

4/18/80 [2]

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 4/18/80 [1]; Container 159

To See Complete Finding Aid:

http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

April 17, 1980

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze ^{CLS}
Subject: First quarter GNP (to be released at
10:00 a.m., Friday, April 18)

GNP rose at an annual rate of 1.1 percent in the first quarter. There are no major surprises in the numbers.

The earlier (unpublished but leaked) estimates projected a 1.9 percent increase. The weak economic statistics for March occasioned the downward revision.

The overall GNP deflator (the price index for all domestically-produced output) rose at a 9.5 percent annual rate in the first quarter. This "deflator" probably understates the current rate of inflation. There is an alternative comprehensive measure -- "the fixed weight GNP price index" -- which rose by 11.4 percent. It is probably more representative of the true rate of domestic (non-OPEC, non-import) inflation in the first quarter.

While GNP in the first quarter as a whole was slightly higher than in the fourth quarter, it was undoubtedly declining during the quarter -- i.e., from January to March.

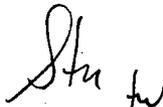
THE WHITE HOUSE

WASHINGTON

April 17, 1980

Mr. President--

In case you have not heard, the House Appropriations Committee today approved the transfer funds we proposed to enable draft legislation to begin.

A handwritten signature in cursive script, appearing to read "Stu Eizenstat".

Stuart Eizenstat

11:25 am

THE WHITE HOUSE
WASHINGTON

April 17, 1980

C

FYI

MEMORANDUM FOR THE PRESIDENT

FROM: Frank Moore *FM*
Hubert L. Harris, Jr.

SUBJECT: Draft Registration

The House Appropriations Committee passed out the draft registration bill today by a vote of 28-21. The Boland Amendment to restore the funds requested to \$13 million passed by a vote of 26-23. That was the key vote. Particularly helpful in passing this out were Jack Murtha, Ed Boland, Norm Dicks and Chairman Whitten. Chairman Whitten gave a strong speech and gave us the benefit of the doubt on all procedural decisions. On the Republican side, Jack Edwards of Alabama and Ralph Regula of Ohio were most helpful.

It will go to the House floor next week.

*Jim McIntyre called at
11:23 with same basic
message -*

SL

THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON
20506

C

INFORMATION

April 17, 1980

MEMORANDUM FOR:

THE PRESIDENT

FROM:

REUBIN O'D. ASKEW *RA.*

SUBJECT:

Automobile Trade and
Japan

We made some progress in meetings with Japanese officials last week in our efforts to encourage both Japanese automotive investment in the United States and removal of remaining obstacles to Japanese imports of United States automobiles and auto parts. The Japanese have not yielded enough, however, to quiet United States industry demands for further action.

We have had only mixed results in our efforts to encourage the three major Japanese automobile exporters to invest in the United States. Honda has announced plans to invest in automobile production. Nissan, maker of Datsun, is announcing plans this week to invest in a truck assembly plant but is only considering the possibility of auto production. Toyota has announced only a study on investment possibilities to be completed by the end of this year.

Given the large imbalance in our trade account in automobiles, we have also pressed the Japanese to assure complete and open access for United States autos and auto parts into Japan. I will have a negotiating team in Tokyo next week to press the Japanese to announce before Prime Minister Ohira's visit a package of initiatives that will permit them to say that the Japanese market for autos and auto parts is as open as the United States' market.

We have indicated to the Japanese that if we are not more successful with respect to both investment and market access, these issues may be raised at your meeting with the Prime Minister. I have stressed to the Japanese that they must give us some support if we are to be successful in sustaining the courageous decision you took to oppose trade restrictions. I will let you know if I think it is advisable to raise these issues in your meeting with Prime Minister Ohira.

*OWP's
procedures*

C

PROCESSING NONCOMPLIANCE CASES

- Step 1: Notice of Probable Noncompliance.
- Step 2: Company written response and conference (on request).
- Step 3: Favorable decision - released to the public.
Unfavorable decision - company offered opportunity for corrective action.
- Step 4: No adequate corrective action - Fred Kahn may call company.
- Step 5: If corrective action - favorable, high-level publicity.
If no corrective action - unfavorable decision released to the public.
- Step 6: If reconsideration requested and company position vindicated - favorable decision released publicly.
If no reconsideration is requested or if reconsideration is denied - Fred Kahn or other senior official calls company for corrective action:
If successful - favorable, high-level publicity.
If unsuccessful - name sent to OFPP with high-level publicity.
- Step 7: OFPP notifies DOD and GSA for possible procurement sanctions.

THE WHITE HOUSE

WASHINGTON

April 17, 1980

①

Mr. President --

You asked that we make certain you received a copy of this. It was released at 3:00 p.m. today.

You will note that the expected acreage for most field crops is up over 1979 plantings. The most significant exceptions are slight reductions for soybeans, peanuts, and flaxseed and a significant reduction in sunflower acreage.

Stu

--Stu

9:45 AM

April 17, 1980

MEETING WITH REP. TOM HARKIN (D-IOWA-5)
Friday, April 18, 1980
9:45 a.m. (10 minutes)
The Oval Office

Q

From: Frank Moore *mm*

I. PURPOSE

To discuss the effects of the current economic situation on farmers.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

Background: In your phone conversation with Rep. Harkin this week, you promised that you would meet with him. We assume that it is to discuss the impact of the current economic situation on farmers. Because Harkin felt that the Administration has been doing little to help the farmers, he had threatened to run as a favorite son candidate in the Iowa caucuses this Saturday. He needs your assurance that we are well aware of the plight of the farmers as well as that we are working on a solution.

Participants: The President, Rep. Harkin, Bill Cable

Press Plan: White House photographer only.

III. TALKING POINTS

As with the meeting with Rep. Berkley Bedell, it is most important to listen.

1:15 PM

THE WHITE HOUSE

WASHINGTON

Robert Templeton
Friday - April 18, 1980
1:15 P.M. - 15 minutes

From: Phil Wise

I. PURPOSE

So Robert Templeton can get some photographs of you.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: Robert Templeton has requested 15 minutes with you in order to get some photographs for the corrections he wants to make on the portrait he is painting for the Georgia Senate (copy attached).

B. Participants: Robert Templeton.

C. Press Plan: No Press.

TRANSFER SHEET

Jimmy Carter Library

COLLECTION:

Acc. No.: 80-1

The following material was withdrawn from this segment of the collection and transferred to the Audiovisual Collection Museum Collection Book Collection Other (Specify:)

DESCRIPTION:

Two 8 x 10 color photos of Robert Templeton's portrait of Jimmy Carter

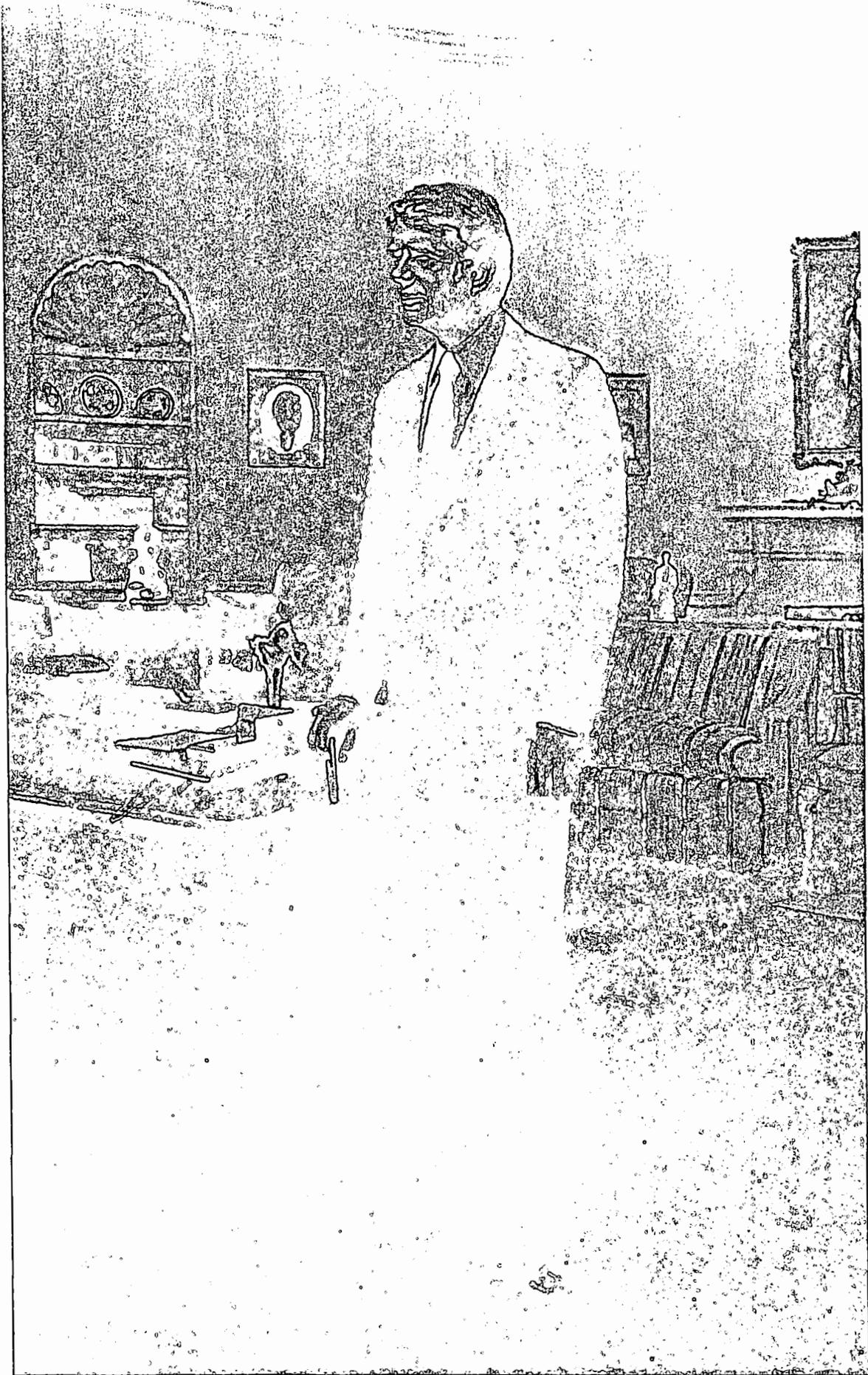
Series: *Pres. Handwriting File*

Box No.: *181*

File Folder Title: *4/18/80 [2]*

Transferred by: *JAH*

Date of Transfer: *11/6/90*



**Electrostatic Copy Made
for Preservation Purposes**

Portrait of
President Jimmy Carter
(unfinished)
Oil 56"x96"
By Robert Templeton

**Electrostatic Copy Made
for Preservation Purposes**



**Electrostatic Copy Made
for Preservation Purposes**

Detail of portrait
of President Jimmy Carter (unfinished)
56"x96"
By Robert Templeton

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

18 Apr 80

Stripping

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

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

4-18-80

To Rev. Charles Brooks

It was good to hear
from you through our
mutual friend Jim
Williams.

I appreciate your
friendship & your
prayers.

Jimmy Carter

cc J. Wms

C H A R L E S D . B R O O K S

POST OFFICE BOX 4151

JACKSONVILLE, FLORIDA 32201

February 27, 1980

Dear Former Lt. Gov. Williams,

This last time I saw you was at the funeral of our warm and mutual long-time friend, the late Ed Fraser. I wrote you twice in Washington, but the letters must not have gotten through to you.

As I said to former Gov. Askew, I started my professional career almost within calling distance of President Carter's parents' home in Plains, where President Carter was in junior high school. So, I worked in his first campaign and am willing to volunteer to do all that I can to help him get re-elected. Please let this fact be known. I'll be back in touch with you.

May the good Lord continue to "lift up his countenance" upon you and Mrs. Williams

As ever, sincerely,

Charles D. Brooks,
Retired Principal of Stanton Sr. High School
Jacksonville, Fla.

Tel: 904-355-1555

11:30 AM

THE WHITE HOUSE

WASHINGTON

April 17, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: LOUIS MARTIN

SUBJECT: Drop by Briefing for Black Ministers from Pennsylvania, Friday, April 18, 1980, 11:30 a.m., Room 450 OEOB

I. PURPOSE

To greet and address key ministers from Pennsylvania who will be briefed on the anti-inflation program and other Administration initiatives.

II. BACKGROUND, PARTICIPANTS, AND PRESS

A. Background: Invited to the briefing is a cross section of Pennsylvania ministers who have shown a keen interest in social and political affairs. The ministers were selected based on the size of their congregations (over 500) and their leadership roles in their respective communities.

All of the ministers are concerned about the impact of inflation on their lower and middle class Black congregations. The briefing will primarily address the anti-inflation program and a few other key domestic issues of concern to minorities.

Senior White House staff and appointees will speak at the morning briefing which begins at 9:30 a.m. A copy of the agenda and speakers is attached.

B. Participants: Approximately 175 ministers will attend. The list of acceptances will be provided.

C. Press: White House Photographer. No press coverage.

D. Talking Points - Will be provided under separate cover by the speechwriters.

THE WHITE HOUSE

WASHINGTON

PENNSYLVANIA BLACK MINISTERS BRIEFING

FRIDAY, APRIL 18, 1980

Room 450, OEOB

9:00-9:30 Refreshments

9:30-9:40 Louis E. Martin
Special Assistant to
to the President

9:40-10:00 Daniel Henson
Director, Minority Business
Development Agency

MINORITY BUSINESS DEVELOPMENT

10:00-10:20 James McIntyre
Director, Office of
Management and Budget

BUDGET OVERVIEW

10:20-10:45 Sterling Tucker
Assistant Secretary for
Fair Housing and Equal Opportunity

FAIR HOUSING LEGISLATION

10:45-11:10 Ernest Green
Assistant Secretary of Labor
For Employment and Training

EMPLOYMENT INITIATIVES

11:10-11:30 David Rubenstein
Deputy Assistant to the President
for Domestic Affairs and Policy

DOMESTIC OVERVIEW

11:30-11:50 President Carter

11:50-12:00 Conclusion

TALKING POINTS--FRIDAY, 11:30PM

THE WHITE HOUSE
WASHINGTON

April 16, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: Al McDonald
Rick Hertzberg
Bob Rackleff

SUBJECT: Presidential Talking
Points: Meeting with
Pennsylvania Black
Ministers

Scheduled Delivery:
Fri, April 18, ~~1:30~~ PM
Room 450 EOB

Your talking points for this occasion
are attached.

Clearances

Staff for Louis Martin
Jody Powell
David Rubenstein

[No individual salutations]

Bob Rackleff
Draft A-1; 4/16/80
Scheduled Delivery:
Fri, April 18, 1:30 PM
Room 450 EOB

11:30

Talking Points:

Pennsylvania Black Ministers Meeting

Talking Points

1. I AM GLAD YOU COULD COME HERE TODAY. YOU ARE A CRITICAL PART OF THE COMMUNITY LEADERSHIP OF PENNSYLVANIA. I WANTED TO KEEP YOU INFORMED OF OUR POLICIES IN THIS TIME OF GREAT CHALLENGE.

2. WHEN I BECAME PRESIDENT, ONE OF MY GREATEST CHALLENGES WAS TO REDIRECT FEDERAL PROGRAMS TO AID PEOPLE IN NEED. I SUCCEEDED AN ADMINISTRATION THAT TOLD OUR NATION'S LARGEST CITY TO DROP DEAD. IT HAD THE SAME CALLOUS ATTITUDE TOWARD MINORITIES, THE POOR, THE ELDERLY, AND THE UNEMPLOYED.

3. WE HAVE TURNED THAT AROUND. IN 3 YEARS, WE HAVE ADDED 9 MILLION NEW JOBS TO OUR ECONOMY. OVER 400,000 OF THOSE JOBS WENT TO PENNSYLVANIA WORKERS. AROUND THE COUNTRY, A MILLION MORE BLACK MEN AND WOMEN ARE ON THE JOB TODAY BECAUSE OF OUR ECONOMIC PROGRAMS. MY URBAN POLICY HAS CREATED SCORES OF PROJECTS THROUGHOUT PENNSYLVANIA TO REVIVE THE ECONOMY AND CREATE JOBS. AND I TARGETED JOBS AND YOUTH PROGRAMS TO HELP THOSE MOST IN NEED. I DID THIS WITH YOUR HELP. WE HAVE HAD A CLOSE PARTNERSHIP, AND THE COUNTRY HAS BENEFITED FROM THAT PARTNERSHIP.

4. WE HAVE ALSO REAFFIRMED THIS NATION'S COMMITMENT TO EQUAL OPPORTUNITY. JUST THIS WEEK, I SIGNED INTO LAW TOUGH

NEW ENFORCEMENT OF FAIR HOUSING. THE PEOPLE WHO FOUGHT FOR CIVIL RIGHTS LAWS ARE NOW ENFORCING THOSE LAWS. DREW DAYS, ELEANOR HOLMES NORTON, PATRICIA HARRIS ARE JUST A FEW. IN JUST 3 YEARS, I TRIPLED THE NUMBER OF BLACK FEDERAL JUDGES; 3 OF THEM ARE FROM PENNSYLVANIA [LEON HIGGINBOTHAM, JAMES GILES, PAUL SIMMONS]. THESE ARE LIFETIME APPOINTMENTS, AND THEIR PRESENCE WILL PROFOUNDLY HELP THE CAUSE OF JUSTICE WELL INTO THE 21ST CENTURY.

5. TOGETHER, WE HAVE FACED THE PROBLEMS OF POVERTY, URBAN DECLINE, RACISM, CRIME, AND INADEQUATE SCHOOLS AND JOB OPPORTUNITIES. WE HAVE COME FAR ON A LONG ROAD. WE HAVE FAR TO TRAVEL STILL. BUT SOMETHING IS BLOCKING THAT ROAD -- INFLATION. UNLESS WE FACE INFLATION TOGETHER, AND MAKE TOUGH CHOICES, IT CAN TAKE AWAY ALL THE PROGRESS WE HAVE MADE.

6. THAT IS WHY LAST MONTH I ANNOUNCED A STRONG ANTI-INFLATION PROGRAM. WE MOVED TO RESTRAIN CREDIT, TO CONSERVE GASOLINE, TO STRENGTHEN OUR VOLUNTARY WAGE AND PRICE PROGRAM, TO CHANGE OUR ECONOMIC STRUCTURE, AND TO BALANCE THE 1981 FEDERAL BUDGET.

7. IT IS A WORKABLE AND NECESSARY PROGRAM. IT CAN BEGIN TO TURN THE TIDE OF INFLATION. IT CAN MEAN IN YEARS TO COME A BETTER LIFE FOR US ALL -- IF WE, AS A PEOPLE, REALLY WANT TO CONTROL INFLATION. ALL THE GOVERNMENT PROGRAMS I OR ANYONE ELSE CAN COME UP WITH WILL NOT CONTROL INFLATION UNLESS PEOPLE ARE COMMITTED TO FIGHTING IT.

8. FEW PEOPLE HAVE MORE AT STAKE IN THIS BATTLE THAN THOSE YOU WORK WITH IN YOUR CHURCHES AND NEIGHBORHOODS. IN THE LAST YEAR, YOU HAVE SEEN THEM TRY TO COPE WITH INFLATION AT 13 PERCENT. JUST IMAGINE WHAT LIFE WILL BE LIKE IF WE DO NOTHING, AND IF INFLATION CONTINUES AT TODAY'S RATE OF NEARLY 20 PERCENT, OR RISES FURTHER. RUNAWAY INFLATION IS AN INCONVENIENCE FOR RICH PEOPLE. FOR THE POOR, IT IS A DISASTER -- AND WE MUST STOP THAT DISASTER FROM HAPPENING.

9. LET US NEVER FORGET THAT THIS FIGHT IS FOR ECONOMIC JUSTICE AS MUCH AS FOR ECONOMIC STABILITY. FIFTEEN YEARS AGO, THE TASK BEFORE AMERICA WAS TO SHARE WITH THE DISADVANTAGED THE FRUITS OF A RAPIDLY-EXPANDING ECONOMY. NOW, IT IS TO SUSTAIN HELP FOR THE DISADVANTAGED IN A STAGNANT ECONOMY. THE "PIE" WE DIVIDE TODAY IS NOT GROWING BECAUSE OF INFLATION, AND WE MUST GET IT GROWING AGAIN TO CONTINUE THE BATTLE FOR SOCIAL AND ECONOMIC JUSTICE THAT WE BEGAN NEARLY 50 YEARS AGO.

10. ONE FINAL POINT: SOMETHING BESIDES ECONOMICS IS AT STAKE NOW. IF INFLATION CONTINUES OUT OF CONTROL, PEOPLE WILL TURN INWARD AND GROW SELFISH. WE COULD LOSE THAT PRICELESS QUALITY OF CONSCIENCE AND COMMITMENT THAT DR. KING SOUGHT TO BRING TO THE FORE. WE COULD LOSE THE IDEALISM THAT MAKES AMERICANS SEEK A MORAL, SPIRITUAL, AND ETHICAL PEACE.

11. IF WE LOOK TO OUR HEARTS, WE CAN TURN AROUND THIS INFLATION PROBLEM. IF WE WORK TOGETHER, IF WE PUT ASIDE OUR DIFFERENCES, IF WE SEEK JUSTICE, WE CAN STOP INFLATION, AND PUT THIS COUNTRY BACK ON THE RIGHT PATH.

#

THE WHITE HOUSE
WASHINGTON

18 Apr 80

Richard Harden

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

Rick Hutcheson

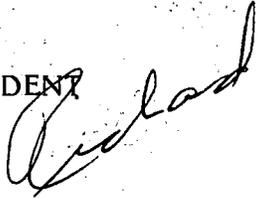
*Original to Harden
for Handling*

THE WHITE HOUSE

WASHINGTON

April 16, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: RICHARD HARDEN 

RE: Ursula Pearson, Director, Financial Management, Office of
Administration

The Association of Government Accountants has chosen Mrs. Pearson to be one of four people to receive the Chapter's Outstanding Achievement Award for Improvement of Financial Management in Government. The award will be presented May 8. Ursula has worked very hard to upgrade the Financial Management Division and very much deserves this award.

It would mean a lot to her if you would sign the attached note of congratulations. Thank you.

Attachment

THE WHITE HOUSE
WASHINGTON

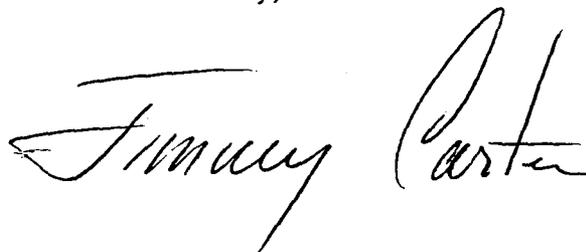
April 16, 1980

To Ursula Pearson

I have just learned that the Association of Government Accountants, Washington Chapter, has chosen you to receive their Outstanding Achievement Award for Improvement of Financial Management in Government. Although the sense of accomplishment which comes from knowing a job is well done is its own reward, public recognition for outstanding achievement gives a great deal of personal satisfaction.

I congratulate you for your contribution toward a more effective and efficient Federal government system.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

Mrs. Ursula Pearson
Director
Financial Management Division
Office of Administration
Washington, D.C. 20503

THE WHITE HOUSE
WASHINGTON

1 p.m.

Harold Steel is President of the Illinois Farm Bureau. He is a conservative Democrat but was not involved in the recent primary. He is a responsible leader in the agricultural community in the Midwest.

The board is ready to put call thru at your direction. 150 people are in attendance.

done
J

TALKING POINTS FOR ILLINOIS CALL

1. I know that you are meeting with Lynn Daft to discuss your problems. When he returns to the White House he will be making a report to me on what you have told him.

2. I'm calling to let you know also of my deep concern about the problems you are now experiencing. I recognize that interest rates are very high, that there is congestion in the marketing system, that there is some uncertainty about the USDA buying schedule, and that prices have gone down for a number of crops recently.

3. I want to let you know that we are working to do everything possible to help alleviate your problems. We have taken a number of steps recently:

- o We have purchased 60 million bushels of wheat (\$266 million). More will be purchased in the coming days.
- o We have purchased 33 million bushels of corn (\$78 million). More corn will be purchased in the following weeks.
- o The Economic Emergency Loan program has been extended and an additional \$2 billion of loan funds made available.
- o I have signed legislation increasing target prices -- to \$2.35 for corn and \$3.63 for wheat.
- o I have signed legislation that will permit those farmers who did not participate in the 1979 feedgrain program to enter their grain in the farmer-held reserve.

4. And of course, yesterday the Federal Reserve announced its program to provide between \$1 to \$3 billion in additional funds for seasonal borrowing. This will provide money needed by many small, local banks to meet your seasonal credit needs.

5. Let me conclude by saying that as a farmer, I am very sensitive to your credit needs and to your production problems. Bob Bergland, Vice President and I are working to meet your needs. We will not be able to do everything that you would like, but we are doing the best that we can, particularly given our commitment to fiscal restraint.

50th Ann. CONFERENCE 4-H 4-17-80

5 1/2 mil -

FUNDAMENTAL AM VALUES
LEARN/DO = FAM = CONSERVE
HONESTY - LEADERSHIP

1/4 URBAN = "ME" GENERATION

#1 SUCCESS - AG

SINCE '77 - PRICES EXPORTS,
GOV'T ↓ - FARMERS CONTROL

PROBLEMS

EXTENDING

FED. SEASONAL LENDING

#2 BIL EMERG LOANS

4 MT WHEAT - NOW CORN

GRAIN/LIVESTOCK PRICES STABLE

GRAIN RESERVE → OTHER FARMERS

BAL BUDGET

NEW MKTS

4-17/80
4-H/50th anniversary

NEVER EASY TIMES

1860 - 1930 - 1940 - 50-60
70 VN

STRONG

IRAN - EN - AFGH
INFL

CUBA, ETC VN → FREEDOM

NO EASY ANSWERS

2:00 PM

2:30 PM

THE WHITE HOUSE

WASHINGTON

April 18, 1980

MEMORANDUM TO THE PRESIDENT

FROM: RAY JENKINS *RJ.*

SUBJECT: Interview with Pennsylvania Media

Today we have two 30-minute interviews with Pennsylvania reporters.

The first is to be in the Cabinet Room at 2 p.m. with the following:

- Sandy Grady - The Philadelphia Bulletin
- Paul Taylor - The Philadelphia Inquirer
- Ted Knap - Scripps-Howard News Service, covering
for The Pittsburgh Press
- Milton Jaques (pronounced "Jakes") - The Pittsburgh
Post-Gazette
- Dan Haar - The Scranton Times

This interview will be embargoed for Sunday.

The second interview is to be in the Map Room at 2:30 p.m. with two Westinghouse broadcast outlets in Pennsylvania:

- KDKA-TV - Pittsburgh (the state's largest)
- KYW-TV - Philadelphia

The interviewers will be Jerry Udwin, bureau chief of Washington bureau of Westinghouse Broadcasting Co.; and one representative from each station. Udwin did not have their names as of last night, but they will be coming down from their respective cities.

This interview will not be embargoed.

Attached materials include:

- Information about the newspapers and the stations
- Some recent editorial comment
- An up-to-date fact sheet on administration achievements in Pennsylvania
- Recent issues briefing papers prepared for the Vice President
- A news analysis which appeared on the front page of The Philadelphia Inquirer Wednesday which I especially commend to your attention.
- Pennsylvania talking points supplied by Chris Mathews of CMPC.

Attachments

PHILADELPHIA INQUIRER

The second largest paper in the city, it has a morning circulation of 418,000 and a Sunday circulation of 844,000 (the fifth largest in the country). It is part of the Knight-Ridder Newspaper group.

GENERAL POLICY - While more moderate than the Bulletin, the paper has not generally been supportive of the Carter Administration. Often critical of economic policy and energy initiatives, the paper has been giving increasingly more favorable coverage to Kennedy.

IRAN - The imposition of sanctions was a bit late, but the paper nonetheless supports the move. The paper did express skepticism about the early morning announcement about a possible transfer of the hostages, feeling it had a political motivation. As for U.S. allies, the paper feels they have had trouble following the U.S. lead because that lead is so subject to change without notice. However, this is no excuse for vacillations by the allies. Paper also felt that network payments to the terrorists were questionable.

OLYMPIC BOYCOTT - While favoring the boycott, the paper was disappointed about the use of threats by the President and aides to force USOC compliance.

CUBAN REFUGEES - The paper has expressed sympathy for their plight.

ENERGY - While the windfall profits tax was a great victory, it took too long a time in coming. As for the EMB, the paper believes that the White House must make clear that it opposes substantive waivers.

RAILROAD REFORM - It is a good idea.

FTC LEGISLATION - The paper feels the FTC must be protected from being crippled by Congress.

POLITICS - In the Pennsylvania Senate race the Inquirer supports Democrat Joseph Rhodes. The paper also endorses a ceiling on the level of contributions permitted for PAC's.

CARTER-REAGAN - "The prospects of a choice between them and no one else in November is very troubling." The paper feels that is reason enough for other candidates to stay in the field right up to the conventions.

PHILADELPHIA BULLETIN

Philadelphia's most widely read daily paper, it has an evening circulation of 462,000. On Sunday it slips behind the Inquirer, with a circulation of 543,000.

GENERAL POLICY - The more conservative of Philadelphia's two leading daily papers, it has not been supportive of the Administration. Criticism has been heaviest on inflation issues and the general handling of foreign policy.

IRAN - While basically supportive of the Administration's handling of the crisis, the paper has been more impatient than others in calls for tougher action sooner. They feel that the President has been perhaps too patient. It is time that we were through with the games the Iranians are playing with the hostages. However, the paper does feel that the safety of those hostages must be kept as a top priority. The paper is even more critical of America's allies, noting that nations who refuse to accept our Iranian trial as their trial too, should realize that by refusing to stand by us they are allowing themselves to be made hostage of Iran and their oil.

AFGHANISTAN - The paper has recently expressed alarm over reports of Soviet atrocities in Afghanistan. "What, one wonders, must a nation do to warrant a censure of mankind?"

OLYMPIC BOYCOTT - The paper supports the boycott.

MIDDLE EAST - While remaining hopeful, albeit cautious, following the latest round of talks in Washington, the paper believes that only the personal intervention of the President can bring the current round of negotiations to a successful conclusion.

CUBAN REFUGEES - Sympathetic to their plight.

AUTO IMPORTS - The Bulletin opposes restrictions on imports of foreign autos.

RAILROAD REFORM - Paper favors it.

MARRIAGE TAX - Paper opposes it.

THREE MILE ISLAND - There still is a need for public assurances by the President on the future safety of people living in the area of the plant.

NEW JERSEY PINELANDS - While there is a need for trimming the budget, the revised FY81 budget proposal trims \$6 million for this area. The paper expresses hope that the area's unique foliage can nonetheless be preserved.

PITTSBURGH POST-GAZETTE

The smaller of Pittsburgh's two daily papers, its circulation in the morning is 190,000. There is no Sunday edition. It is part of the Block Newspaper group.

IRAN - The paper has been consistently supportive, favoring an approach that keeps the lives of the hostages foremost. Blames the actions of irresponsible Iranian leadership for the necessity of recent tough actions by the U.S. Calls on America's allies to finally recognize the gravity of the situation and support the actions of the U.S.

AFGHANISTAN - The paper has expressed outrage over the Soviet invasion and their tactics in bleeding the Afghan population. The actions of the President in response have been necessary and imaginative.

OLYMPIC BOYCOTT - Favorable to Administration position.

REGISTRATION - Favors registration.

SALT - Supports ratification of SALT II.

ANTI-INFLATION PROGRAM - Paper noted that the recently announced anti-inflation program is broader and stronger than previous programs, but it will require a cooperative Congress and steady Presidential leadership.

BUDGET - The symbol of a balanced budget is every bit as important as the substance.

TAXES - The paper opposes a general tax cut until a balanced budget is an established fact, and favors reforms that accelerate depreciation allowances and address the problems of Social Security before a general tax cut.

GASOLINE TAX - The paper is highly supportive and praises the recent imposition of a 10¢ per gallon gasoline tax, viewing it as a first step toward a more aggressive approach by the federal government to discourage oil consumption.

CREDIT - The Federal Reserve's credit tightening actions were tough, but necessary.

POLITICS - Following Illinois primary: Carter and Reagan appear unbeatable. Following New York: Kennedy still has a long way to go before he will actually threaten President Carter's renomination - his alternatives disguise the nation's economic problems - he has the luxury of not having to make the hard choices in cutting spending - he has taken the shrill side on the U.N. vote issue. Following Wisconsin: the Pennsylvania primary is do-or-die for Kennedy.

PITTSBURGH PRESS

Largest paper in Pittsburgh, and third largest paper in the state. Circulation evenings is 261,000, and on Sundays is 657,000. It is part of the Scripps-Howard Newspaper group.

The White House does not receive the paper. The CMPC will provide background information.

SCRANTON TIMES

Sunday circulation, 49,000. White House does not receive this newspaper, but CMPC suggested that it be included. Its representative will be its Washington correspondent.

PENNSYLVANIA - some key indicators, statewide, Philadelphia, and Pittsburgh

(1) Employment:

- (a) Unemployment rate has declined 23%, from 8.8% in 01/77 to 6.8% in 03/80, while the state's labor force grew 7% or by 356,000 individuals.
- (b) The number of Pennsylvanians employed has increased by 431,000 or 9% between 01/77 and 03/80.

(2) Overall Federal Funds in Pennsylvania:

	<u>FY 1977</u>	<u>FY1979</u>	<u>%change, 77-79</u>
(a) total federal funds (billions of dollars)	\$19.2	\$22.4	17%

NOTE: PA. ranked fourth (4) nationally in terms of federal funds in 1977 and 1979.

(b) per capita federal funds	\$1,624	\$1,902	17%
------------------------------	---------	---------	-----

(3) Examples of Major Federal Programs for Pennsylvania:

- (a) Since 01/77, \$625 million in economic development assistance for Pennsylvania, a 54% increase over \$407 million prior to 01/77.
- (b) SBA Assistance (loans and loan guarantees especially) was \$82 million in FY 1979, a 74% increase over \$47 million in FY 1976.
- (c) Mass Transit Assistance was \$190 million in FY 1979, a 121% increase over \$85.9 million in FY 1976.
- (d) Highway Funding was \$207 million in FY 1979, a 134% increase over \$88.5 million in FY 1977
- (e) UDAG (Urban Development Action Grant Program), since creation by this Administration it has provided 27 communities of Penn. with \$58.3 million in funding leveraging private sector investment of \$288 million (near 5 to 1 ratio) and creating over 7,200 jobs.

(4) Examples of Major Federal Programs in Philadelphia & Pittsburgh:

PHILADELPHIA -

- Since 01/77, Philadelphia has received \$93 million in economic development assistance, a 340% increase over \$21.2 million prior to 01/77.
- SBA business loan guarantees, 82 such guarantees in FY 1979 worth \$9.9 million, a 241% increase over \$2.9 million in FY 1976.

- Mass Transit funds in Philadelphia of \$130 million in FY 1979, an 88% increase over \$69.1 million in FY 1976.

PITTSBURGH -

- Since 01/77, Pittsburgh has received \$232 million* in economic development assistance, a 1,400+% increase over \$14.7 million prior to 01/77.
- * Included in this \$232 million is a \$111.1 million loan guarantee under Special Steel Loan Guaranty Program for the Jones & Laughlin Steel Corp. affecting 28,630 jobs in company facilities in Aliquippa and Pittsburgh.
- SBA business loan guarantees, 89 such guarantees in FY 1979 worth \$11.7 million, a 178% increase over \$4.2 million in FY 1976.
- Mass Transit funds in Pittsburgh of \$49 million in FY 1979, a 483% increase over \$8.4 million in FY 1976.

PENNSYLVANIA TALKING POINTS

1. The most decisive issues on Tuesday will be:

- o the strength of the President's policies toward Iran
- o Inflation (and the public's desire to register a "protest vote")
- o the personal credibility of Senator Kennedy

2. The people of Pennsylvania are justifiably concerned with the nation's security at this critical period in our history. They are concerned with our position in the world militarily. They are concerned with our economic position. My Administration is taking the tough and responsible steps that are needed to guarantee our nation's security. These actions, taken together, have generated a growing solidarity with our allies and other responsible members of the world community. The action of the USOC last Saturday, the growing support we have received from West Germany, Japan, and other allies, both with the Olympic boycott and with the sanctions against Iran, the turn-around on interest rates, and the broad support for the actions which I announced yesterday, have led to an accumulation of success for our policies. This steady progression of success for our international and domestic initiatives will win the support of the Pennsylvania voters on Tuesday.

3. There is no doubt that Democrats in Pennsylvania are concerned about the state of the economy. But they also realize that our success in dealing with the current challenges will depend on our ability to make the necessary adjustments in our economic behavior. The people know we cannot continue to spend and borrow our way out of inflation. They recognize that anyone who offers them a quick-fix solution to our challenges is not giving it to them straight. The people know that the only real way to get to the heart of our inflationary challenge is to deal with the energy challenge which lies behind it. The people recognize that we will only curb inflation when we curb the habits of excessive spending which have aggravated inflation for too long.

PENNSYLVANIA TALKING POINTS

Page Two

4. Senator Kennedy cannot have it both ways. He has "taken up residence" in Philadelphia these past weeks, promising that if he is elected President he will bring massive amounts of federal dollars to the city. He appeals to a nostalgic time when massive new federal spending was consistent with the economic condition of the country. He campaigned throughout the rest of the state posing as an enemy of inflation. The people of Pennsylvania are not going to be fooled by this when they go to vote on Tuesday. Senator Kennedy's record, and the positions he has taken just in this campaign, are catching up with him. No one seriously believes that he holds the answers to high prices or high interest rates.

5. This issue of credibility or "trust" is the key to this particular campaign. Even at a time of serious challenge for our country, even when conditions are tough, the voters must still go to the polls and decide who it is that deserves his or her long-term trust. This Administration has faced serious challenges. It has taken some tough positions, and stuck to them. It has made hard decisions and taken the heat for them. Throughout all these challenges we have been honest with the people of Pennsylvania. We have given it to the people straight. And, gradually -- through an accumulation of actions -- we have earned the people's trust. And that will make all the difference April 22.

6. There is no doubt, however, that we face a tough contest next Tuesday. Senator Kennedy has "taken up residence" in Philadelphia. He has posed as a champion of Philadelphia's interests. He has sought to capitalize on voter concern about inflation. He has said that a vote for him is a vote against inflation. The fact is that a vote for Senator Kennedy is a vote for Senator Kennedy -- and the worst possible policies we could employ at the present time. The more people recognize this fact, the less votes Senator Kennedy gets.

PENNSYLVANIA TALKING POINTS

Page Three

7. We face a second obstacle. Because of my commitment to focus my energies and attention on the crisis in Iran I have not campaigned in Pennsylvania. Based upon my past electoral successes in that state I am confident that any campaigning on my part would have been extremely productive this year. I would have campaigned on my record of support for the needs of Pennsylvania. Specifically, I would have focused attention on the 400,000 new jobs that have come to Pennsylvania since January of 1977. I would have focused attention on the massive impact of our energy program in shifting our economy from a nation based on oil to one based on coal and other Pennsylvania resources, creating energy security for our nation and energy prosperity for Pennsylvania. I would have focused attention on my efforts to stimulate economic activity and jobs in our nation's cities and in toughening enforcement of civil rights.

SPECIFIC POINTS

Philadelphia

Bill Green, the mayor of Philadelphia, has endorsed Senator Kennedy. He has based that endorsement on his criticism of my recent budget cuts. The fact is, Bill Green himself had to make some very difficult budget cuts of his own in recent weeks. He has had to carry out lay-offs of policemen in order to balance the city budget. He has had to propose tax increases. Bill Green, of all people, should sympathize with my decision to balance the budget at a federal level. His support of Senator Kennedy, like the support Jane Byrne gave Senator Kennedy, is based not on differences of policies with me, but on personal allegiance to Senator Kennedy and his family.

Pittsburgh

Mayor Caliguiri (Cal-a-jeer-ee) of Pittsburgh and I have had an excellent working partnership that has benefited the people of the entire Pittsburgh area. The sizeable increase in economic development efforts in that city speak for itself. (The same goes for Mayor Tulio (Tool-ee-o) of Erie.)

PENNSYLVANIA TALKING POINTS

Page Four

Scranton/Wilkes-Barre

There is not doubt that the people of Scranton have a particular, human concern for the American hostages in Iran. I have visited with the Matrinka family and know the feeling of this community for what this courageous family is going through.

WFM Trip -- Pennsylvania
April 14, 1980
Issues Briefings -- Eric Vaughn

PENNSYLVANIA -- COAL

We have attached four separate items regarding coal:

- the Pennsylvania coal industry
- Administration record on coal
- UMW resolution commending the President's commitment to coal
- Kennedy statements on coal

The Pennsylvania Coal Industry

Pennsylvania has two distinct coal industries --Anthracite and Bituminous.

- Anthracite -- 96% of the nation's anthracite coal is located in the northeast section of Pennsylvania. Recoverable resources are estimated to be 200 quads ... 7 billion tons. Anthracite coal has a high BTU (energy) content, is high quality and is low in sulfur content. However, because it is difficult and expensive to mine the anthracite coal industry is severely depressed.

In 1918, 100 million tons of anthracite coal was mined each year in Pennsylvania, today less than 6 million tons are produced. During peak production years 162,000 people were employed by the anthracite coal industry. Today there are only 4,000 anthracite coal employees.

Positives: The Federal government has spent \$35 million during the past two years to study industry needs, fund coal fluidized bed facilities, evaluate anthracite coal gasification plants, and generally promote the use of anthracite coal. In addition, EPA has exempted new power plants, that burn anthracite coal, from the regulations requiring the use of scrubbers -- this gives anthracite coal a significant economic boost over other forms of coal for use in new power plants.

One major development is the recent announcement by the Allegheny Electric Power cooperative that they plan to construct a new power plant which will burn anthracite coal. State and local officials have expressed interest in this proposal and support for it.

Governor Scranton has requested federal assistance on the coal supply side of this power plant proposal. A meeting has been set for the end of this month for Pennsylvania officials to meet with federal energy and environmental officials to discuss this anthracite coal power plant and possible federal assistance for it.

WFM Trip -- Pennsylvania
April 14, 1980
Issues Briefings -- Eric Vaughn

(NOTE: One new power plant could burn up to three million tons of anthracite coal per year -- thus increasing the current anthracite coal production in Pennsylvania by some 50%.)

- Bituminous -- Pennsylvania has approximately 31 billion tons of recoverable bituminous coal reserves. These reserves are located primarily in the central and western parts of the state.

Annual coal production in the state is approximately 96 million tons -- 11% of the nation's total production. This is up 10% since 1976.

The coal industry is generally stagnant at the present time. While production is up slightly, environmental regulations, low demand and high mining costs have resulted in depressed prices, and low employment levels for the past several years.

Carter, Kennedy, And Coal

Jimmy Carter's support for increased utilization of America's coal resources is and has been unquestioned.

Senator Kennedy's position is much less clear.

- o On November 2, 1979, in Charleston, West Virginia, Senator Kennedy told his audience,

One of America's worst mistakes on energy has been the gross neglect of coal...with a more effective coal conversion program we can cut our Arab oil imports in half...

- o While those are nice words, their sincerity is called into question by remarks Senator Kennedy made January 9, 1979 to the New England Broadcasters Association.

Last year Congress forced the solar budget up...but the coal budget was 50% higher and the nuclear budget was double the figure for solar. These priorities must be shifted...Nuclear and coal (must) receive less (funds).

- o In addition, there is little in Senator Kennedy's record in the Senate to back up his November coal country rhetoric.

- August 3, 1976, Kennedy voted against a successful motion which tabled an Abourezk amendment to reduce from 12% to 10% the investment tax credit for coal processing equipment and oil shale equipment.
- October 28, 1977, Kennedy voted against an unsuccessful Long motion which would have tabled the Kennedy amendment that reduced from 40% to 10% the additional refundable investment tax credit for equipment used by businesses in their conversion from oil and gas to other fuels.
- October 28, 1977, Kennedy introduced a successful motion to table an Allen amendment which would have reduced from 40% to 20% (instead of 10%) the additional refundable investment tax credit for industrial conversions from oil and gas to other fuels.

-- October 28, 1977, Kennedy voted for a successful modified Kennedy amendment which reduced from 40% to 15% the refundable investment tax credit for equipment used by businesses in their conversion from oil and gas to other fuels.

o And most recently, Senator Kennedy's record on synfuels has been confusing and contradictory.

-- October 15, 1979, Senator Kennedy voted against a successful Robert C. Byrd procedural request to allow the Senate to consider a \$20 billion appropriation for synthetic fuel development.

-- October 16, 1979, just one day later, Senator Kennedy reversed himself and voted for the actual Byrd amendment to appropriate the \$20 billion.

-- November 8, 1979, Senator Kennedy was absent and did not announce his position on final passage of the Synthetic Fuels Bill.

-- On February 3, 1980, Senator Kennedy issued an energy policy statement whose first reference to synfuels is, "Finally we should pursue a limited synthetic fuel program. This program would build demonstration facilities to determine the economic and environmental acceptability of a variety of synfuel technologies."

But later, the statement proclaims, "A second aspect of environmental significance in my plan is its rejection of the Administration's hasty, unstudied \$88 billion commitment to synfuel technologies."

PRESIDENT CARTER'S RECORD ON STEEL

1. When the President came into office, the steel industry was in the midst of one the most severerecessions in its history. Profits were at their lowest level ever, plant utilization was at a extraordinarily low rate, imported steel was coming into this country in greater quantities than ever, and employment in the industry was declining.
2. In 1977, shortly after taking office, the President began to work closely with steel industry leaders, the steelworkers, and the Congressional Steel Caucus to develop ways to increase our production and to limit imported steel. As a result of those efforts, positive steps were taken by the President:
 - o The Trigger Price Mechanism was put into place to enable the government to monitor the price and amount of foreign steel more effectively;
 - o Tax depreciation schedules were changed for the steel industry--no other industry received the change--in order to help improve cash flow;
 - o An intensive industry-EPA review was undertaken to determine how environmental goals might be achieved at lower cost and less regulation--this has already resulted in the adoption by EPA of the "bubble" concept, which gives the industry far greater flexibility in meeting environmental requirements;
 - o A Tripartite Committee--government, business, and labor--was established to review industry problems on a continuing basis---this has resulted in an improved understanding by all sides of the problems facing the industry, and has lately resulted in expanded government efforts to help communities shift their econmic bases when out-moded steel plants are closed;
 - o The Economic Development Administration, within the Commerce Department, has established a loan guarantee program to help aging steel plants get the financing needed to modernize; several hundred million dollars in loans have already been guaranteed under the program; and
 - o Our concern about the dumping of foreign steel--the selling of that steel here below its selling price in the country of origin--has been repeatedly emphasized to our trading allies, which is a contrast with the neglect of the problem by previous Administrat

3. The result of these efforts by the President has been a steel industry much stronger than the one we found in 1977; not all of the industry's problems have been solved, and the economic turndown may create some temporary difficulties. But the contrast with 1977 is stark and the record of the Administration's commitment to a vibrant domestic steel industry cannot be doubted. Look at the record:
- Industry Profits: 1976 -- \$1.3 billion
1977 -- \$22 million
1979 -- \$1.3 billion
 - Utilization of Plant Capacity: 1976 -- 80.9%
1977 -- 78.4%
1979 -- 87.5%
 - Imports: 1976 -- 14.3 million tons
1977 -- 19.3 million tons
1979 -- 17.5 million tons (9.3% decline despite surge in steel demand).
 - Employment: 1976 -- 469,900
1977 -- 554,000 (annual average)
1979 -- 566,000
(NOTE: Employment has fallen this year -- the February 1980 figure is 540,000. But orders [steel demand] have risen 16% in the first two months, as construction especially for oil and gas projects has strengthened. Production is up 5%. Essentially domestic steel firms are making greater use of fewer plants.)
4. The President is committed to further progress in strengthening the steel industry. He recognizes that a healthy economy depends in large part on a healthy steel industry.
5. Now is a time of some uncertainty in the steel industry. Although the industry was recovering from its 1977 depths, and foreign steel was declining, U.S. Steel -- alone among the domestic steel companies -- filed anti-dumping suits against several countries. Those suits are now being processed as expeditiously as possible.
6. Pending the outcome of the suits, the Trigger Price Mechanism has been suspended. But that will not result in a flood of foreign steel, for we are closely monitoring the importation of steel, and have made clear to our allies our concerns about increased imports during this period.
7. If the Commerce Department finds that dumping has occurred, we will immediately seek the payment of stiff tariffs as penalties for the dumping; those penalties will discourage further dumping. If no dumping is found, the Administration will put the Trigger Price

WFM Trip -- Pennsylvania
April 12, 1980
Issues Briefings -- John Farmer

8. We have also provided adjustment assistance to 106,442 steel workers where that has been warranted, providing payments of \$190 million.
9. The Administration is ready to reinstitute the Trigger Price Mechanism should U.S. Steel drop its anti-dumping suit.
10. Whatever the outcome of the suits, the President is prepared and determined to take the action needed to ensure a strong, growing steel industry in this country.

WFM Trip/Pennsylvania
April 14, 1980
Issues Briefings - John Farmer

EMPLOYMENT IN KEY INDUSTRIES

	<u>1976*</u>	<u>Jan.1980</u>	<u>Feb.1980</u>	<u>Change</u>
<u>Steel:</u>	172,900	169,000	168,100	- 4,800
<u>Mining:</u>	36,000	39,100	38,500	+ 2,500
<u>Construction:</u>	180,300	190,500	178,700	- 1,600

*Annual average.

WFM Trip/Pennsylvania
April 14, 1980
Issues Briefings - Eric Vaughn

MUSHROOMS

In Chester County, Pennsylvania, just west of Philadelphia, over 50% of the nation's mushrooms are grown, processed, and marketed.

The mushroom industry in Chester County includes nearly 500 growers and 1,000 workers at 16 mushroom processing plants. For years the domestic mushroom industry has been plagued with rising imports, especially from Taiwan, Hong Kong, Korea, and the People's Republic of China, and inefficient management and production.

Mushroom growers have petitioned the International Trade Commission on several occasions to impose strict import duties. The most recent petition was submitted to the ITC last month. This petition will take at least six months to be acted upon.

Note: In March 1977, President Carter denied a similar mushroom import restriction request due to rising market prices and the relatively major impact such a program could have on domestic prices.

The mushroom industry, with the help of Senators Schweiker and Heinz, has succeeded in establishing a federal task force to assess the problems they face and to determine what, if any, assistance the federal government can provide the domestic mushroom growers and processors. Ambassador Askew's office is leading this task force.

WFM Trip/Philadelphia
April 14, 1980
Issues Briefings - Eric Vaughn

ENERGY

Issues: The need for a government-guaranteed, or low-interest loan, to assist in funding the Frankford Arsenal solid waste to energy project.

DOE Initiatives:

- A district heating feasibility study (Phase II) is being negotiated. Phase I was completed in June 1977.
- Awarded a DOE contract for a coal gasification plant in the amount of \$244,000.
- Undertaking a DOE-monitored project of solar utilization, using an award of \$250,000.
- Energy survey of various buildings and libraries is currently underway following a DOE award of \$225,000.
- Urban Consortium, using DOE funds, will fund to provide a plan for Emergency Energy Operations Management.

City Energy Initiatives:

- The center city solid waste to energy project feasibility study, which is funded by DOE, is in progress. Cogeneration has been added to the project.
- The Frankford Arsenal solid waste to energy feasibility study which is being funded by EPA will be completed in September 1980.
- Infrared scan of 34 municipal buildings was previously accomplished with an \$18,000 ERDA award. A retrofit program for these buildings will soon follow.
- A "loan shedding" program will be expanded to other city buildings from the Municipal Service Building and the Art Museum where it is now in use.
- Undertaking a city-wide boiler testing program to include installation of economizers.
- An educational program is being prepared for teaching at city high schools which will cover home energy conservation techniques such as caulking and weather-stripping.
- City has committed to a program to provide gasohol to fleet of 6,000 vehicles at a cost of \$700,000 annually to the city.

WFM Trip/Pennsylvania
April 14, 1980
Issues Briefings - Eric Vaughn

ENERGY

Coal: Although coal is the fuel source for approximately 57% of the electrical generation in the state, strict air quality standards, particularly in Allegheny and Philadelphia Counties, have limited an expanded use of coal by utilities and industry.

Nuclear: Pennsylvania, with numerous research facilities and five operating nuclear power stations, has been a leader in the development of nuclear power. State energy officials and utility company leaders are concerned, however, about the potential impact of the public's reaction to the accident at the Three Mile Island nuclear plant. There are six additional nuclear units in various stages of construction throughout the state which will more than double the present nuclear electric generation capacity in the state.

Hydro Power: Pennsylvania has a number of desirable sites (171 dams with 163 mw) which appear suitable for hydro development. (Source: Corps of Engineers small-scale site survey). One site (Maxwell Lock and Dam at Pittsburgh) was studied with a DOE feasibility study grant. The state government is known to be interested in small hydro development.

State Initiatives:

- Initiated State weatherization program in 1975 and has weatherized over 40,000 residences of low income families and the elderly.
- Sponsored industrial energy conservation program to reduce energy consumption in over 18,000 industrial firms.
- The City of Philadelphia and the Philadelphia Gas Company are developing plans for "garbage to energy" facility.

WFM Trip/Philadelphia
March 14, 1980
Issues Briefings - Jim Dyke

PHILADELPHIA'S BUDGET CRISIS

The city is expected to have a \$167 million deficit for 1980. The Mayor is receiving high visibility because of the cuts being instituted throughout the city. Some of the most important include:

- Layoffs: Over 1,200 employees were laid off in February, heavily concentrated in the Police and Fire Departments, which this Administration claims had been padded during the Rizzo era. Further layoffs are expected when huge CETA programs, on which the city has relied heavily for permanent staffing, are due to expire.
- Pension Changes: The Mayor is preparing legislation which would require all city employees to pay 8% of gross wages, as opposed to the present 6% into their pension fund. The plan lost its first labor trial when the firefighters (below) defeated a contract containing such a clause.
- Fire Department: Employees defeated by a 3-1 margin a four year contract worked out between their union and the city. Approval would have presented Green a strong precedent with which to approach future negotiations. It was the first contract to be worked out without binding arbitration and contained no wage increases during the first year. Many firemen cited the four-year term as being too long, considering the uncertainty existing over inflationary expectations. Thus, there is the possibility of a firemen's strike.
- School District: City Controller Leonard has presented plans to shut down 15 of the city's 279 schools. The closings would cause the layoff of 124 teachers and 150 administrators. After the closings, average class size would be 30 students, three fewer than the maximum allowed under contract with the Philadelphia Federation of Teachers. Minority groups are voicing criticism over the composition of Leonard's list, citing that minority enrollment in 11 of the 15 schools is above 98%.

Federal Revenue Sharing: The proposal to reduce Federal Revenue Sharing to states could cut Philadelphia's funding in FY 81 by \$23 million, increasing the city's deficit. Philadelphia currently receives \$18.7 million in revenue sharing funds from the state government. In addition, revenue sharing funds contribute to the \$73 million Pennsylvania currently gives the School District for remedial education programs. Overall, Philadelphia received GRS payments totaling \$48,936,951 in FY 1979, and will be receiving \$48,245,248 in FY 80.

WFM Trip/Philadelphia
April 14, 1980
Issues Briefings - Jim Dyke

Fiscal Situation: Mayor Bill Green continues his austeriry program in light of Philadelphia's financial condition (the city faces a \$124 million budget deficit in the next fiscal year, providing no salary raises are made to city or school employees). Green picked up more momentum during the second week of March, going after big tax deadbeats and authorizing city attorneys to take thousands of delinquent taxpayers to court. City Revenue Department workers also are notifying delinquents of water shut-offs to their private residences. Resentment continues over fire and police furloughs, but the Mayor's budget strategy thus far (to keep the tax increase under \$100 million) is picking up editorial support. President Carter's proposed budget cuts have been termed "regrettable" by Green and estimates are that the city could lose up to \$60 million annually in federal grants. District Attorney Edward Rendell also termed the federal budget cuts as "disastrous" for Philadelphia Criminal Justice Programs. Rendell said that some economic experts had said that a balanced federal budget would reduce the nation's inflation rate by only half of one percent and that Carter was perpetrating a "deception on the taxpayers."

WFM Trip/Philadelphia
April 14, 1980
Issues Briefings - Eric Vaughn

FRANKFORD ARSENAL ENERGY PROJECT

Since the closing of the Frankford Arsenal in September 1977, the City of Philadelphia has shown interest in acquiring the site for redevelopment as a multi-faceted civilian facility. One of the reuse schemes to be considered by the city involves the production of process steam for Rohm and Haas and Allied Chemical Companies by burning trash collected by the city. A six-month, \$40,000 preliminary feasibility study was initiated by the city of Philadelphia, and Philadelphia Gas Works, and the chemical companies to assess the benefits of such a major resource recovery project. It has been estimated that approximately 800,000 barrels of oil could be saved by the chemical companies each year. About 2/3 of the trash collected by the city would be burned at the proposed plant. Excess steam could be used to produce electricity for sale to Philadelphia Electric Company.

Administration Position: EPA has signed a \$90,000 grant award for a feasibility study for resource recovery in Philadelphia under the President's Urban Policy program. Philadelphia was one of the six grantees for an Urban Policy grant from the 24 pre-applications received by Region III.

WFM Trip/Philadelphia
April 14, 1980
Issues Briefings - Jim Dyke

STATE WELFARE REFORM

Governor Thornburgh's controversial welfare reform bill which would purge 80,000 people from the state's welfare rolls has been passed by the Pennsylvania House. Opponents have dubbed the bill "Thornfare" and call it a Republican attempt to win votes in an election year. The Democratic-controlled Senate promises a fight, threatening to have the bill die in committee. Black Caucus leaders from Philadelphia, led by Rep. David Richardson, have strongly protested the measure which would end cash relief to persons who, in the opinion of the Thornburgh Administration, are employable.

About half, or 40,000, of those affected by the plan live in Philadelphia. Those opposed to the legislation feel the proposal is unfair because it fails to provide jobs for those removed from the welfare rolls. Unemployment in Philadelphia is relatively high, and it is felt that this action will fall most heavily on the black community.

JUSTICE DEPARTMENT SUIT

Justice Department officials have appealed the decision to dismiss a police brutality suit against Philadelphia. Spokesmen have made it clear that they fully support the changes Mayor Green and Police Commissioner Solomon have instituted. The appeal, they say, is to overturn a precedent that could sharply curtail the government's future ability to protect the rights of citizens complaining of power abuse anywhere.

CHILDREN'S HOSPITAL

In 1979, Children's Hospital submitted a proposal to restructure its existing HEW guaranteed loan by issuing tax exempt bonds from the Hospitals Authority of Philadelphia, the local bonding authority. On January 24, 1980, HEW denied the proposal; the hospital was informed on February 1. Press coverage has been moderately heavy due to the providence of Children's Hospital and the influential positions of some of its Board members. The bond counsel for Children's is the Mayor's former law firm. HEW would review the application is resubmission showed substantial reduction in Hospital Authority's fees. To date, no resubmission has been received.

SCHOOL DESEGREGATION/CIVIL RIGHTS

• HEW is withholding \$9.5 million in desegregation funds from the Philadelphia School Board citing non-compliance with federal standards in programs for students not fluent in English. Without federal funding, Philadelphia's voluntary desegregation program cannot proceed. However, School Superintendent Marcuse is confident that the city can prove its case and release the needed funds.

• HEW's Philadelphia Office for Civil Rights issued a letter of findings on February 5 to Philadelphia City School officials for failure to provide Hispanic students an appropriate education as required by Title VI of the Civil Rights Act of 1964, and sustained by the Lau v. Nichols Supreme Court decision.

• The Philadelphia School District is under court order from the Pennsylvania Human Relations Commission to desegregate its schools. Since its initial order by the Commission, in 1968, the School District has been granted several extensions of its plan. The Philadelphia School District contends that its voluntary school desegregation plan is working, but requires additional time for full implementation. Therefore, the Commission has approved another extension until April 15.

SARATOGA NOTE

The Philadelphia Navy Yard has been chosen as the site for the \$500 million overhaul of the aircraft carrier U.S.S. Saratoga. The overhaul will retain 8,500 to 9,000 existing jobs and create 2,500 new positions. The city's efforts have not stopped with the announcement that the Saratoga would go there. They have developed a program to make naval personnel feel "at home" in Philadelphia. This has included special orientation tours, cultural and sports activities and other "Yankee" hospitality.

WFM Trip/Pittsburgh
April 14, 1980
Issues Briefings - Jim Dyke

GENERAL REVENUE SHARING

Pittsburgh received GRS payments totaling \$11,629,244 in FY 1979 and will be receiving \$11,512,646 in FY 1980.

FISCAL CRISES IN SURROUNDING COMMUNITIES

Many of the old mill towns in Southwestern Pennsylvania are facing record financial problems. The accumulated tangle of mismanagement, combined with accelerated cutbacks in steel plants, historically the anchor of revenues, is causing rapid deterioration in suburbia. Declining tax bases and associated problems in department financing are forcing many localities to consider consolidation -- i.e., a metropolitan government such as Indianapolis.

ROAD AND BRIDGE REPAIR

A severe problem exists in handling traffic on a badly deteriorated road and bridge system in Pittsburgh. Mayor Calliguiri was elected from a platform stressing road repairs, and, in conjunction with PennDOT, has made significant improvements on road surfaces. The 100 city bridges (1,000 in the county) however, remain unimproved. A large inner-city bridge, usually handling 40,000 autos daily, has been closed for 1.5 years; several others are, or are in the process of being, closed. Public interest is high, especially over any effects the recent budget cuts may have in delaying repairs.

LOCKS AND DAMS

A severe problem exists with Pennsylvania's "crumbling" locks and dams, but fails to draw as much public attention. It has been estimated that over \$1 billion will be needed for repairs and new construction to make Pennsylvania's portion of the Ohio River efficient for barge traffic. The ad hoc system of maintenance presently in place only helps to prevent a complete shut down of the network. Senator Heinz is advocating large grants for complete revitalization to stop the commercial losses which stalled traffic presently incur.

WFM Trip/Pittsburgh
April 14, 1980
Issues Briefings - Jim Dyke

SCHOOL DESEGREGATION

The issue of desegregation in Pittsburgh Public Schools is over ten years old. In that time, the courts have ordered the Pittsburgh Public School District to develop plans for school desegregation. Four separate plans have been submitted by the school board to the Pennsylvania Human Relations Commission and all have been rejected. The reason given for rejection was that it was an education plan, not a desegregation plan. It is expected that the Human Resources Commission will now seek a court ordered plan.

THE WHITE HOUSE

WASHINGTON

April 18, 1980

MEMORANDUM FOR THE PRESIDENT

FROM:

JODY POWELL *JJP*

SUBJECT:

Pennsylvania Trips

In addition to the attached chronological listing of your trips to Pennsylvania, you may wish to:

- Note that your first trip out of the White House after taking office was the helicopter ride to Pittsburgh.
- Mention the strong reception you received in 1976 campaign when you ended your part of the campaign train ride, which originated in New York City, in Pittsburgh, and Mrs. Carter and vice presidential candidate Walter Mondale picked it up from there.
- Mention the fact that this past fall you went to the locker room and congratulated Willie Stargell and the rest of the Pittsburgh Pirates following their winning seventh game in the World Series, played at Memorial Field in Baltimore.
- One of the first trip casualties of the crisis in Iran was your scheduled town hall meeting in Philadelphia last November.

Attachment

PENNSYLVANIA
Comparative Travel Logs

<u>President</u>	<u>Vice President</u>	<u>First Lady</u>
1/30/77 Pittsburgh Blizzard		5/24/77 Philadelphia
	9/10/77 Buck Hill Falls	
		10/20/77 Philadelphia
		2/21/78 Harrisburg
7/6/78 Mercersburg Gettysburg <i>Civil war tour</i>		
9/10/78 Gettysburg <i>Sadat begin</i>		
9/23/78 Pittsburgh Aliquippa <i>town Hall meetg</i>		9/23/78 Philadelphia Media
	10/3/78 Harrisburg	
	10/13/78 State College	
	10/14/78 Pittsburgh	
10/ /78 Chambersburg (fishing)		
4/1/79 Middletown - 3 mile Island		3/31/79 Middletown (thru 4/1)
5/20/79 Cheyney <i>Philad Commencement</i>		5/20/79 Cheyney <i>Phila</i>
5/26/79 State College - fishg		
	6/13/79 Pittsburgh	
7/12/79 Carnegie		
	7/19/79 Philadelphia	
9/12/79 Pittsburgh - on the way to Ohio <i>town Hall meetg</i>		
	9/24/79 Philadelphia	
		9/27/79 Erie Pittsburgh
	10/11/79 Pittsburgh	
	11/8/79 Pittsburgh	4/3/80 Scranton Latrobe Jeannette Johnstown
	11/13/79 Harrisburg	
	12/1/79 Pittsburgh	
	3/12/80 Philadelphia	

PENNSYLVANIA

1977

Sunday, January 30 - Westinghouse Plant; Pittsburgh, Pennsylvania: Toured plant and addressed company employees and officials on subjects of unusually harsh weather and the current energy shortage.

July 6 Gettysburg
Marcersburg (see Maryland) 1978

Sunday, September 10th: Accompanied President Sadat and Prime Minister Begin on tour of Gettysburg Battle field in Pennsylvania.

Saturday, September 23rd; Pittsburgh International Airport: Greeted by Congressman William Moorehead, Congressman Douglas Walgren and others
Aliquippa High School: REMARKS and Q & A session with audience at town meeting. Beaver Valley Mall: Remarks at fund-raiser for Gene Atkinson (Candidate for Congress) in Ciro's Top of the Mall Restaurant. Greeted crowd in Mall area.

October - Chambersburg (fishing)

1979

Sunday, April 1st; Three Mile Island, Middletown, Pennsylvania: Inspected nuclear accident site from Helicopter before landing. Visited site and toured facility with Governor Thornburg, Mrs. Carter, Plant officials and others. Middletown Town Hall: Remarks to press.

Sunday, May 20th; Philadelphia International Airport: Met by Cheyney State President, Wade Wilson. Cheyney State College: Addressed the annual Spring Commencement Convocation (the closing ceremony of the college's 142nd. year) of Cheyney State College outdoors in the quadrangle area.

Saturday, May 26.

Went to Spruce Creek near State College, Pennsylvania to fish on Saturday, May 26th.

Thursday, July 12th; Carnegie, Pennsylvania: Met with a dozen or so people assembled on the back porch of Bill and Betty Fisher. Q and A session.

Wednesday, September 12. Pittsburg International Airport; Pittsburgh, Pennsylvania: Met by Senator John Glenn, Representative and Mrs. Dough Applegate, Mayor Richard Caliquiri of Pittsburgh and others.

PENNSYLVANIA

Previous Campaign, JC's Travel Log

<u>1975</u>		<u>1976</u>	
3/15	Pittsburgh	4/7	Pittsburgh Philadelphia (4/8)
4/3	Philadelphia (4/4) Norristown	4/8	Allentown Northampton Bethlehem
4/4	Harrisburg Lewistown	4/14	Philadelphia
9/7	Philadelphia (9/8) Jenkinstown Buck Hill Falls	4/15	Erie Pittsburgh Harrisburg
11/17	Philadelphia	6/7	Philadelphia (Cherry Hill)
		6/29	Pittsburgh (6/30)
		6/30	Philadelphia
		7/5	Harrisburg (7/6)
		9/7	Philadelphia Scranton (9/8)
		9/8	Pittsburgh
		9/23	Philadelphia (9/24)
		10/1	Pittsburgh (10/2)
		10/27	Pittsburgh (10/28)
		10/28	Erie
		10/29	Philadelphia

4/17/80

Q: Have you considered a rescue operation?

A: I see nothing to be gained by my commenting upon hypothetical possibilities. Obviously many options were reviewed, and I had to make a decision on what is feasible.

However, I will say this. I share the frustration and the impatience of the American people. It is natural and human to wish for, to hope for a simple and easy solution to difficult and complex problems. In the real world such solutions seldom exist. They do not exist here.

IF PRESSED:

I believe I have made clear to you that I do not intend to comment on that subject. Tehran is not Entebbe. That is all I have to say on the matter.

*Nissan - 300M faculty in the
country*

4/17/80

Q: Where do we go next?

A: We will be watching carefully the decisions that are being made by our friends and allies around the world. When those decisions have been made, I will have to assess the reaction of Iranian authorities and make a judgment on other steps that are available to the United States. I will repeat that the availability of peaceful measures like the patience of the American people is running out.

4/17/80

Q: Senator Kennedy has called your economic policies cruel and heartless, etc.

A: My entire political life has been motivated by a desire to help and protect those who were most in need and least able to help and protect themselves. The actions I have taken are controversial in many cases, but their purpose is to end the suffering inflicted upon those who can least afford it brought about by a decade of recurrent inflation which had reached % by the first of this year. Inflation that resulted from years of failure to deal with the energy crisis, years of ever-increasing deficits that had reached \$66 billion per year by the time I took office, and declining American productivity.

Let me tell you what I consider to be heartless and cruel. It is cruel and heartless to pretend that there is some quick-fix for inflation. It is cruel and heartless to try to mislead Americans into believing that we can conduct business as usual. It would be cruel and heartless to fail to take controversial but necessary steps to deal with this problem just because this is an election year. I think wage and price controls that do nothing about the cause of inflation, that freeze wages while the price of food and energy continue to rise would be cruel and heartless.

4/17/80

PENNSYLVANIA

Q: How do you expect to do in Pennsylvania?

A: I do not know how we will do in Pennsylvania, but it is clear already that primary will be a very tough one for us. I have recently had to make a number of very tough decisions, and Senator Kennedy has been campaigning in the State virtually non-stop for several weeks. Perhaps as a result of this, polls now show Senator Kennedy is ahead in Pennsylvania.

But I do hope to do well in Pennsylvania. I also hope to do well in two other key states voting on the 22nd -- Missouri and Vermont.

RETRIBUTION TO PHILADELPHIA

Q: Will there be any retribution to Philadelphia because Mayor Green has endorsed Senator Kennedy?

A: There will be no adverse effect on Philadelphia because of Mayor Green's decision. I understand his decision -- he has been a long-time personal friend of Senator Kennedy's and has had very close ties to the Kennedy family.

But his decision will have no effect on the way my Administration relates to Philadelphia or its citizens. Those citizens are also my constituents and I continue to have every interest in trying to help them with their problems. Perhaps the best evidence that there will be no adverse effect is the fact that just yesterday the revised formula that we have proposed for general revenue sharing indicates that Philadelphia will get \$14 million in additional direct revenue sharing funds.

(NOTE: This \$14 million figure is the amount of additional aid the city will receive because of the new \$500 million program and because of the improved targeting of the local share of revenue sharing. The figure relates only to direct funding from revenue sharing; it is not a comparison with

what Philadelphia receives under the current law from both the local share and the state share. The point, though, is that aid going directly to the city is increased by \$14 million; the amount that previously went from the state to the city was somewhat uncertain from year-to-year and was not direct).

ANDERSON

Q: What would be your reaction to a third-party effort by Congressman Anderson in November? Would such a candidacy be more damaging to your efforts than to Governor Reagan's? Will your campaign attempt to keep Anderson off the ballot in as many States as possible?

A: I think it is premature to know what the impact would be of a third-party effort by Congressman Anderson. It is premature, in part, because the Republican race, like the Democratic race, has not yet been decided. And it is premature, also, because the very volatile electorate that we now see makes predictions of outcomes even a few weeks in advance extremely difficult, let alone months in advance.

I have always believed, though, that our Nation has been well served by the two-party system. That system has provided stability to our government and to our political system. In addition, it has produced elections in which the voters do have a real choice, and I am certain that will be true again this year.

My own campaign organization has made no decision to challenge Congressman Anderson or anyone else who might launch a third-party effort. Information is being gathered about requirements for a third-party effort, but no decision about challenging such an effort has been made.

REAGAN

Q: How do you differentiate yourself from Governor Reagan?

A: I am a Democratic President, in the tradition of my Democratic predecessors. Governor Reagan is a very conservative Republican.

I have strongly supported programs which are essential to our Nation's social well-being -- Social Security, National Health Insurance, Welfare Reform, Urban Policy, OSHA, Employment Programs, and Federal Aid to Education. Governor Reagan's support for those programs seems to be considerably less; he has questioned the need for many of these vital programs.

I have pursued an economic policy designed to restrain inflation, balance the budget, and limit Federal spending. Governor Reagan, while he shares those same concerns, has advocated a policy of irresponsibly large, across-the-board tax cuts which are extremely inflationary and certain to produce large budget deficits.

I have pursued policies designed to provide equal opportunities for all Americans and to eliminate the last vestiges of discrimination in this country. Governor Reagan by contrast, opposes the Equal Rights Amendment.

LEAVING WASHINGTON

Q: Is there any change in your policy of not leaving Washington for either political or non-political events? How much longer are you prepared to stay in Washington?

A: There is no change in my position-- that it would be inappropriate for me to be campaigning around the country at a time when our hostages are being held in Iran. However, I have said that I did not preclude leaving Washington for non-campaign, non-partisan purposes, and I continue to feel this way.

[/Mr. President: I think it is a big mistake to bind yourself in permanently. You will become a victim of this whole situation. Your supporters see no reason why you should not do some campaigning. You are intending to go to Italy for the Summit, yet not to Philadelphia or Pittsburgh for campaigning. Also, there is no logical distinction between campaigning in the general election, but not now. Why not say: "The hostage situation has taken longer than anyone ever anticipated to resolve. My presence in the White House is not as necessary to its resolution as it was in the earlier days of the crisis. I will go outside Washington as circumstances warrant.]

From Stu Eizenstat

DRAFT REGISTRATION

Q: Your proposal to reinstitute draft registration seems to have run into a dead end on the Hill. What steps are you planning to revive that initiative? Will you move ahead with registration for men if Congress fails to appropriate the funds for it?

A: Now that the Congress has returned, I am confident that they will move quickly to appropriate the necessary funds.

We should be able to begin registration on schedule, as planned.

ALIEN WORKER WAGE INCREASES

Q: At a time when private workers are supposed to show restraint, how can the Department of Labor propose increasing alien farm worker wages by 45%?

A: No final decision has been reached. The Department of Labor has proposed reforming the H-2 program under which foreign agricultural workers are permitted in this country when domestic workers are not available. One reform that has been proposed would change the way alien wages are calculated.

Because of the intense interest expressed in this proposal, the Department of Labor has extended the period during which comments will be accepted from the public. The large volume of comments will be carefully reviewed before any final ruling is made. In particular, we shall have to evaluate whether this action is the most desirable reform that we can make in this program, given our current overriding problem of controlling inflation. At this point, in short, no decision has been made to increase wages by 45% or any other amount.

BROWN

Q: Have you asked Jerry Brown for his support? Would you welcome his support?

A: I welcome the support of all Democrats.

GOVERNOR MANDEL

Q: Will you consider a pardon for Governor Mandel?

A: The Justice Department has an established process to consider pardon applications. If an application were made to the Department, and the Department forwarded it to me, I would consider it in the normal process.

To my knowledge, an application has not been filed with the Department. So it is premature to discuss any possible action I might take.

NATIONAL HEALTH PLAN

Q: How can you advocate a National Health proposal calling for spending \$17 billion at the same time you are trying to balance the budget?

A: Our health proposal is entirely consistent with both the letter and the spirit of the revised budget.

Our bill was from the very outset designed with budgetary constraints in mind. That is why we did not opt for immediate implementation of a comprehensive program, but instead chose to submit a carefully structured first phase-only bill targeted to solve our most pressing problems. That is also why we have asked for no expenditures until 1983.

Further, our bill was designed not only to accommodate budgetary realities both now and in the future, but also to be non-inflationary itself. In fact, the controls encompassed within our bill would make our proposal a major tool in the fight against inflation in the health sector.

The purpose of my Administration's economic program, including the belt-tightening efforts, is to stabilize the economic situation so that as we move into this decade we can enter a period where we not only have balanced budgets, but are also able to have budgets encompassing progress toward the most basic needs of our citizens -- such as protection against major health expenditures.

EMB

Q: Could you clarify your position on the EMB? Will you sign a bill containing substantive waivers?

A: Waivers of substantive law are not necessary in order for the EMB to function effectively and are inappropriate. I have repeatedly told the Congress that I do not support such a provision. At this time, the Congress is seriously deliberating on this issue and considerable progress has been made. I strongly urge the Congress to conclude its work on the Energy Mobilization Board. This Board is essential if we are to cut through unnecessary bureaucratic red tape and get on with the construction of priority energy projects that will make our Nation energy secure.

As with all legislation that comes before me, I would have to consider the merits and weaknesses of the bill as a whole in determining whether to sign it.

[/ Please do not endorse the House offer.]

DAIRY PRICE SUPPORTS

Q: Wasn't your decision not to include a change in the dairy price supports method of calculation a clear attempt to gain votes in Wisconsin?

A: No. The decision not to change the method of calculation (from twice a year to once a year) was based on factors unrelated to the Wisconsin primary:

- o In our negotiations with the Congress on budget cuts, that particular cut was never mentioned and therefore was never part of the agreement we reached with Congressional leaders; and
- o the House Budget Committee, in its own mark-up of the '81 Budget Resolution, did not include such a change -- (subsequently, neither did the Senate Budget Committee).

MOBIL OIL

Q: How much effect do you think your public attacks on Mobil Oil have had? Do you think their effectiveness was lessened by the fact that Mobil received a large defense contract only a few days after your comments? Are you going to impose sanctions on Mobil?

A: I have no way at present to gauge the impact in the public of my criticism of Mobil for its failing to meet out price guidelines. But my belief is that the American people are very upset that Mobil has violated the guidelines and has, to date, not attempted to comply with the guidelines. Whether that feeling on the part of the American people will be reflected in sales of Mobil products is difficult to know at this time.

We are continuing to meet with Mobil to attempt to obtain Mobil's compliance with the guidelines. If we do not obtain compliance, we will be prepared to use the authorities we have to show our strong dissatisfaction with Mobil's actions.

NEW YORK TRANSIT AGREEMENT

Q: Is the New York City transit agreement acceptable to you?
Will the agreement require increased federal aid?

A: I do not think it is appropriate for the Administration to tell a local authority what level of transportation services it should provide, or how it should pay for those services. The Federal aid issue is whether the City can meet its statutory commitment to balance its budget if the MTA transit settlement becomes the basis for the City's labor settlement with its own unions this summer. Mayor Koch has indicated that the City can and will meet its statutory obligations, and we will continue to work with the City to assist in that effort.

KENNEDY TAX RETURNS

Q: Your Press Secretary has called on Senator Kennedy to release his income tax returns. What do you expect will be gained by that?

A: I have made a practice of releasing to the public my income tax returns. In that way, the public has an opportunity to evaluate my finances, and to judge whether the high standards to which a President should be held have been met. I believe every Presidential candidate should, for the same reasons, disclose his returns. I understand that Senator Kennedy plans to do so, and I welcome that.

SENATE BUDGET RESOLUTION

Q: What is your position on the budget resolution reported by the Senate Budget Committee?

A: I believe that the budget resolution reported out by the Senate Budget Committee requires excessive cuts in domestic programs and allows too much funding for defense. The level of defense spending contemplated in the resolution is \$5 billion above my budget. In terms of budget authority, which determines the level of spending in future years, the Senate Budget Committee total for defense is almost \$9 billion above my request.

Equally unfortunate, the Senate Budget Committee resolution would cut spending for a wide variety of domestic programs, including education, training, transportation, housing, energy payments, and aid to States and localities well below the reduced levels in my March budget. In total, the resolution would cut nondefense programs by \$10 to \$11 billion. I am committed to a balanced budget, but I want it achieved in a responsible way. While their overall level of budget reductions is similar to mine, the Senate Budget Committee's resolution is not in accord with my ordering of priorities between domestic and defense expenditures. Domestic programs should not have to bear all the brunt of fiscal restraint.

REAGAN TAX CUT PROPOSAL

Q: Ronald Reagan is going around touting the Kennedy 1964 cut and what it did for the economy. Wouldn't a targeted tax cut help us now?

A: As I have said many times, I will propose tax cuts designed to stimulate investment when there is room in the budget for such tax cuts. Right now, our paramount concern is fighting inflation and doing that, in part, by balancing the Federal budget. A large tax cut now is premature; we must first reduce spending.

Governor Reagan seems to have missed the point in his discussion of the 1964 tax cut. First of all, taxes were cut 19%, not 30% as he claims. Second, the fact that revenues went up the next year was due to the normal growth of the economy. Taxes almost always rise from one year to the next, even after a tax cut, because the growth in the economy increases taxes more than a typical tax cut reduces them. Finally, the 1964 tax cut was enacted at a time when there was substantial slack in the economy and the rate of inflation was just over 1 percent per year.

It is simply not true that a tax cut, even a well-targeted tax cut, could increase tax collections in the coming year over what they would have been without the tax cut.

There simply is no free lunch, as Milton Friedman (one of the Governor's economic advisors) frequently points out. A tax cut now would increase GNP, and it could increase investment, but it would also reduce Federal revenues and fuel inflation, unless done at the proper time and in a targeted way.

MISERY INDEX

Q: In 1976 you campaigned against a "misery index" that was 13%. Now that index is 24%. Why should American people vote for you again?

A: The so-called "misery index" is the sum of two major economic components, the inflation rate and the unemployment rate. This Administration has made major progress on the unemployment front. From December 1976 to December 1979, over 9 million jobs have been created and the unemployment rate has dropped from nearly 8% to about 6%. Gains in employment have occurred for all major demographic groups. For blacks and other minority groups, the percentage rise in employment was half again as large as for whites. Gains in employment among persons of Hispanic origin, in percentage terms, were about twice as large as for all workers.

At the same time, there is no question but that inflation has significantly worsened. Much of this deterioration can be explained by factors over which we have little or no control, such as the sharp increases in OPEC prices for petroleum products. Nevertheless, the prevailing high rates of inflation have called for dramatic policy actions and I have taken such actions. The policies that I have announced to deal with this major problem -- including the first balanced budget in more than a decade -- will, if applied with patience and persistence, be effective.

FORD ECONOMIC POLICY

Q: In 1976 you criticized Ford's economic policy; how does your economic policy differ from Ford's?

A: My economic policy differs in a number of important respects from President Ford's:

- o Our policy has been designed to deal with the energy problem in this country; President Ford's policy did not directly address either the energy dependence we have on foreign oil or the need to develop alternative sources in this country;
- o our policy deeply involves the private sector; the guidelines program and the Labor Accord bring the private sector into the decision process and place a clear responsibility on the private sector; President Ford's policy did not do that;
- o the policy we are pursuing is innovative -- it is one which is attempting to bring novel, but important solutions to the problem; a good example of that is our decision to invoke the Credit Control Act of 1969 to restrain consumer credit; and
- o our policy has been one which is designed to reduce the Federal deficit and to balance the Federal budget; President Ford's led to increased deficits every year.

KENNEDY'S CALL FOR WAGE AND PRICE CONTROLS

Q: Doesn't Senator Kennedy have the only credible proposal to end inflation, with his call for wage and price controls?

A: No. Senator Kennedy's proposal is not a realistic one. In the first

place, his "freeze" on prices is no such thing. The single most troublesome source of inflation today -- foreign oil prices -- would be exempt from the freeze and controls.

And interest rates, which have also contributed heavily to the increase in the CPI, would not be subject to controls.

What Kennedy would do is freeze wages while prices rose -- even though wage increases were lower last year than the year before and are not worsening inflation. Also, with the energy price increases feeding through the system and roughly doubling their direct effects, exceptions would sprout like weeds, and soon we would have a repetition of the Nixon experience: the controls lid blew off, and inflation was more than twice as bad as when the controls were put on.

The program I have put forward is the most credible program on inflation. It's a long run program to reduce our dependence on foreign oil, and so make us less vulnerable to price shocks abroad. It's a program of stringent budgets, and stringent credit. It's a program of reduced regulation and paper work and voluntary wage and price guidelines. And when all these elements are put together, they form the base for attacking the inflation that has bedeviled this country for 15 years.

RISING UNEMPLOYMENT

Q: There is widespread concern among mayors and the minority community that budget cuts combined with increasing unemployment could mean a long, hot summer reminiscent of the late '60s. What is your Administration doing to head off these problems?

A: My Administration recognizes the problems that cities face when unemployment rises as well as the economic hardships the poorest among us endure when they are out of work. We have taken these concerns into account in reshaping our budget and for this reason have continued funding for:

- o 1 million summer jobs for disadvantaged youth for this year and next;
- o 200,000 work experience and training opportunities under our current youth programs; and
- o 400,000 public service jobs.

We are also working closely with the private sector, through the National Alliance of Business, to ensure that every effort is made to find 300,000 part time summer jobs for disadvantaged young people.

Finally, I am asking this Congress to adopt a \$2 billion youth employment initiative to provide basic education and employment opportunities to over 1-1/2 million young people. This program has not been cut in my revised budget.

AMOUNT OF SPENDING REDUCTIONS

Q: The budget you just sent to the Congress calls for cutting \$15 billion in spending, but raises spending estimates at the same time by \$13 billion. Doesn't that mean you really only cut spending by \$2 billion?

A: The net reduction in outlays since January is \$4.2 billion. The increases in budget estimates (\$13 billion) were mostly due to changed economic conditions, higher technical re-estimates, and increased fuel costs incurred by the Defense Department. Providing for these increases was essential to recognize unforeseen changes. The \$15 billion in cuts are real program reductions that have nothing to do with these largely uncontrollable increases.

In addition to the \$15 billion in program reductions, lower borrowing requirements result in decreases in net interest of \$2.2 billion from the reestimated base, making the total reductions \$17.2 billion.

WITHHOLDING TAXES

Q: You keep saying that you want Americans to save more and consume less. But now you want to impose withholding on interests and dividends. Won't this just discourage savings?

A: First, there is a provision in the windfall profits legislation I recently signed which would exempt from taxation \$400 in interest and dividend income for couples; that provision was designed to stimulate savings. Second, I recently signed into law a small savers bill which will provide higher rates of return for investments in savings institutions. Third, I do not believe that the proposed legislation will adversely affect the savings behavior of the millions of Americans who pay taxes on their interest and dividend income. But we estimate that up to \$10 billion in such income is never reported; the purpose of this legislation is to assure that the vast majority of Americans who pay their taxes are not, in effect, penalized by those who escape taxation illegally.

AUTOMOBILE IMPORTS

Q: With unemployment in the auto industry at very high levels and climbing, why did your Administration oppose a limit on imports of Japanese cars?

A: The auto industry is facing a difficult adjustment period as American drivers increasingly demand smaller, more fuel-efficient cars. Domestic small cars are in short supply. But to try to remedy this situation by creating a greater shortage of small cars would only make the problem worse. A quota on Japanese cars would increase the price of all cars and fuel our already dangerously-high inflation. Further, since people who could not get small fuel-efficient cars would keep older gas guzzlers, a quota would increase our use of gasoline.

Not only would a quota hurt our attempts to reduce inflation and to cut energy consumption, but it would not be the answer to the problems of the U.S. auto industry. U.S. automobile manufacturers do not have a surplus of small cars they could sell if only imports would stop. They are retooling to build more smaller cars as fast as possible, but a quota cannot speed that adjustment.

In short, a quota would not increase production and thus would not bring back auto workers on layoffs.

However, I do strongly encourage Japanese and other foreign manufacturers to build their plants in the United States so our workers can be employed in building these automobiles.

FARM CREDIT

Q: Our farmers are suffering from a lack of credit. What are you doing about this?

A: There is a serious farm credit problem, particularly in Minnesota, Iowa, and the Eastern corn belt portions of North Dakota, South Dakota, and Nebraska.

We have taken a number of steps to ease the severity of this problem:

- We have purchased 60 million bushels of wheat (\$266 million). More will be purchased in the coming days under a system that will purchase this grain directly from farmers.
- We have purchased 33 million bushels of corn (\$78 million). More corn will be purchased in the following weeks until market prices return to pre-suspension levels.
- The Economic Emergency Loan program has been extended and an additional \$2 billion of loan funds made available. Of this amount, \$1 billion has already been allocated for distribution; \$250 million has already been loaned.

- I have signed legislation increasing target prices -- to \$2.35 for corn and \$3.63 for wheat.
- I have signed legislation that will permit those farmers who did not participate in the 1979 feed-grain program to enter their grain in the farmer-held reserve.
- We have aggressively promoted our agricultural exports and have seen the forecast for this year's exports of grain increase 12 million tons since January 1, 1980. Also, we will set new records for the export of agricultural commodities again this year.

These actions are beginning to take effect. Farm prices have begun to strengthen. The differential between central market prices and those offered in local markets has also begun to narrow. As purchases continue and additional grain moves into the farmer-held reserve, prices will rise still further.

TRADE ADJUSTMENT ASSISTANCE

Q: How can it happen that just a few weeks after this massive review of the anti-inflation program and the budget a "surprise" supplemental for the trade adjustment assistance program shows up? Won't this \$1.4 billion supplemental destroy the credibility of your March budget? How many more of these things are there?

A: It is correct that increased spending for the trade adjustment assistance program was not anticipated when the revised budget was announced in March. In fact, the very rapid increase in spending for that program did not become apparent until we received the reports of Federal outlays in the program for the month of February. Since these reports take a certain amount of time to be compiled, it was not known that outlays for the trade adjustment assistance program had accelerated until after the March budget revisions were completed.

Now that the new facts have become available, and it appears that the trade adjustment program will require an additional \$1 billion in FY '80 and \$400 million in FY '81, we will certainly meet those commitments. However, because of my concern with holding down the FY '80 deficit and with balancing the FY '81 budget, the funding for the program will have to come from offsets to other programs. We are now making final decisions about the areas of those offsets. In sum, Federal spending will not be increased because of the additional cost in the trade adjustment program.

TRANSITIONAL AID

Q: How likely is it that Congress will accept your new \$500 million transitional aid program for urban areas?

A: I have proposed that \$500 million of transitional aid be provided to local governments in the next two fiscal years. These funds are desperately needed by the most distressed cities and counties to help them adjust to reductions in the State share of revenue sharing and other reductions in the Federal budget. Without these funds, many local governments will be forced to layoff essential workers or increase their already high tax rates.

Yesterday, I transmitted this legislation to the Congress. Today, Secretary Miller testified before the House on this issue. I intend to put the full resources of my Administration behind this critical initiative. I am hopeful that Congress, once they analyze the hardship that many localities will face, will support this proposal.

PRODUCTIVITY

Q: You and advisers keep saying that poor productivity is a key part of our inflation problem but you still oppose an investment-related tax cut. Why?

A: The problem of poor productivity is a long-term problem and the effect of investment on productivity takes many years before it is significant.

Over the longer term we will indeed propose tax cuts designed to stimulate investment, and increased investment will increase productivity.

Right now we should focus our attention on reducing Federal spending.

Inflation itself inhibits investment. Getting inflation down and sticking to a policy of reducing inflation will stimulate investment at much less risk than undertaking a tax cut at this time.

CBO ESTIMATES

Q: What is the source of the differences between the spending estimates in your budget and the estimates prepared by the Congressional Budget Office (CBO)?

A: The differences are caused by technical factors that are difficult to predict. Actual Federal spending is based on a variety of such items -- such as interest rates, the number of claimants for various entitlement programs, and the rate at which State and local governments spend Federal funds. While both my own budget staff and the CBO do their best to develop accurate estimates, they invariably make somewhat different assumptions about these technical factors that determine Federal spending.

BALANCED BUDGET PROSPECTS

Q: What evidence do you have that you will actually see a balanced budget pass the Congress this year? Won't pressures for an election-year tax cut, as well as more defense and social spending, quickly unbalance your proposal?

A: There are several reasons why I believe Congress will pass a balanced budget..

- I have met with the leadership of the Congress and from these discussions it is clear that they understand the importance of balancing the budget.
- I and members of my Administration discussed in some detail the specific proposals that I sent to the Congress at the end of March. We have a broad understanding that these proposals are ones that the Congressional leadership is prepared to consider very seriously.
- I am prepared to use whatever powers of the Presidency are necessary to counter measures that would unbalance the budget. This includes Presidential vetoes of excessive spending legislation. I will not support tax cuts until it is clear that Federal spending is being reduced to make possible a balanced budget.

INFLATION AROUND THE WORLD

Q: Why is it that other countries have not experienced the same increase in inflation that the U.S. has if world energy prices are the main reason why inflation has worsened?

A: They have. For the most recent month that date are available wholesale prices were rising at a 26.8% in Japan, 17.9% rate in the U.K., 45.9% rate in Italy, and a 19.9% rate in West Germany. So, inflation has worsened in recent months for these countries as well.

In fact, for the entire last year, Japan's wholesale prices, as well as those in the U.K. and Italy, have been rising substantially faster than our own.

FOOD PRICES

Q: There were stories in the press last week about increases in food prices in the next few months. Do you expect this?

A: We expect food prices to increase 8 to 10 percent for the year. In the March CPI, we will probably see a modest increase in food prices, largely due to the impact of energy prices on marketing costs and to higher beef prices. In April and May, however, meat prices should be lower.

I am pleased that most of the food chains that imposed a ceiling for 30 days on many products have decided to extend that price ceiling. These chains represent more than half of the 50 largest chains in the country, and involve more than 5,000 stores. That will certainly help in our effort to keep food prices down.

CONSTRUCTION WORKERS

Q: You promised not to fight inflation by using the jobs of construction workers. Yet the housing industry is in disastrous shape. Have you changed your mind?

A: My Administration's record speaks for itself. Since I took office, employment in the construction industry has increased 31%, compared to an increase in total nonfarm employment of 13%.

From the beginning of the Administration, we have undertaken major initiatives to help thrift institutions, the major source of housing finance, compete successfully for funds. The introduction of money market certificates and small saver certificates and the development of secondary mortgage markets all played a major role in sustaining housing starts at a level of 1.75 million last year -- despite increasing interest rates. (Average for past 3 years is 1.9 million units).

Early this year, however, mortgage rates skyrocketed. The steps I took on March 14 were prompted in part by a desire to relieve the pressure on interest rates.

The best thing we can do for the housing industry is to bring inflation down which will bring interest rates down. To help get housing over this difficult period while the March 14 initiatives take hold, my Administration will continue to support a strong housing budget -- 300,000 units of assisted housing for FY '81. In addition, we will be expending our commitment by \$75 million to a program (Section 235) which will help middle-income workers finance home purchases and will lead to the construction of an additional 100,000 homes.

SCHULTZE INFLATION PREDICTION

Q: Last week the Chairman of the Council of Economic Advisers said inflation could come down to 8 or 9 percent by the end of the year? How? Do you believe that?

A: I believe that what Charlie said was that IF energy prices increase in the second half of the year at a 20 percent annual rate and IF mortgage interest rates fall by 2 percentage points and everything else continues about the same, the result would be a 10-point drop in the CPI. Since the CPI is currently running at an 18 percent annual rate, that drop would result in a CPI running at less than 10 percent annual rate.

But Charlie did not make a forecast about interest rates or about the rate of energy price increases. He was showing two things: (1) that energy and mortgage interest are heavily responsible for the current high level at the CPI and (2) that it is not unreasonable to expect a dramatic slowing in the rate of CPI inflation in the second half of the year. In fact, we believe a slowing will occur -- by the end of the year, the rate should be down to at least 10%.

INFLATION IMPACT OF FEE

Q: You keep pointing out how much energy prices contribute to the rate of inflation. But you not only decontrolled oil, you imposed a 10 cents per gallon fee on gasoline. Won't this just add to inflation?

A: Reducing our use of and dependence on foreign oil is the single most important step we can take for the long-run economic health of our nation. After so many years of artificially-low energy prices, the adjustment to a world of expensive and scarce energy will be painful.

The 10 cent per gallon fee on gasoline will increase the consumer price index by one-half a percentage point in the short run, and by another 1/4 a percentage point after a year. So in the short run it will increase prices.

But it will also cut our consumption of oil by 100,000 barrels a day after a year and by 250,000 barrels a day after 3-4 years. This reduction in demand will help to soften the market, and will thus in the long run be deflationary.

HOUSING/AUTO LOANS

Q: You said your credit controls program would exempt loans for housing and for autos. Why don't we see more loanable funds flowing into those areas?

A: Home mortgages and auto loans are completely exempt from the special deposit requirement on increases in consumer credit which has been imposed by the Federal Reserve. They are exempt because we do not want to impair lending in these vital areas.

A decline in mortgage and auto lending, to the extent it has occurred is due to other factors:

- o Mortgage commitments appear to have fallen off sharply -- not because funds are not available, but because most people simply do not want, or cannot afford, to take a mortgage at interest rates between 15% and 17%.
- o We have no data on the volume or terms of auto loans in the period since March 14. In many states, however, there are usury laws which limit the interest which can be charged on auto loans to well below current market lending rates. In such cases, some lenders have reportedly cut back on auto lending in favor of more profitable types of loans.

∟ It is important to signal your concern for the impact of these high rates. ∟

HOUSING

Q: The housing industry is already in a recession. What, if anything, are you going to do about it?

A: The problem facing housing is high interest rates. With Congressional support for our balanced budget objectives, I think we will see a decline in inflationary expectations and a corresponding decline in interest rates.

We are committed to a policy of fiscal stringency. At the same time, we want to ensure that no single sector of the economy is asked to bear a disproportionate burden in the anti-inflation fight. Housing certainly will not. We have not made cuts in the housing budget, and we will continue to seek funding for 300,000 units of assisted housing (a 25% increase).

In addition, we are working with the Congress to modify the existing Section 235 housing program to provide a moderate level of support for mortgage rate subsidies for middle and low income homebuyers. This short-term program will help ease the burden on the housing industry and prospective homeowners in the coming months and will lead to construction of another 100,000 units. We have indicated to the Congress that this program will not increase Federal spending, and that we expect to offset the relatively moderate (\$75 million) outlays it requires with reductions elsewhere in the budget.

INTEREST RATES

Q: You said on March 14 that you thought your anti-inflation initiatives would relieve some of the pressure on monetary policy. When can we expect interest rates to come down?

A: Over the longer run, the level of interest rates will be determined by the success of our efforts to bring down the rate of inflation. For the immediate future, however, the movement of rates will be determined primarily by people's expectations as to how successful we will be in that battle against inflation.

Interest rates have fallen over the past two weeks. Compared to levels on March 14, short-term rates have fallen by as much as 1-1/2 percentage points and even long-term bond rates have dropped by more than 1/2 of a percent. This would seem to indicate that markets are convinced that we are going to succeed in slowing the rate of increase in prices. How fast and how far rates will come down over the next few months depends on market psychology -- which I will not attempt to predict. I can say, however, that we are in fact going to balance the budget and to take whatever other measures are necessary to win the fight against inflation. Those actions will inevitably bring interest rates down.

RECESSION COST

Q: Are you satisfied that the budget adequately reflects the costs of a recession and the consequent increase in unemployment benefit payments and decreased receipts?

A: The forecast of the economy is as realistic as we can make it. It does assume a mild recession and increase in the unemployment rate. It is basically similar to the economic forecasts that the House and Senate budget committees are using. The budget estimates, therefore, are correspondingly realistic.

We all know, of course, that any economic forecast is subject to error; but I should point out that there has been a persistent bias in underestimating the strength of the economy, not overestimating it. For example, last year's unemployment rate turned out actually to be lower than the rate we forecast last July.

RECESSION

Q: Your public forecast calls for a mild recession this year. What if the recession is worse than you expect? Won't that prevent you from balancing the budget?

A: That is a hypothetical question. My budget reflects our forecast -- our expectation of a mild recession. We have no reason to expect that the economy will be significantly weaker than we have forecast. We fully expect the budget to be balanced.

STEELWORKERS SETTLEMENT

Q: Is the steelworkers' settlement within your guidelines?

A: These wage contracts are complicated and require substantial work to evaluate. We have been informed by some of the parties involved that the settlement is clearly in compliance with the standards. The Council on Wage and Price Stability has asked for the detailed data necessary to evaluate the contract. The results of this evaluation will be announced as soon as the Council has reached a determination.

JUDGE SHEFFIELD

Q. Last week you nominated James Sheffield, a black state court judge from Richmond, to be a United States District Judge in Virginia. Judge Sheffield was not on the list of candidates submitted to you by Senator Harry Byrd's judicial nominating commission. Senator Byrd has charged that your decision to nominate Judge Sheffield violates your commitment to merit selection and is, in fact, nothing more than the use of a "quota" system. Isn't there an element of truth in the Senator's accusations?

A. No. I am committed to merit selection, and Judge Sheffield's nomination is entirely in keeping with my commitment. I have consistently said that true merit selection must include opening up the selection process so that qualified women and members of minority groups--who have not been considered in the past--will be seriously considered today. The list of candidates provided by Senator Byrd's commission contained ten men, all of whom were white, to fill four vacancies. I have nominated Senator Byrd's candidates for three of those vacancies. But I felt it was also important to open the process by nominating a qualified black or woman in Virginia. After a thorough screening process, the Attorney General recommended that I nominate Judge Sheffield, who is fully qualified to sit as a Federal judge. With his nomination and the nomination of three of the candidates submitted by Senator Byrd's commission, I believe that the process of merit selection has been well served in Virginia.

Q. What will happen if Senator Byrd refuses to return his blue slip to the Senate Judiciary Committee? Can Judge Sheffield still be confirmed?

A. Last year the Judiciary Committee announced new procedures on blue slips which may be tested for the first time in connection with Judge Sheffield's nomination. I hope and expect that the Committee, after considering all of the evidence, will vote to confirm Judge Sheffield and that the full Senate will do likewise.