restrain ["non-productive."] loans and credits, while seeking to assure adequate credit for farmers and small businesses.

III. WAGE - PRICE PROGRAM

- A. Reject mandatory controls.
- B. Reinforce voluntary program.

IV. ENERGY

- A. Call for passage of pending energy legislation.
- B. Impose gasoline conservation charge on imported oil to be allocated solely to gasoline in an amount equal to 10¢ a gallon. Revenues from the charge (\$10 to \$11 billion in FY '81) will not be used to balance the budget. That will be done with spending cuts. These revenues will be held as a reserve or used to reduce the federal debt.
If Congress actually approves a balanced budget for FY '81, then tax cuts could be considered, offset by the gasoline charge revenues.

V. STRUCTURAL IMPROVEMENTS

- A. Regulatory reform. Trucking deregulation.
- B. Financial institutions.
- C. Savings (phase out Reg. Q).
- D. Investment/Productivity.

V. (continued)

If Congress actually approves a balanced budget for FY '81, then tax proposals will be considered providing relief for individuals and businesses to encourage savings and investments.

G. William Miller

GWM:1a

PETITION TO THE PRESIDENT OF THE UNITED STATES

Mr. President

Sept. 1979

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NAME

ADDRESS

Harry C. Wagner	Amsterdam OH Box 555
Thy J. Mc Abner	Amsterdam OH Box 64
Pearl Satula	Amsterdam, Ohio Box 153
Felma Muffet	Box 61 Amsterdam OH
James Kirkland	Amsterdam, Ohio Box #245
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Lena Hamilton	Box 585 Amsterdam, Ohio
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Lindy Peppeling	Box 122 Amsterdam, O. 43903
Lisa Jones	Box 364 Amsterdam, Ohio 43903
Lola Elaw	Box 555 Amsterdam, OH. 43903
Lidia Eckenrode	Box 187 Amsterdam, OH 43903
Frank Whas	R.D.#1 Amsterdam, Ohio 43903
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Minnie McLaughlin	Box 224 Amsterdam, Ohio 43903
Dan Williams	6295 Pygmy Rd Amsterdam OH 43903
Mary Ellen Stales	Box 406 Amsterdam Ohio
Jan Stales Jr	" " " " " "

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NAME

ADDRESS

Karen Hilton	RD 1 Amsterdam OH
K.A. Macher	Box 595 Amsterdam Ohio
Dolores M. Gyness	R.D.#1 Pop Rd. Amsterdam, Ohio
Karen Stout	Box 354, Amsterdam, OH 43903
Stephen Modranski Sr	Box 323 Amsterdam OH 43903
Rena Genetiv	Box 42 - Amsterdam, Ohio
Agna Vaja	Box 63 Amsterdam Ohio 43903
Shirley Smith	Box 192 Amsterdam Ohio 43903
Sarah Jayson	Box 173 Amsterdam Ohio 43903
Grace Dyer	Box 144 East Springfield Ohio 43925
Joseph Carter	Box 21 Amsterdam O, 43903
Anna Catterall	Box 407 Amsterdam, Ohio, 43903
Sophie Prabhalla	Road 1 Amsterdam Ohio 43903
Ray F. Hilderbrand	Box 72 Amsterdam, Ohio 43903
Wendie Reese	Box 331 Amsterdam, Ohio 43903
John Saker	Box 403 " " "
Anna Kaciwick	Box 133 Amsterdam Ohio
Vicki Whiston	8194 Beez Road, Amsterdam, Ohio 43903
Eli Clinic	Amsterdam, Ohio 43903
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Carma Waldorf	Box 536 Amsterdam Ohio 43903
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John Manson	Box 171 Amsterdam - Ohio 43903
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Larry Allender	6222 Cloudy Lane Amsterdam Ohio 43903
Dorothy Hagan	Box 44, Amsterdam Ohio 43903
Walter Wilsac	R.D. Amsterdam, Ohio 43903
Gladys Pilati	Box 553 Amsterdam, Ohio 43903
Tom Shurewood	Box 202 AMSTERDAM OHIO 43903
Ernest J. Mankel	Box 545 - Amsterdam Ohio 43903
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Mary E. Rubin	Box 86 Amsterdam, Ohio 43903
Harry Stare	R.D. #1 Amsterdam Ohio 43903
Anna Cape	Box 476 Amsterdam Ohio 43903
Engene Cape	Box 476 Amsterdam, Ohio 43903
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Paul Gray	Box 283 Amsterdam Ohio 43903
Benue Pradelski	Box 463 Amsterdam Ohio 43903
Wayne Stine	Box 336 Amsterdam, O, 43903
Donna Pilati	P. D. 2 Bloomingdale, Ohio
Laura Walters	Box 455 Amsterdam Ohio 43903
Edward C. Evansky	Box 534 Amsterdam Ohio 43903
Jamie Welch	Box 444 Amsterdam Ohio 43903

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NAME

ADDRESS

Robin Eueley	Box 295 Amsterdam, Ohio
Frances Chinters	Box 72 Amsterdam, Ohio
Clarence Hancock	Box 191 Amsterdam, Ohio
J. H. Donnelly	8167 Bear Rd Amsterdam, Ohio
John Webb	Box 183 Amsterdam, Ohio
Margaret Roman	Box 247 Amsterdam, Ohio
Dorothy Little	Box 395 Amsterdam, Ohio
Mary Brown	Box 36 Amsterdam, Ohio
Karen Muldella	Box 77 Bergholz, Ohio
Bruce Demchik	Box 37 Wolf Run, Ohio
George Brody	Box 46 Amsterdam, O. 43903
Margaret Emery	R.D. #1 Amsterdam, Ohio 43903
Tom Warrington	8322 Bur Rd Amherst, Ohio 43903
Helene Halkovick	Box 427 Amsterdam, Ohio 43903
Louise Payne	Box 4 Amsterdam, Ohio 43903
Sandra L. Kinney	5245 Steubenville Rd Amsterdam, Ohio 43903
Sam Manson	BX 127 Amsterdam, O. 43903
Wilfred Schultz	Box 134 Amsterdam, O. 43903
Betha Wise	Box 111 Amsterdam, O. 43903
Shirley Lucas	Box 413 Amsterdam, O. 43903
Raymond Wheaton	Box 328 Amsterdam, Ohio
Linda G. Neupuse	4065 Herman Rd. SE Carrollton, OH 44615
James Tady	Box 539 Amsterdam - O. 43903
Ferry Walters	Box 455 Amsterdam, Ohio 43903
Larry Peppering	Box 122 Amsterdam, Ohio 43903
Katherine Rogers	Box 157 Amsterdam, Ohio 43903
Mary Jane Schultz	P.O. Box 134 Amsterdam, Ohio 43903
Elizabeth Sarnay	70 Box 305 Amsterdam, Ohio 43903
Dennis Nockathorn	Box 571 Amsterdam, Ohio 43903
Evelyn Schultz	Box 134 Amsterdam, Ohio 43903
Mrs. Donald Andrews	5175 Plane Rd. Amsterdam, Ohio
Archa Wilson	Box 271 Amsterdam, Ohio 43903
Clara L. Vieton	6092 Hill Rd Amsterdam, Ohio
Cindy L. Crosby	Box 293, Amsterdam, Ohio 43903
Perle R. Crosby	Box 293, Amsterdam, Ohio 43903
William Kinney	Box 425 Amsterdam, Ohio 43903
Robert A. Anderson	Box 123 Amsterdam, Ohio 43903
John R. Brown	Box 512 Amsterdam, Ohio 43903
Barbara Colly	Box 511 Amsterdam, Ohio 43903
J. P. Flood	Box 8 Amsterdam, Ohio 43903
Dorothy Jackson	Box 277 Amsterdam, Ohio 43903
Yvonne A. Stroski	Box 111, Amsterdam, Ohio 43903
Grace Brown	Box 357 Amsterdam, Ohio 43903
Pat Brown	Box 421 Amsterdam, Ohio 43903

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NAME

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Jennie Hackathorn	Box 571 Amsterdam, Ohio
Harold W. Crosskey	P.O. Box 573 Amsterdam, Ohio 43903
Henry Shalaty	RD #1 Amsterdam, Oh 43903
Gian Miller	Box 22 Amsterdam, O 43903
Christine A. Myers	Box 248 Amsterdam, Ohio 43903
Deborah J. Giffon	Box 403 Amsterdam, Oh. 43903
Catherine J. Kholik	RD #1 Amsterdam, Oh 43903
Joseph Henry	Box 368 Amsterdam, Ohio 43903
Maria A. Rogers	Box 404 Amsterdam, O. 43903
Ann Meyer	RD #1, Amsterdam, Oh 43903
Stacy Hicks	P.O. Box 68 Amsterdam, Ohio 43903
Bella Johnson	R.D. 1 Amsterdam, Ohio 43903
Margaret Jaczok	R.D. 2 Bloomingdale, Ohio 43910
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Ann Dinskey	Box 34 Amsterdam, Ohio 43903
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Evelyn Baxter	Amsterdam, Ohio 43903
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V.T. Gump	HARLEM SPRINGS Ohio 44631
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Mike White	8135 Amsterdam Rd. SE. Amsterdam, Ohio 43903
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Donald Thomas	P.O. Box 371 Amsterdam, Ohio 43903
Kaye Wilks	6056 Steubenville Rd Amsterdam, Ohio 43903
Charles J. Wilks	6056 Steubenville Rd Amsterdam, Oh 43903

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NAME	ADDRESS
Violet N. Kuntz	7038 Amsterdam Rd SE Amsterdam Ohio 43903
Gladys Taylor	2nd & Adams Bergholz Ohio 43908
Nancy Galois	P.O. Box 94 Amsterdam Ohio 43903
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Debbie Lewis	Amsterdam Ohio 43903
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Eileen Thomas	Rd 1 Apert Rd. Amsterdam, Ohio 43903
Mrs Robert J. Walukid	Rd #1 Amsterdam Ohio 43903
Alice Williams	R. D. 1 Amsterdam, Ohio 43903
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Melanie Payne	Box 4 Amsterdam, Ohio 43903
Robert Molley	RT 1 Bergholz Ohio 43908
Anne M. Waggoner	Box 555 Amsterdam OH 43903
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Frances Mupit	5691 Steubenville Rd. SE. Amsterdam O. 43903
Karen Virhadamo	4278 Amsterdam Rd SE. Carrollton, OH 44615
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Ruth Warrington	Rd 1 Amsterdam Ohio 43903
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Deron Spieski	4090 Apollo Rd Amsterdam O. 43903
Lacey McCloskey	Box 347 Amsterdam, O. 43903
Kenneth Schultz	Box 91 Amsterdam, Ohio 43903
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Ina Mader	Bergholz, OH 43908
Ann DeMarco	Box 438 Amsterdam, Ohio 43903
Shirley Minger	Box 333 Amsterdam, Ohio 43903

THE PRESIDENT'S
COMMISSION ON COAL



Recommendations and Summary Findings