

4/21/80 [2]

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FORM OF DOCUMENT	CORRESPONDENTS, OR TITLE	DATE	RESTRICTION
memo w/att	Harold Brown to the President. Re: Significant actions, Sec. and Dep. Sec. of Defense. (4 pp.)	4/18/80	A
coversheet w/att	Re: Report on inflation in the 1970's. (² / ₃ pp.) <i>opened 12/24/2014 via RAC</i>	4/80	A
cable w/att	American Embassy Oslo to Secretary of State. Re: Norwegian Government letter to the President. (2 pp.) <i>opened 12/24/2014 via RAC</i>	4/21/80	A

FILE LOCATION Carter Presidential Papers- Staff Offices, Office of Staff Sec.- Pres. Handwriting File, "4/21/80 [2]." Box 182

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Schultze - Then
he should send
to Staff. No
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FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
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FOR APPROPRIATE HANDLING
LAST DAY FOR ACTION

ACTION
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ESDN: NLC-1262-21-16-70-6
BY: B NARA DATE 6/26/14

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

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

THE WHITE HOUSE
WASHINGTON

21 Apr 80

Charlie Schultze

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

Rick Hutcheson

Please see that Stu Eizenstat
gets a copy per the President's
request.

DECLASSIFIED

Per, Rac Project

ESDN: NLC-126R-21-16-70-6

BY B NARA DATE 6/26/2014

2250



National
Foreign
Assessment
Center

~~Confidential~~

07421

Charlie
to Stu
J

Major Developed Countries: Inflation in the 1970s

A Research Paper

~~Declassified~~

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~~ESDN NLC-1268-21-16-70-6~~

~~BY B. DATE 6/26/2014~~

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ER 80-10208
April 1980

Copy 086

THE WHITE HOUSE
WASHINGTON

21 Apr 80

The Vice President

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

Rick Hutcheson

cc: Zbig Brzezinski

~~DECLASSIFIED~~

Per, Rac Project

ESDN; NLC-126 R-21-16-71-5

or B NARA DATE 6/26/2014

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ACTION
FYI

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OP IMMED
DE HUCKSONG #2023 1101000
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FM AMEMBASSY OSLO

TO SECSTATE WASHDC NIACT IMMEDIATE 126
WHITE HOUSE NIACT IMMEDIATE

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EXDIS
E.O. 12958: GDS 4/19/2000 (BARKLEY, RICHARD C.) OR-M
TAGS: BARR, NOPS, UNSC, IS, LE
SUBJECT: GDN LETTER TO PRESIDENT ON UNIFIL

1. ENTIRE TEXT

2. NORWEGIAN PRIME MINISTER ODVAR NOROLI HAS REQUESTED THAT WE FORWARD URGENTLY THE FOLLOWING PERSONAL LETTER TO PRESIDENT CARTER.

3. BEGIN TEXT:

OSLO, APRIL 10TH, 1980.
PRESIDENT J. CARTER
WASHINGTON D.C.

DEAR MR. PRESIDENT,
THE DEVELOPMENT IN SOUTHERN LEBANON IN THE LAST FEW DAYS, IS A MATTER OF MOST SERIOUS CONCERN TO THE NORWEGIAN GOVERNMENT AND TO PUBLIC OPINION IN MY COUNTRY. AS A MEMBER OF THE SECURITY COUNCIL AND AS THE TROOP CONTRIBUTING COUNTRY WITH THE BIGGEST SINGLE CONTINGENT SERVING UNIFIL, MY GOVERNMENT STRONGLY FEELS IT'S RESPONSIBILITY IN THE PRESENT SERIOUS CRISIS. WE CAN NO LONGER TOLERATE THE CONTINUOUS HARASSMENT AND THE USE OF FORCE AGAINST UNIFIL BY THE DE FACTO FORCES OF MAJOR HADDOAD, WHICH IN ALL EVIDENCE IS SUPPORTED BY ISRAEL. I AM APPEALING TO YOU, MR. PRESIDENT, TO LEND YOUR HIGH AUTHORITY AND INFLUENCE IN SUPPORT OF THE EFFORTS TO DEFUSE THE PRESENT CRISIS AND TO CREATE SUCH CONDITIONS IN SOUTHERN LEBANON THAT WILL ENABLE UNIFIL TO TAKE FULL CONTROL OF THE WHOLE OF IT'S AREA OF OPERATION AND TO IMPLEMENT IT'S MANDATE IN ACCORDANCE WITH THE RELEVANT SECURITY COUNCIL RESOLUTIONS. WE CONSIDER THAT THE SECURITY COUNCIL SHOULD TAKE SUCH URGENT AND DETERMINED ACTION AS THE SITUATION CALLS FOR.

***** WNSR COMMENT *****

ZB AA DEN VP
EOB:REN,HUNT

UNLESS A DECISIVE CHANGE TAKES PLACE, IT WILL CLEARLY BE DIFFICULT FOR MY GOVERNMENT TO CONTINUE TO SHARE THE HEAVY RESPONSIBILITY INVOLVED IN OUR PARTICIPATION IN THE UNIFIL. IN VIEW OF THE CLOSE CONTACT AND COOPERATION BETWEEN NORWAY AND THE UNITED STATES, I HAVE CONSIDERED IT A DUTY TO CONVEY TO YOU OUR ANXIETY AND DEEP CONCERN REGARDING THE SITUATION CONFRONTING US AT PRESENT IN SOUTHERN LEBANON.

YOURS SINCERELY,
(S.) O. NOROLI
END TEXT.

4. THE NORWEGIAN GOVERNMENT, IF ASKED, INTENDS TO ACKNOWLEDGE THAT IT HAS CONVEYED ITS CONCERN OVER DEVELOPMENTS IN SOUTHERN LEBANON TO THE USA, BUT WILL NOT RELEASE THE TEXT OF THE LETTER. RAND
BT

THE WHITE HOUSE
WASHINGTON

21 Apr 80

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

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

Rick Hutcheson

EYES ONLY

2254



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

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April 18, 1980

Principal Activities of the Department of Justice
For The Week of April 12 through April 18, 1980

1. Meetings and Events

The Annual Meeting of the 95 United States Attorneys' Offices convened from Sunday, April 13 through Wednesday, April 16. The U.S. Attorneys discussed their problems and projects with each other and the heads of Department offices, exchanged information on law enforcement techniques and were apprised of current Department goals and initiatives. The Attorney General and other members of the Department attended the Conference as much as possible. Secretary Harris addressed the U.S. Attorneys on Tuesday evening.

The Attorney General held a press conference on Thursday morning.

2. Voting Rights Suit in South Carolina

The Department filed suit today challenging the predominately multi-member district system for electing senators to the South Carolina state legislature, which has the effect of discriminating against blacks; no black has been elected to the state senate since 1895. The Civil Rights Division had previously advised the state to change its system in order to comply with the Voting Rights Act of 1965. The Department is seeking to enjoin the state primary election scheduled for June 10.

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

April 18, 1980

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MEMORANDUM FOR THE PRESIDENT

FROM: Gus Speth *Gus Speth*
Jane Yarn
Bob Harris

SUBJECT: Weekly Report

Environmental Decade Conference. Last weekend about 220 national, state, and local environmental leaders from every state in the nation met at a conference in Estes Park, Colorado, sponsored by the Conservation Foundation. The purpose was to consider emerging issues that will constitute the environmental agenda for the 1980's. I was the only current Administration official to address the conference. Building on the theme set in your Second Environmental Decade Celebration speech, I advanced the national goal of building a conserver society.

Among the highest ranked objectives identified by the participants for the 1980's were: (1) rapid development of solar and other renewable energy sources, (2) preservation of the nation's agricultural lands, (3) protection of ground water from pollution and depletion, and (4) improved control of toxic chemicals and hazardous wastes.

Strong support was expressed for your actions to protect Alaska lands, for several of your 1979 Environmental Message initiatives, and for Administration opposition to RARE II "release" language. Participants were most seriously concerned with the Energy Mobilization Board and signed a letter, which Stu will be getting to you, which asks you to reject the House offer of April 1, 1980. Also strongly criticized were large-scale synfuels development, Tellico Dam, the proposed MX missile system, and the recent budget revisions, particularly the substantial cut in the Land and Water Conservation Fund in contrast with the very minor cuts in the Corps of Engineers and Bureau of Reclamation water resource development budgets.

Benefits of Air and Water Pollution Control. About 14,000 lives were saved in 1978 as a result of improvements in air quality since 1970. This is one of the benefits of air and water pollution control identified by a report commissioned by the Council that will be released Monday. According to the report, the best dollar estimate of annual benefits of air pollution control in 1978 is \$21.4 billion within a \$5-\$51 billion range. The report found that in 1985 the best estimate annual benefits of water pollution control are \$12.3 billion within a \$6.5-\$26 billion range. Overall, the report found that the air and water regulatory programs saved more money than they cost. Moreover, the report indicates that these results probably underestimate the actual monetary benefits.

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Veterans
Administration

April 18, 1980

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



VA Presidential Update

Budget Battle Heating Up - The Chairman and Ranking Minority Member of the HVAC have sent a joint letter to Rules Committee Chairman Richard Bolling requesting a budget consideration Rule permitting floor amendments. "In view of the serious deficiencies in the President's original FY-81 request," wrote Reps. Roberts and Hammerschmidt, "and these latest reductions recommended by the Administration and the Budget Committees, we strongly urge we be allowed to offer an amendment on the Floor to restore some of the proposed reductions. Otherwise, thousands of eligible veterans will suffer."

AMVETS National Commander announced he will urge you "to make one last stab at pacifying America's already disgruntled veterans. The President could accomplish this by reversing the latest OMB approved budget reductions and by funding VA at least 2% higher than the President's requested \$21.4 billion for FY 1981. Veterans are apparently going to be burdened with continuing calls for sacrifice as long as Mr. Carter occupies the Oval Office."

Said the VFW Commander: "Under Carter, veterans have suffered for 3 years. Now Carter seeks to cut an additional \$322 million from VA's 1981 budget - an overall cut of \$1 billion. I would remind Carter that he has repeatedly said the nation has a covenant with veterans who defended America. It is apparent he does not mean it. Therefore, I call upon Congress to stand by that covenant. A "MAY DAY: VA BUDGET WORST YET" message to VFW members said: "The President's January budget for VA was \$750 million below the amount needed. Now the Administration wants another \$322 million cut. Congress Members must be contacted immediately and urged to vote against the \$322 million cut and vote to add the \$750 million needed. I cannot overemphasize the urgency of immediate, positive action."

Legion Commander sent mailgrams to all Senators saying, "VA simply cannot absorb these budget reductions without closing facilities. Surely Congress is not going to turn its back on veterans when peace is in jeopardy and Americans again may be called to arms." In a message to Legion members, the Commander called for pressure on Congress to add \$1.1 billion to the VA budget, adding, "We are entitled to know those Congress Members who will support full funding."

May issue of DAV Magazine will accuse Administration of "empty rhetoric" and a commitment to the eventual failure of the VA medical system. It will say, "We're going to have to work doubly hard this year to convince Congress that cuts in VA programs - particularly medical - would be outrageous."

Community WASHINGTON, D.C. 20506
Services Administration



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MEMORANDUM FOR THE PRESIDENT

TO: Rick Hutcheson
Staff Secretary

FROM: William W. Allison *WWS*
Acting Director

SUBJECT: Weekly Report of Significant Agency Activity
(April 14-18, 1980)

DATE: APR 18 1980

BERGEN COUNTY CAP (NEW JERSEY) SUSPENDED:

The Community Services Administration (CSA) issued a notice of summary suspension to the Bergen County Community Action Program (Hackensack, New Jersey) on April 11, 1980.

A series of local news articles had alleged that the CAP's fiscal systems were deficient, the grantee's board exercised little control over disbursement of funds and that as a result funds were being used for illegal purposes. An on-site investigation by CSA's Office of the Inspector General verified allegations.

CSA has advised the grantee's other funding sources, HEW and DOL, of the findings of our initial report, and notified them of our suspension.

The United States Attorney for New Jersey has been advised that assistance may be needed to protect the assets of the Government.

THE SECRETARY OF COMMERCE
WASHINGTON, D.C. 20230

April 18, 1980

FYI

REPORT TO THE PRESIDENT

Revitalization of U.S. Industry: The first priority of the Department of Commerce is the revitalization of American industry through trade and through enhancing the ability of U.S. industry to compete. I believe consideration should be given to this becoming a Presidential initiative. I have spoken with Jim McIntyre and Frank Press about this and reviewed with them important accomplishments such as the following:

In the trade area the Department is implementing the trade reorganization, the foreign commercial service has been established, and an Administration position has been developed in support of legislation enabling establishment of export trading companies.

To increase the competitiveness of American industry, the Office of Productivity, Technology and Innovation has been established within the Department; the American Shoe Center was funded to advance the competitiveness of the shoe industry; three additional technology centers are budgeted for FY 81 to advance technologies critical to our long term competitiveness; we are gaining increasing Congressional support for the comprehensive patent reform and patent policy legislation; and, programs to increase industrial utilization of existing technology are underway.

Messrs. McIntyre and Press are considering the methods by which this package of programs can be utilized for a concerted effort to give the people an understanding of the positive steps being taken to attack some of our economic ills.

1984 World's Fair: I announced today our decision to recommend New Orleans rather than Anchorage, Alaska to the Bureau of International Expositions as the site of the 1984 World's Fair.


Philip M. Klutznick



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

April 18, 1980

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MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. THE DOLLAR AND THE MARKETS

- . The dollar moved over a wide range in nervous markets, easing slightly over the week. Expectations of a decline in U.S. interest rates in the near future and uncertainties over Iranian developments contributed to volatile trading conditions. Treasury and the Federal Reserve intervened moderately during periods of selling pressure.
- . Stocks posted sharp net declines reflecting growing fears about the severity of the recession and its effect on corporate earnings. The Dow Jones lost 28.2 points on the week to close at 763.40. By comparison, the index is 3.42 points above its record two-year low of 759.98 set on March 27.
- . Interest rates in the credit markets also posted sharp declines from last Friday.
- . Most major banks have followed Morgan Guaranty's lead and have reduced their prime interest rate 1/2 percentage point to 19-1/2 percent.
- . The gold markets were fairly quiet with prices declining slightly. Gold closed at \$510 today, down \$17 from last Friday's close.
- . The April silver contract lost \$1.28 an ounce from last Friday's settlement to close at \$14.12. The level is still well above the low of \$10.80 set during the silver futures crisis.

2. MULTILATERAL DEVELOPMENT BANKS

- . Yesterday the House defeated the Conference Report on the FY 1980 Authorization for MDB's by a vote of 211-180. Almost certain cuts will be required in negotiated agreements for replenishment of the InterAmerican Development Bank and the Asian Development Fund. As it now stands, these agreements will require renegotiation.
- . This vote is potentially a major foreign policy setback with respect to our relationship with the Third World. Spillover consequences for the FY 1981 IMF and World Bank legislation may now be a problem.

3. CHRYSLER

- . On Thursday, Treasury began direct discussions with Chrysler's banks concerning their financing contributions toward the \$1.43 billion required by the Chrysler Loan Guarantee Act. Meetings are expected to continue through next week.
- . Late this afternoon Chrysler Chairman Lee Iacocca will appear before the Loan Guarantee Board to present Chrysler's revised Operating and Financing Plans and to push for an immediate commitment of the full \$1.5 billion in guaranteed loans authorized by the Guarantee Act.
- . The Board will take no action at the meeting. The Board's position is that additional staff review will be required, and it will act as soon as practicable.

4. GENERAL REVENUE SHARING

- . The Administration's bill proposing the reauthorization of General Revenue Sharing was submitted to the Congress on Wednesday, April 16. On Thursday, I testified on the bill before the Subcommittee on Intergovernmental Relations and Human Resources of the House Government Operations Committee. Hearings have not been scheduled on the Senate side.

5. SECRET SERVICE CANDIDATE PROTECTION

- Congressman Philip Crane, who has had Secret Service protection since January 11, 1980, declined protection as of 6:45 p.m., April 3, 1980.

A handwritten signature in black ink, appearing to read "G. Miller". The signature is written in a cursive style with a large initial "G" and a prominent dot over the "i".

G. William Miller



THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

April 18, 1980

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MEMORANDUM FOR THE PRESIDENT

THROUGH: Rick Hutcheson, Staff Secretary

FROM : Neil Goldschmidt

SUBJECT: Significant Issues for the Week of April 14

Neil Goldschmidt

Trucking Regulatory Reform Legislation - The Senate has passed by a vote of 70-20 a very good reform bill. Amendments to weaken provisions of the bill relating to easier entry into the industry and expanded exemption from ICC regulation for hauling of processed foods were soundly defeated. In the House, Congressman Howard has not yet indicated whether he will use the Senate-passed bill for Subcommittee markup, or whether he will use the much less satisfactory bill he introduced earlier. I will continue to press Congressman Howard to use the Senate bill.

Midwest Rail Restructuring - Rail labor leaders had set tonight as a deadline for further action by the Congress on the Administration's Rock Island Employee Labor Protection Bill. Today they rescinded the deadline pending a meeting next Tuesday between Senate and House committee leaders. Both Houses have passed legislation, but the Senate has refused to go to Conference because the House bill contains an expensive program for studies and eventual construction of new high-speed rail passenger corridors. The Administration also has opposed the "Emerging Corridors" provision. Within our stated opposition to the Emerging Corridors provision, we have been seeking to facilitate a Conference Committee on the Rock Island bill.

The ICC is attempting to resolve a court challenge to its authority to issue noncompensatory temporary operating authority orders. Failure to resolve the challenge could result in interruption of service on some portions of the Milwaukee Railroad as of April 30. The principle impact would be in Iowa, but Wisconsin, Washington, Illinois and Minnesota also would be affected. Lines affected are those which the Trustee has not included in his proposed core system but for which other carriers have submitted bids. The Department continues to provide assistance to the Trustee to

operate his core system while he prepares a new plan of reorganization to be filed with the bankruptcy court on May 9.

Highway Budget Deferral Litigation - Following announcement of your budget balancing proposals, the Federal Highway Administration froze Federal aid obligations to the States and subsequently redistributed the unobligated balance according to statutory formula. This had the effect of increasing FY '80 obligations for States actively using their previous FY '80 obligations and reducing obligations for States with less active construction programs. The State of New Mexico, which received a reduced obligation, has filed suit to overturn the reallocation. Should the State prevail and the original FY '80 obligation allocation hold, approximately 8 or 9 States would be left with no more construction funds for the remainder of this fiscal year. The State has obtained a temporary restraining order. The Department is contesting the restraining order and the State's suit in court. California also has threatened to file suit.

THE SECRETARY OF EDUCATION
WASHINGTON, D.C. 20202

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18 April 1980

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

SUBJECT: Weekly Report of Major Activities

Appointments

In the past week I have submitted the following recommendations to the White House: Edwin W. Martin, Assistant Secretary for Special Education and Rehabilitative Services; Cynthia G. Brown, Assistant Secretary for Civil Rights; and Martha Keys, Assistant Secretary for Legislation.

On April 21 I intend to announce the appointment of William L. Smith, Administrator of the Office of Education for Overseas Dependents and Edward R. D'Alessio, Assistant Secretary for Non-Public Education.

I am very pleased to have such outstanding candidates for these key positions within the Department.

Confirmation hearings for Steven Minter, Under Secretary-Designate; Thomas Minter, Assistant Secretary for Elementary and Secondary Education-Designate; F. James Rutherford, Assistant Secretary for Educational Research and Improvement-Designate; and Albert Bowker, Assistant Secretary for Postsecondary Education-Designate are tentatively scheduled for April 28.

On April 11 you announced your intention to nominate Michael Timpane as Director of the National Institute of Education.

Legislation

On April 17 the House Subcommittee on Select Education completed mark-up of the reauthorization bill for the National Institute of Education (NIE). The Senate Labor and Human Resources Committee is scheduled to mark-up the Higher Education reauthorization bill, including the reauthorization of NIE, on April 29.

The House Subcommittee on Elementary, Secondary, and Vocational Education is scheduled to mark-up Title II of the Youth Act of 1980 on April 24. Full committee mark-up of the entire bill is scheduled for April 29.

Appropriations

I am scheduled to present the revised FY 1981 Education budget to the Senate and House Subcommittees on Labor - HEW Appropriations on April 22 (Senate) and April 24 (House).

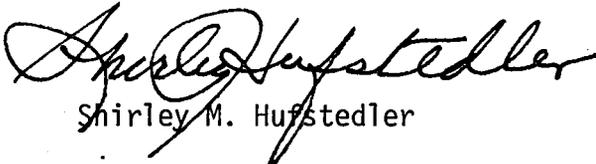
Pennsylvania Trip

At the request of the Carter-Mondale Presidential Committee, I visited Harrisburg, Pennsylvania on April 15. I met with the Pennsylvania State Education Association and the Editorial Board of the Harrisburg Patriot News.

Consultations/Speeches

On April 14 I addressed the Association of Governing Boards of Universities and Colleges. I also participated in National Teacher of the Year Award ceremonies on April 15 and a National Town Meeting at the Kennedy Center on April 17. Albert Shanker of the AFT and Senator Harrison Schmitt also participated in the National Town Meeting's panel discussion of the Deepening Crisis of Education in the 1980's.

On April 18-19 I will be in San Francisco to address the Commonwealth Club and the National School Boards Association (NSBA). I will also meet with NSBA's Executive Committee and the National Caucus of Black School Board Members.


Shirley M. Hufstedler



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

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April 18, 1980

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson
Staff Secretary

SUBJECT: Weekly Report

CCC WHEAT PURCHASES TOP FOUR MILLION TONS. USDA announced that the CCC purchased 94.4 million bushels of wheat at its recent purchase invitation, bringing the total purchased to 4.2 million tons. This concludes USDA's wheat purchasing program, at least for the present. CCC corn purchases now total 59 million bushels (1.5 million tons) and further purchases will be made. The actions are part of the special program to isolate from the market the quantity of wheat and corn suspended from shipment to the USSR.

RESERVE OPEN TO NON-PARTICIPANTS. The farmer-owned reserve has been opened to corn producers who did not participate in the 1979 feed grain program under a special program announced by Secretary Bergland. Non-participants may enter 1979-crop corn in the reserve on a first-come, first-served basis until 295 million bushels of corn have been entered or until May 15. Non-participants will receive the same storage and interest rates as others participating in the reserve. However, they are not eligible for the one-year interest waiver going to compliers.

CCC INTEREST RATES ANNOUNCED. The CCC announced the interest rate for all 1980 crop loans will be 13 percent. The CCC also increased interest rates for any new 1979-crop loans to 13 percent and new farm storage facility loans also to 13 percent.

DES-IMPLANTED CATTLE. FDA reports that as of April 17, 156 feedlots in 18 states implanted cattle with DES on or after November 1, 1979, the cut-off date for use of the implants. These feedlots are holding 358,504 head of cattle. FSQS intends to "lock the barn door" of feedlots involved in illegal DES implants. Feedlots have been informed that they may not slaughter or send to slaughter any cattle until the implants have been surgically removed by or under the supervision of a veterinarian accredited by USDA and; the cattle are held for at least 41 days after the accredited veterinarian certified that the implant is removed. Although cattle may be slaughtered after being certified

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To The President

PAGE 2

implant-free for 41 days, FSQS requires that livers and kidneys from those animals be condemned for human consumption. All tissue will pass for human food, however, if the animals are held after certification for 61 days.

As a result of FDA's finding cattle implanted with DES, Canada has reinstated a DES certification that cattle and meat products entering Canada from the U.S. be free of DES.



JIM WILLIAMS
Acting Secretary



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

April 18, 1980

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

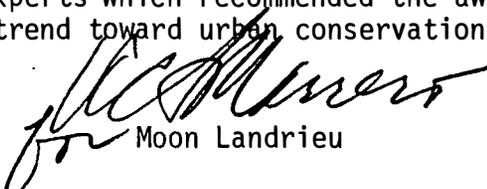
Subject: Weekly Report of Major Departmental Activities

Steps to Help Homebuyers and Builders Announced. On Thursday, we publicly announced steps being taken by the Administration to provide increased housing opportunities for low and middle income families and limited support to the housing industry. We will support legislative changes in the Section 235 homeowners program to eliminate or increase the income limits for eligibility and raise the maximum mortgage amounts allowed. A subsidy would be provided to lower the interest rate to 11 percent. Changes in the Section 235 program are of a temporary, emergency nature and would automatically expire in a specified time period unless renewed by the Congress. We also announced the intention to take administrative and regulatory actions to amend the FHA program so that builders with unsold inventories may reduce their carrying costs. We hope to reach decisions on how to boost the productivity of low income rental housing in the face of high interest rates within a week.

Fair Housing Month Observed. The month of April marks the twelfth anniversary of passage of The Fair Housing Act of 1968. As you know, we commemorated the occasion in ceremonies at the White House on Wednesday. Following the White House event Attorney General Civiletti and I spoke at a celebration held on the HUD lawn on Thursday. The Attorney General spoke of housing opportunities as one of the basic rights of all Americans and called the Fair Housing Amendments Act which the Administration is now supporting one of the most significant legislative proposals of recent years.

Building Standards for Physically Handicapped Upgraded. We are announcing today a new American National Standard for making buildings and facilities more accessible and usable by physically handicapped persons. The new standard replaces an existing standard which was first approved in 1961 and is the culmination of five years of research, testing and consultations with representatives from the construction, manufacturing, design and insurance industries, as well as from government and handicapped groups. Accessible bathrooms, kitchens and other elements of housing are included in the standard for the first time.

1980 Urban Design Awards Presented. At a ceremony sponsored by the League of Cities in New Orleans on Monday, I presented 29 awards for excellence and innovation in the design of HUD-supported projects. Winning entries included nine awards for urban design administration, a new category for local government achievement. A high proportion of the awards went to projects which included preservation of existing structures and energy conservation planning. The jury of experts which recommended the award-winning entries to HUD concluded that a trend toward urban conservation is well under way.


for Moon Landrieu

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for Preservation Purposes

U.S. DEPARTMENT OF LABOR

SECRETARY OF LABOR
WASHINGTON, D.C.

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April 18, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: THE SECRETARY OF LABOR *Ray*

SUBJECT: Major Departmental Activities
April 14-18, 1980

Campaigning in Pennsylvania. Yesterday and today I was in Pennsylvania for the fourth time to campaign. The labor audiences have been very tough but I think we are now making some progress. The economy and the uncertainty of its future seem to be the central concern.

Trade adjustment assistance shortfall. As you have announced, the Administration has agreed to fund the extra obligations incurred in this program. However, we have still not worked out how this will be financed. The failure to solve this issue is beginning to create problems for us with the budget and appropriations committees. I hope that we can work this issue out with OMB in the next day or two.

Proposed Executive Order debarring flagrant labor law violators. For the past several months, we have been working with the Justice Department and Stu Eizenstat on the development of such an Executive Order. I sent you a memorandum in mid February describing this Order and its importance to Lane Kirkland. Next week I hope to resolve the outstanding issues and have a recommendation for your review.



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

April 18, 1980

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report of HEW Activities

Negotiations with the Department of Education. The Department has developed a plan for allocating office space for personnel to be transferred to the Department of Education on May 4. We are ready to vacate the offices on an accelerated schedule if agreement can be reached with the Department of Education. Mrs. Hufstedler will review the proposal over the weekend and either accept it or make a counter-proposal on Monday, April 21.

Preparations for Cuban Refugees. The Director of the Office of Refugee Resettlement will be in Miami early next week to review preparations being made by HEW and the Department of State to handle logistical problems involved with the arrival of 3,500 Cuban refugees. The Office of Refugee Resettlement is prepared to process 200 persons a day at Homestead Air Force Base and refer them to voluntary agencies for community placement.

Testimony on Budget Revisions. On Thursday I testified before the Senate Appropriations Subcommittee on Labor, Health, Education, and Welfare regarding the revisions to the proposed Health and Human Services' FY 81 budget.

Patricia Roberts Harris

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for Preservation Purposes



THE SECRETARY OF ENERGY
WASHINGTON, D.C. 20585

April 18, 1980

MEMORANDUM FOR: THE PRESIDENT

FROM: CHARLES W. DUNCAN, JR. *CW Duncan*
JOHN C. SAWHILL

SUBJECT: Weekly Activity Report
Week of April 12 - 18, 1980

1. Travel: I traveled to the Pacific Northwest and to Utah on Tuesday, Wednesday, and Thursday of this week. I met with Governors Victor Atiyeh, Dixie Lee Ray, and Scott Matheson and with Mayors Connie McCready of Portland and Charles Royer of Seattle. I inspected the Dalles Dam, operated by the Army Corps of Engineers; the Fast Flux Test Reactor and various nuclear waste storage projects at the Hanford Reservation; and tar sands deposits and Department of Energy research activities on in situ production from tar sands in Vernal, Utah. In Portland and Seattle, conservation was the main thrust of my discussions and press conferences. Both cities have developed far-reaching conservation plans that stress weatherization of residences. In Seattle I met with 40 business leaders from Washington, Oregon, and Idaho on conservation in transportation -- in a format like that to be used following the White House kickoff on April 29 of our transportation conservation campaign. The response was encouraging.

John Sawhill traveled to Johnstown, Pennsylvania on Monday, where he spoke on coal-related issues. On Thursday he left for California where he will meet with Hispanic leaders and speak in both Los Angeles and San Francisco.

2. Alaska Natural Gas Transportation System: A very productive meeting was held of officers and attorneys of the pipeline sponsors and North Slope producers on Tuesday, April 15. The parties reached agreement on the elements of a joint operating agreement for the design and engineering study and on identification of the issues to be addressed in the financing discussions.

3. Natural Gas Imports: Canadian Energy Minister Lalonde announced on April 15 that Canada will hold the export price of its natural gas to the current level of \$4.47 until July 1, 1980. Any price increase decided upon at that time would not be effective until October 1.

4. Iranian Oil Negotiations: During the latter part of this week, BP, Shell and the Japanese Trading Company informed the Iranian Oil Company that they would not accept the new \$35 per barrel Iranian price. They, in turn, were informed that the last liftings at the old price of \$32.50 would occur on April 21. Consultations are now under way with both the British and the Japanese concerning their supply situation after April 12.

5. Storage of Spent Nuclear Fuel: Testing of geologic storage for spent nuclear fuel began on April 17 at the Nevada Test Site. The objective is to determine the effects of spent fuel on different geologic formations.

6. Legislation:

- o S. 932 continues to proceed slowly through conference. The House and Senate staffs expect to reach a compromise that will be adopted by the conferees next week on Title V (Conservation) and Title IX (the Solar Bank). The Conference will then consider Titles II and III, on alcohol fuels.

- o The Energy Mobilization Board conferees from the Senate will meet next Tuesday. Senator Johnston appears ready to accept the latest offer from the House conferees regarding outstanding issues. We expect a last minute effort by environmental interest groups to promote a different provision for waiver of substantive law than the House offer. They will attempt to influence the Administration to oppose the House offer.

- o The House Government Operations Subcommittee on Environment, Energy and Natural Resources, chaired by Representative Moffet, held an oversight hearing on April 16 on the gasoline conservation fee. Chairman Moffet requested that the Department turn over all its documents underlying your decision to impose the fee. After consultation with Lloyd Cutler, we declined. The Subcommittee has voted to issue a subpoena for these documents, and is seeking the concurrence of Committee Chairman Brooks. I have talked to Representative Brooks, and intend to try to work this out by providing certain

information, but not the documents themselves. Our legal and congressional staffs are coordinating closely with their counterparts at the White House on this matter.

o Senator Johnston has introduced a bill (S. 2570) to place an excise tax on gasoline with a rebate system for taxpayers. This might be used in place of coupon rationing. A preliminary interagency review, through the ECC, determined that there was sufficient merit conducted in this bill to justify a more intensive study. The study will take 2 to 3 months. No action is expected on the Johnston bill before we submit the coupon rationing plan to the Congress for its review as required by statute.

THE WHITE HOUSE

WASHINGTON

April 18, 1980

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE

SUBJECT: Weekly Legislative Report

I. DOMESTIC POLICY ISSUES

1. Energy

ESC

House and Senate Committee staffs will work through the weekend to finalize joint staff recommendations on virtually all the outstanding issues associated with Titles V (Conservation) and IX (Solar Bank) of the Energy Security Act.

Conferees may meet Thursday. Both House and Senate staffs appear confident that their recommendations on Titles V and IX will be adopted by the Conference next week.

The Conference then will move to consider Titles II and III (Biomass/Alcohol Fuels). The Senate is awaiting a specific offer from the House on Titles II and III.

EMB

Senate conferees are expected to caucus Tuesday and meet formally with the House conferees on Wednesday. Senator Johnston is prepared to accept the House offer regarding the Board's power to override substantive Federal laws.

Environmental groups will be staging a last minute effort to convince the Senate conferees on an alternative to the House offer. This alternative called the "Grandmother" provision would make the currently outlined House procedures on waiver applicable only to Federal laws passed after the enactment of EMB legislation and prior to project construction. The existing "Grandfather" provision would apply to any laws passed after commencement of project construction.

Utility Oil Backout

A meeting was held in the White House with business, labor, utility, and coal groups to identify their problems and to coordinate support. Hearings continued in Dingell's Subcommittee April 18th with utility testimony. Monday, Senator Muskie will hold hearings on the environmental effect of increased coal use, with EPA testifying. The Senate Energy Committee will hold hearings on the bill on Wednesday and Thursday.

2. Selective Service Registration

Thursday morning the House Appropriations Committee voted 26 - 23 to provide the \$13.3 million necessary to register men this year. A joint resolution containing the necessary transfer was then approved on a 28 - 21 vote. Despite his earlier reluctance, Chairman Whitten vigorously supported the proposal. Eight Republicans voted with the Administration on the 26 - 23 vote. Congressman Jack Edwards spoke eloquently in favor of registration. In addition to Whitten and Edwards, Congressmen Boland, Murtha and Dicks deserve credit for the successful vote.

The Rules Committee is scheduled to meet Monday. Assuming a quorum is present, the resolution will go to the floor Tuesday afternoon. Our current headcount suggests that the bill should have little difficulty on the floor. It shows 237 Members "yes" or "leaning yes"; 130 "no" or "leaning no" and 64 "undecided".

The resolution is not likely to be taken up in the Senate Appropriations Committee until the week of April 28th.

3. Regulatory Reform

The Senate Judiciary Committee has deferred markup of S. 2147 for at least another week. At this point, it seems highly unlikely that the Committee will simply meet to "ratify" the Subcommittee draft as Senator Culver and his staff had hoped. A number of Senators have expressed reservations about major parts of the Subcommittee's bill, including the pro-competition provisions and the Regulatory Policy Board.

On Thursday, the Senate Governmental Affairs Committee is scheduled to markup Senator Levin's government-wide legislative review (veto) bill (S. 1945). Senator Levin has made a "cause" out of this issue and has personally lobbied almost the entire Committee. Senator Ribicoff has refused to oppose Levin on this bill. As a result, we have had to ask Senator Jackson to take the lead. If Jackson is willing to play an active role, we still have a chance to defeat the Levin bill. If he refuses, there is almost no chance of stopping Levin. We expect to hear from him early next week.

4. MDB Authorization for Regional Development Bank - FY 1980

The MDB Conference Report was recommitted to Conference by a vote of 211-180 on Thursday. Only 24 Republicans voted against the motion to recommit and 87 Democrats voted for the motion. Treasury will determine, what cuts can be made without destroying the already negotiated agreements. The timetable for Conference reconsideration is uncertain. It is likely that Chairman Reuss will take some time before seeking another meeting. It is by no means certain, however, that the Senate will agree to any cuts. Many feel that to accept cuts would destroy any negotiating position that the U.S. may have in future replenishment agreements.

5. General Revenue Sharing

Secretary Miller testified Thursday before the House Government Operations Subcommittee on Intergovernmental Relations and Human Resources. During his testimony, Subcommittee Chairman L. H. Fountain expressed strong interest in marking up this legislation by early next week. He also reiterated Chairman Brook's interest in having a full Committee markup by May 7, 1980.

The Senate Finance Committee staff and the House Government Operations Committee staff have received Treasury's computer runs reflecting local governments' allocations under the Administration's new general revenue sharing program.

6. Youth Bill

The House Employment Opportunities Subcommittee met Thursday and voted out unanimously their version of the labor portion of the youth bill. Their proposal is not drastically different from ours, and we feel that we will be able to bring it even closer to our original proposal.

The full Committee is expected to consider this bill along with the education portion within the next two weeks. The staff was instructed to work on coordination of the education and labor portions so a complete bill can be reported out of the full committee.

The Senate is currently working on this versions of the labor portion. We expect the Employment Subcommittee to meet soon.

II. FOREIGN POLICY ISSUES

Central America Supplemental

After sustaining a defeat on the multilateral development bank bill Thursday, the House leadership decided to postpone appointing conferees for the Central America Supplemental Authorization containing the \$95 million for Nicaragua. It will not be taken up Tuesday.

Iran

In general, Congress welcomed the additional sanctions imposed Thursday.

Representative Holtman held the first public hearing on Iran since the hostages were seized. The inquiry was reasonable in intent, but may set a precedent for other committees that wish to examine the economic and financial sanctions. Such public hearings could present opportunities for members to vent their frustrations with the situation as the focus shifts to the perceived inadequate cooperation from our allies.

Congressman Reuss has expressed a readiness to respond to Congressman Hansen's request to examine Iran's grievances. The House Banking Committee has jurisdiction over sanctions concerning international banking and financial transactions.

III. ANTI-INFLATION

1. Budget

Senate

We have been unsuccessful in our efforts to recruit Senators Byrd and Muskie to sponsor a leadership amendment to bring the Senate Budget Resolution in line with our budget. Senator Byrd has taken deep soundings with his committee chairmen and Democrats up for reelection, and he is certain that a leadership amendment to reduce defense outlays and increase domestic spending could not pass.

We are thus faced with the certainty of losing any effort to substantially modify the Budget Committee's action in a way favorable to our recommendations. Nevertheless, we believe that we must attempt to restore some of the domestic cuts to satisfy the outside interest groups of our good faith. The pitfall is that if we make an all out effort and lose by a lopsided margin, we could tie the hands of our sympathizers (Muskie and Bellmon among others) in conference.

We plan to work informally with the staffs of Cranston, Williams and Magnuson to help draft an amendment which can attract the most votes. We do not expect to formally support any vehicle before Tuesday.

House

The Administration plans to support Chairman Giaimo's 1980 technical amendment, which includes funding for Trade Adjustment Assistance, and support him in opposing all the other amendments, except for Obey's.

We will support the Obey amendment because it includes funding for your program of \$500 million in transitional assistance payments to cities.

The Holt defense amendment, (see addendum) if adopted, would bring the House resolution closer to the Senate one. It will be supported by Congressman Gramm and a number of conservative Democrats. Chairman Giaimo has requested our visible support in opposing the Holt amendment, which may be tough to defeat. We will also work actively to oppose the Quillen amendment, which could have considerable election-year appeal.

The rule will go to the floor Tuesday, and floor action on the resolution will commence after that. If the rule is not approved, many other amendments (including add-ons for LEAA, veterans, postal subsidies, etc.) will be offered to the resolution.

Anne Wexler will convene key interest group leaders Tuesday to gain their support in opposing the Holt amendment and to explain our general strategies toward both budget resolutions.

2. TAA

Next week, OMB will submit for your approval the Trade Adjustment Assistance Supplemental with offsets. It is critical that our position on TAA be finalized as soon as possible in order to maximize our chances for its inclusion in the FY '80 and FY '81 budget resolutions.

3. Reconciliation

A reconciliation requirement supported by the Administration is presently included in both the House and Senate versions of the budget resolution. Floor amendments to strike will be offered in both bodies and adoption in the House appears likely. Should reconciliation be included in the final resolution it would require authorizing committees to report out most of the legislative savings we have proposed, thereby significantly enhancing our chances of having these enacted.

4. Legislative Savings

Annualized COLA

The Administration's proposals for annualizing COLAs were submitted to the Hill this week. Included are bills drafted by Labor (changes to the Federal Employee Compensation Act),

OPM (civilian retirees), and Defense (military retirees). Each bill will be handled in separate committees. Hill staff are reviewing the proposals.

Pay Reform

OPM Director Campbell and his staff have been negotiating with House Post Office and Civil Service Committee Chairman Jim Hanley to arrive at an agreement on key parts of our bill (H.R. 4477) to permit Hanley to move it swiftly to the floor. White House CL will contact Senator David Pryor next week to discuss Senate subcommittee action. House Subcommittee Chairwoman Gladys Spellman continues to hold field hearings on H.R. 4477, where much of the testimony is negative.

5. Oil Import Fee

As Chairman of the Government Operations Committee Brooks is the only person who could sign a subpoena ordering that DOE turn over all documents pertaining to your decision to impose an oil import fee. Brooks is in Texas and will not receive the subpoena until Saturday afternoon. Secretary Duncan spoke with Brooks who encouraged Duncan to try to work out an arrangement with Congressman Moffett before Brooks signed the subpoena. Duncan agreed to call Moffett.

Secretary Duncan is scheduled to testify Thursday on the oil import fee before the House Ways and Means Subcommittee on Trade.

6. Farm Credit

Farmers across the country continue their search for critical operating loans, with high interest rates compounding the general unavailability of farm credit. This week USDA announced the following increases in interest rates: 1980 crop loans from 9 to 13 per cent; farm storage facility loans from 10.5 to 13 per cent; Farmers Home Administration farm operating loans from 11 to 12.5 percent; economic and emergency disaster loans from 13 to 14 per cent; and long-term farm real estate loans from 11 to 12 percent. These increases provided new ammunition for Congressional and farm segments which claim the Administration has done too little, too late to erase the impact of the suspension of sales to the USSR.

Administration plans to offer legislation to raise interest rates on other USDA farm and community programs obviously will not be eagerly received by farm state members.

7. Veto CandidatesHigher Education

Work on the higher education bill continues to focus on attaining greater appropriations and policy control. The problem is best shown by a comparison of Title IV, student assistance:

COMPARISON WITH ADMINISTRATION'S PROPOSAL
(adjusted for comparability)

(\$ in millions)

	<u>House-Passed Bill</u>		<u>Senate Subcommittee Proposal</u>	
	<u>BEOGs</u>	<u>Loans</u>	<u>BEOGs</u>	<u>Loans</u>
1981.....	+1,238	+820	+80	+129
1981-85....	+11,011	+7,837	+4,012	+1,497

The bill continues to look like a veto candidate.

Asbestos

Letters opposing this bill are being prepared by all Departments affected by the House-passed asbestos detection and removal in schools bill. The Senate Committee on Labor and Human Resources is expected to mark up and report the bill on April 29. It will be a veto candidate if it reaches your desk.

IV. Miscellaneous1. NominationsWilliam Lubbers - - General Counsel, National Labor Relations Board

There will be a cloture vote on Monday which we can expect to lose followed by another cloture vote on Tuesday which we probably will win. At present, we have fifty five solid votes of the sixty needed for cloture on Tuesday, and we expect to get the remaining five through the work of the Senate Democratic Leadership. Senator Hatch and others have offered "compromises" such as creating a board similar to the Judicial Selection Commission to handle future recommendations for the General Counsel slot. We've rejected these offers out of hand.

Lyle Gramley - - Federal Reserve Board

The committee vote on Gramley's nomination is scheduled for Wednesday. We have few solid votes on the Democratic side with Senator Stewart leading the opposition. Senator Culver, who is not on the committee has been actively opposing the nomination. Paul Volcker and Arthur Burns are working the Republicans. The opposition has not been focusing on the nominee, but on our economic policies and/or high interest rates. We are not optimistic because the arguments do not deal with the merits of the man. Senators are instead using the issue to vent their frustrations and to cast a protest vote.

2. Congressional Mood

Senate

Among Senate Democrats the prevailing mood is one of self survival. Of course, the Leadership (specifically Senator Byrd) is obsessed with retaining numerical control of the Senate and "practical" control on philosophical issues. The latter consideration is becoming more important since it is unlikely that there will be an overall loss of nine Democratic seats. "Practical" control is essential to Senator Byrd on issues which do not break strictly along party lines.

Among some of the Democrats up for reelection we sense an emerging attitude of "every man for himself." For example, Senators Stewart and Culver are waging an all out assault on Lyle Gramley's nomination, both as a protest against high interest rates and as a way of courting the favor of home builders, small businessmen, and farmers. However, except for those Senators who are Kennedy supporters we have not seen significant numbers of vulnerable Democrats attacking you personally. This may change unless we reverse the slide in the polls, win important primaries and lower interest rates. On the other hand, Senator Kennedy does not stand to gain the endorsement of many more Democrats. The erosion of our support will come in the form of increased attacks on our policy.

In conclusion, the mood in the Senate among Democrats is that you are isolated in the White House and do not realize the depth of the problems, both political and economic, in the country. Many feel that you are no longer certain to win the general election and that even the nomination is in some doubt. Some even go as far as to project that the fight for the nomination could destroy the party, hand the White House to the Republicans, and result in the Democrats losing the Senate. These gloomy

predictions are based on the fact that some Democratic Senators feel our policies are missing the mark -- specifically that our program cannot turn the economy around in time to salvage the election and that it hurts traditional Democratic constituent groups without promising ultimate success.

House

The mood in the House can best be described by two words: fear and avoidance. Many members are becoming fearful of their chances for reelection due to the state of the economy and high interest rates. There is a growing concern that it is not in their best interests to be politically associated with the Administration.

At the same time members are trying to avoid facing critical issues. For example, they know they must balance the budget, but they are unwilling to face the consequences.

Perhaps most disconcerting is the growing impression that your isolation here in Washington is preventing you from understanding the intensity of problems in the rest of the country.

Congress May Reflect Trend Toward Isolationism

Congress now faces a full agenda of issues which the State Department feels could reflect an accelerated trend toward isolationism when finally resolved. Growing inflationary pressures, coupled with severe budget reductions, particularly in domestic programs, will encourage a preoccupation with internal matters. At the same time, the country faces increased economic competition from the EC and Japan, nations which are simultaneously perceived as failing to accord us adequate support on issues of common concern. The international financial institutions remain under constant attack on the Hill and -- as in the case of the PRC's impending membership in the IMF and World Bank -- are seen as moving in directions contrary to U.S. interests. Strong leadership and an aggressive public education effort will be required if in the months ahead we are to avoid erosion in congressional support for even our traditional international programs.

House

Yesterday, the House Rules Committee approved the rule for the First Budget Resolution. The rule allows only 10 amendments and 1 motion to be offered in the full House. The amendments will be offered in the following order:

1980--

- (1) Giaimo (D) A technical amendment which will raise 1980 BA and outlays closer to our March update totals

1981--

- (2) Conable (R) Revenue sharing -- adds back the State share of GRS with an offset of equal amount in categorical grants
- (3) Quillen (R) Substitute to Conable -- adds back the State share of GRS with an offsetting cut in foreign aid
- (4) Obey (D) Substitute (see below)
- (5) Mitchell (D) Substitute to Obey -- cuts Defense and energy outlays by \$2.4 billion and increases "human needs" outlays by \$4.4 billion (\$2 billion above the March update)
- (6) Solarz (D) Substitute to Obey -- increases revenues through tax reform and increases domestic outlays by \$6 billion above the March update
- (7) Ottinger (D) Amend resolution to the levels in the President's January budget
- (8) Holt (R) Transfer from domestic programs to Defense (see below)
- (9) Latta (R) Republican substitute (modified Kemp - Roth)
- (10) Rousselot (R) Substitute to Latta (item (9))

Motion to strike reconciliation language for 1981

Obey Amendment in Detail

The Obey amendment would increase revenues by \$900 million for a foreign tax deduction on oil and \$100 million for a toxic waste clean-up tax. It would decrease spending by \$350 million to be taken from consultants, film procurement, GSA, and printing. In addition, it would increase spending by:

	<u>BA</u>	<u>O</u>
Revenue sharing (transitional assistance) ..	500	500
Mass transit	50	50
Young Adult Conservation Corps	200	144
Elderly nutrition	25	25
Fuel assistance	50	50
Land & Water Conservation Fund	50	50
Military personnel	60	60
Rural housing	150	---
Child health	40	40

Holt Amendment in Detail

Based on summary text, the Holt substitute would add \$5.1 billion in defense outlays and offset this increase with outlay reductions in other programs. The Defense would provide funds for fuel costs, lower rate of pay raise absorption, and restoration of reductions recommended by the Budget Committee. The outlay reductions in other functions would include:

- .. \$1.7 billion for Government overhead costs in addition to the \$0.6 billion already recommended by the Budget Committee. Substitute would exempt Defense, Agriculture, Income Security, Veterans, and Administration of Justice.
- .. \$0.6 billion for foreign and multilateral aid.
- .. \$0.5 billion for 17 major regulatory agencies (20-percent, across-the-board cut).
- .. \$1.7 billion in CETA to eliminate funds for Title VI.
- .. \$0.6 billion to eliminate duplication of federally funded school meals and food stamps benefits.

21 Apr 80

Anne Wexler

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

Rick Hutcheson

2248

THE WHITE HOUSE

WASHINGTON

April 19, 1980

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM:

ANNE WEXLER *AW*

SUBJECT:

Activities Report - Week ending April 18, 1980

1. Inflation In addition to the matters covered in the weekly summary sent to you and the Cabinet, here are a few of the internal activities of the Anti-Inflation Task Force which are beginning to produce results:

Media - we now brief Hill reporters as legislative actions occur. They write the story, not the White House press corps. This yielded a more accurate story on trucking deregulation last week and we will do it next week on the oil import fee. Also, we now time the release of media backgrounders to Frank Moore's legislative schedule. In the next two weeks we plan to start a weekly inflation alert for about 5,000 editors and special media, agency people, the Hill, and interest groups. From a White House point of view, it will identify legislative priorities and problems, and report on other activities such as COWPs actions, farm credit, significant speeches, etc. It should get more stories about the intensity of our efforts and the breadth of the program.

Administration officials - the number of speeches is increasing, but more important, every speaker does local media. We have a system for distributing talking points and other information throughout the government and to regional officials on a regular, prompt basis.

Continuing actions - our information system now allows us to identify compliance actions which might be announced by you. Substantive materials are now of much higher quality because the Department of Commerce and other agencies have become involved.

Legislation - with Frank Moore's office, we have established five sub-groups to utilize White House and agency resources to the maximum to support (or defend) non-budget, anti-inflation initiatives.

2. Budget - we will spend most of the next week working with interest groups on the House budget resolution, particularly supporting the Obey amendment and opposing the Holt amendment. Opposition to the Holt amendment will give us the first opportunity to bring to our side some of the 125 groups which originally supported the AFL-CIO coalition in opposition to the revised FY 1981 budget. Our contacts with some organizations shows there is no consensus among the non-labor groups in the AFL-CIO coalition. I will do separate meetings with business lobbyists to support our position on reconciliation.

3. Fair Housing Legislation - the interest groups were pleased about the meeting, particularly your participation and your commitment. (An Indian group sent telegrams to its members urging support for your fair housing effort, including members in Pennsylvania). We are working with the National Housing Conference and HUD to split realtor opposition and are following up with the Leadership Conference to use their target list to target Administration activities. We will explore business support which should help with Republicans. This is a good opportunity for an important victory.

4. Miscellaneous -

- ° The President of the Homebuilders met with Lyle Gramley and they will decide this weekend whether to reverse their opposition to his nomination. At our request the National Federation of Independent Businesses and the Small Business Legislative Council sent letters to Senator Culver and targeted Committee members to disavow the Homebuilder's press release which said that those two organizations opposed Lyle's nomination. We are making relevant interest groups aware of Lyle's letter to Senator Proxmire indicating his concern for farmers, homebuilders and other small business.

- ° We met on the Youth Employment Program with interest group leaders to get them to push Senator Pell's committee to finish the hearings.

- ° A wide-ranging coalition of interest groups is working the House floor for the vote next week on registration appropriations. We are urging them to be more visible.

- ° We met with some of the major groups supporting the utility back out legislation to show White House commitment and to organize their efforts for the hearings. We will follow up with the utilities and the coal groups on a coalition effort although they have some differences. The Teamsters expressed strong support on a national security basis and we will work with them and UMW to build stronger labor support. We are now looking for support from selected high energy consuming industries and the financial community.

° A cross section of interest groups was very helpful on the trucking deregulation legislation. We are now working with them on a House strategy.

° Although we lost in the House on the International Development Banks Conference Report, we did have some business support in addition to the usual religious/foreign policy groups. As the future legislative strategy is decided, we will need to intensify our educational program and include labor.

° We briefed the interest groups on our General Revenue Sharing proposals and they are generally supportive. Bill Miller did an excellent job in his testimony.

21 Apr 80

Alfred Kahn

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

Rick Hutcheson

cc: Stu Eizenstat
Jim McIntyre
Charlie Schultze

2247

THE WHITE HOUSE
WASHINGTON

April 19, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: JOSH GOTBAUM JG
Executive Assistant to Alfred E. Kahn

RE: Weekly Activities Summary

Fred is away speaking to several business groups in Texas.

Wage/Price Program

This week, Ford Motor Company agreed to reduce the salaries of their executives below the 7 1/2 percent wage standard enough to offset their contract with the UAW and come into compliance with the program.

no!
We have been less successful with Mobil. The company has offered to return \$30 million of the \$45 million in dispute if we agree to a change in their accounting practices for this year's program that would be worth \$100 million. We are unwilling to do so, since no other oil company has asked for this type of change. Bill Miller and Charles Duncan are now trying to convince Mobil to comply, in accordance with our recent decision to use senior Administration officials in these efforts.

We are continuing our series of briefings for companies that have recently come under our reporting requirements; thus far, they seem well-received. We will also meet this Thursday with members of the metals industry. You are scheduled to see them briefly.

Trucking

We worked actively with DOT, DPS and CL on the Senate's passage Thursday of an excellent bill. Fred appeared immediately afterwards with Senators Cannon and Packwood and Secretary Goldschmidt to brief the press.

We are now urging Chairman Jim Howard and Bizz Johnson to go to mark-up in the House within the next two weeks, using the Senate bill as the basic vehicle. We expect continued strong opposition from the truckers and Teamsters; but the momentum from the Senate victory, combined with the commitment from Chairmen Cannon and Howard to have a bill on your desk by June 1, should help.

Achsah Nesmith
A-1 4/18/80
Scheduled Delivery:
Mon. April 21, 1980

2:45

Susan
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REMARKS

Brief Remarks for Meeting with Ambassador Nava and Press

The relationship of the United States and Mexico is a very special one within the community of nations. We share not only a common border and a community of interests, but a deep commitment to democracy and human rights. Although we have not always agreed on specific means, we share the same goals.

Mexico's growing influence within the Hemisphere and throughout the world has made it more than a good neighbor. In a dangerous world, we seek to build a more peaceful and prosperous future, not only for our own people, but for people all over the world.

Because I believe it is in the best interests of our two peoples that we continue to build upon a firm foundation of friendship and mutual trust, I have chosen my new ambassador to Mexico with special care.

Dr. Julian Nava's broad knowledge of North American and Latin American history and his extensive experience living and teaching in many nations makes him a fitting choice for this crucial time. He is a distinguished scholar with great personal sensitivity and appreciation for the cultural traditions of the Mexican people.

4/18/80

Our nation is made up of people from every land, but our historical and family ties with Mexico go back far beyond our existence as a nation. Julian Nava is the first U.S. Ambassador to Mexico of Mexican descent, but he is in a long tradition of Mexican-Americans serving their nation wherever they were needed, in war and peace, at home and abroad.

Julian shares my appreciation for the beauty of Mexican culture. As you know, I have been studying the Spanish language for some time and Rosalynn and I often read the Bible in Spanish together in the evenings. Julian not only understands Spanish, as I do, but he speaks it so that Spanish-speaking people understand it as well.

As we face the difficult problems of our Hemisphere and of the world today, I am confident that Ambassador Nava will help bring our two nations closer together in a working relationship that is just, positive and solution-seeking. I know all of you join with me in wishing Julian good fortune and Godspeed, or perhaps I should say, "buenaventura y vaya con Dios."

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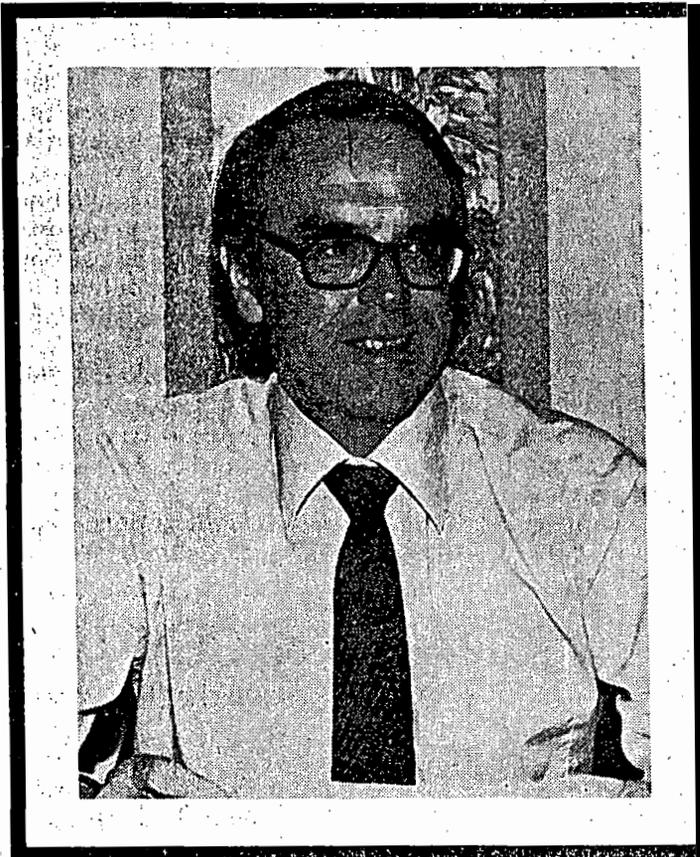
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APRIL 23, 1980

JAMES M. WALL
EDITOR

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HOME 312 - 279-7166



Jürgen Moltmann.

The Challenge of Religion in the '80s

Fifth in a Series

Jürgen Moltmann

Shadow Boxing with Death

Parker Rossman

'Dog Day Afternoon'

Revisited

The Military Factor

in Inflation

M.E.M.O: Prayer for

April 29, 1980

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

April 18, 1980

MEMORANDUM TO THE PRESIDENT

FROM: Frank Press *FP*

SUBJECT: Periodic Report

. As I mentioned to you earlier, I believe that after conservation, rapid demonstration of potentially large oil resources on the OCS and the deeper waters beyond is the most effective near term lever we have to force OPEC into responsible behavior. You asked me to work with the departments on the possibility of increased acceleration of leasing, but I am not finding sufficient high level support for this endeavor in EOP, DOI, or DOE. Extension drilling from the recent 20,000 bb/d wildcat well in waters off New Foundland (one of the largest production rates in North America) is encouraging, attesting to the potential of the OCS.

. The US/USSR official scientific exchanges have slowed to a halt as we wish them to. However, we have received much criticism for denying access by the communist bloc scientists to international meetings held in the U.S. I have asked an interagency committee to develop an approach which ensures that our embargo on technology transfer to the Soviet Union is applied effectively but without casting the Administration in the role of censors of scientific meetings, in violation of the Helsinki accord and our traditional support for open communication between scientists.

. Final details of US-Japan S&T agreement are being worked out for signing by you and Prime Minister Ohira. The agreement implements the proposal you made to Prime Ministers Fukuda and Ohira. It will emphasize joint R&D ventures in areas of mutual need -- a new approach that goes beyond conventional scientific exchanges -- and will be of political as well as technical and economic value.

. The revised FY81 budget includes reductions for R&D at a level and in a manner to preserve the Administration's commitment to strengthening U.S. science and technology. Further Congressional cuts are of concern since the gun or butter lobbies each view S&T as an element of the other's programs and therefore it is a vulnerable target. We are working to secure support for your budget proposals.

. An important element of our research policy is to seek industry cost-sharing for government research projects from which it benefits. The Ocean Margin Drilling Project and the Cooperative Automotive Research Project are now joint ventures with the oil and automobile industries, respectively. We are in discussions to extend this concept with a number of industries, e.g., food processing, cotton (cotton dust), vaccines and new drugs for poor countries.

. Other activities underway: analysis of national shortage of engineers; review of possible South Atlantic nuclear event; modification of plan for Institute for Scientific and Technological Cooperation in view of Congressional actions; economic and political consequences of atmospheric CO₂ increase; organization of Nuclear Regulatory Oversight Board; search for new director of NSF.

THE WHITE HOUSE
WASHINGTON

2] Apr 80

Stu Eizenstat

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

Rick Hutcheson

2242

Good report
C

THE WHITE HOUSE

WASHINGTON

April 19, 1980

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
LYNN DAFT
SUBJECT: The Farm Economic Situation

As you know, based on your meeting with Berkley Bedell and others, there is a great deal of concern and apprehension within the farm community over the current economic situation. This memorandum assesses the problem, what is being done about it, and what remains to be done.

The Problem

The problem arises from the convergence of several factors:

- o We have been slower than we should have been in isolating unshipped Soviet grain from the market. This has undermined confidence in our commitment to protect farmers from the adverse effects of that action. It has also contributed to the sag in market prices. Although the USDA has begun over the past two weeks to make good progress in isolating this grain, the perception that we are dragging our heels persists.
- o Farm production expenses are up sharply, led by fuel, fertilizer, and interest. We have known for some months that this would be a rough year for farm income. USDA has estimated that net farm income could drop by 25 percent or more, largely as a result of production costs out-pacing returns.
- o Farm credit is very tight. Although most farmers seem to be satisfying their immediate credit needs, some are having to go to their Production Credit Associations or to the Farmers Home Administration to find it and a few are not even finding it there.
- o Finally, the problem is aggravated by congestion in the marketing system, particularly at locations distant from terminal markets. The grain handlers' strike at Duluth last fall and the Midwest railroad problems are contributing factors.

The central problem is price and the effect low farm prices are having on farmers' cash flow situation ... and at a point in the crop year when the need for cash is high. As Chart 1 illustrates, farm debt has been increasing at a significantly faster rate than has the cash flow to production assets. As a result, the ratio of outstanding debt to annual cash flow is expected to be record high this year (lower panel of Chart 1). Of course, cash flow represents only part of the total return to farm assets. Nearly half of the total is represented by capital gains associated with appreciation in the value of these assets. But this is not available for use in buying seed and fertilizer or paying bills, except for use as collateral in going further into debt (which many have done) ... or as a result of reducing the size of the unit by selling land (which no one wants to do).

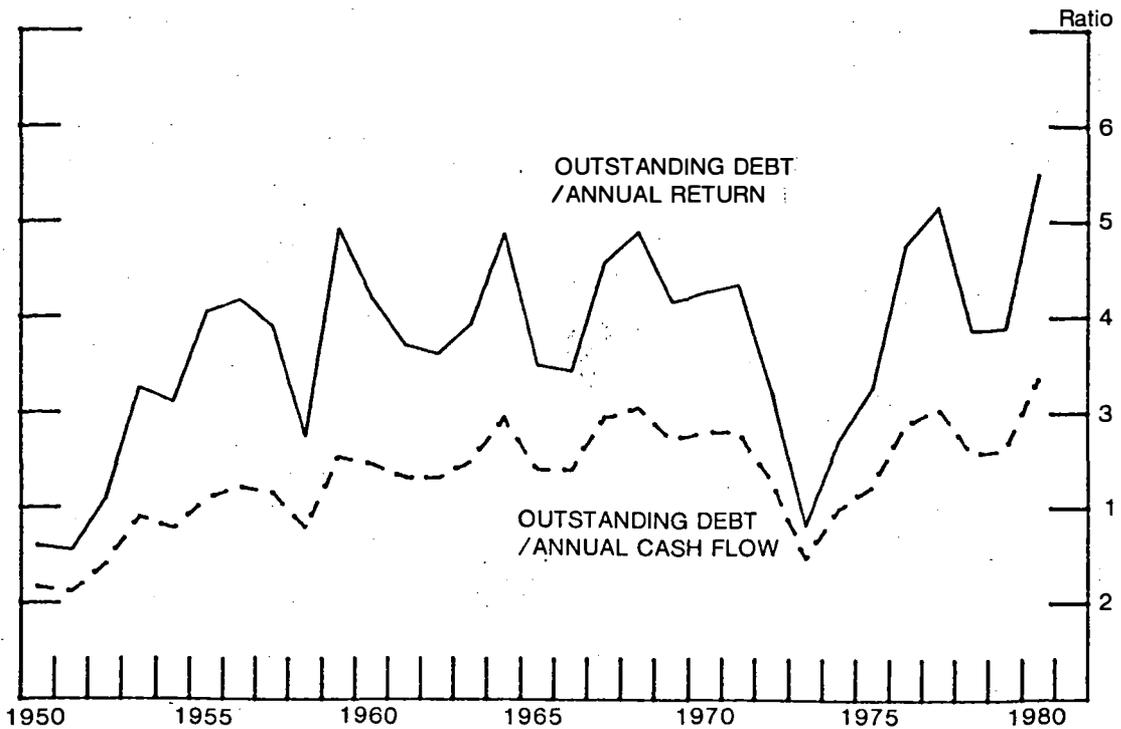
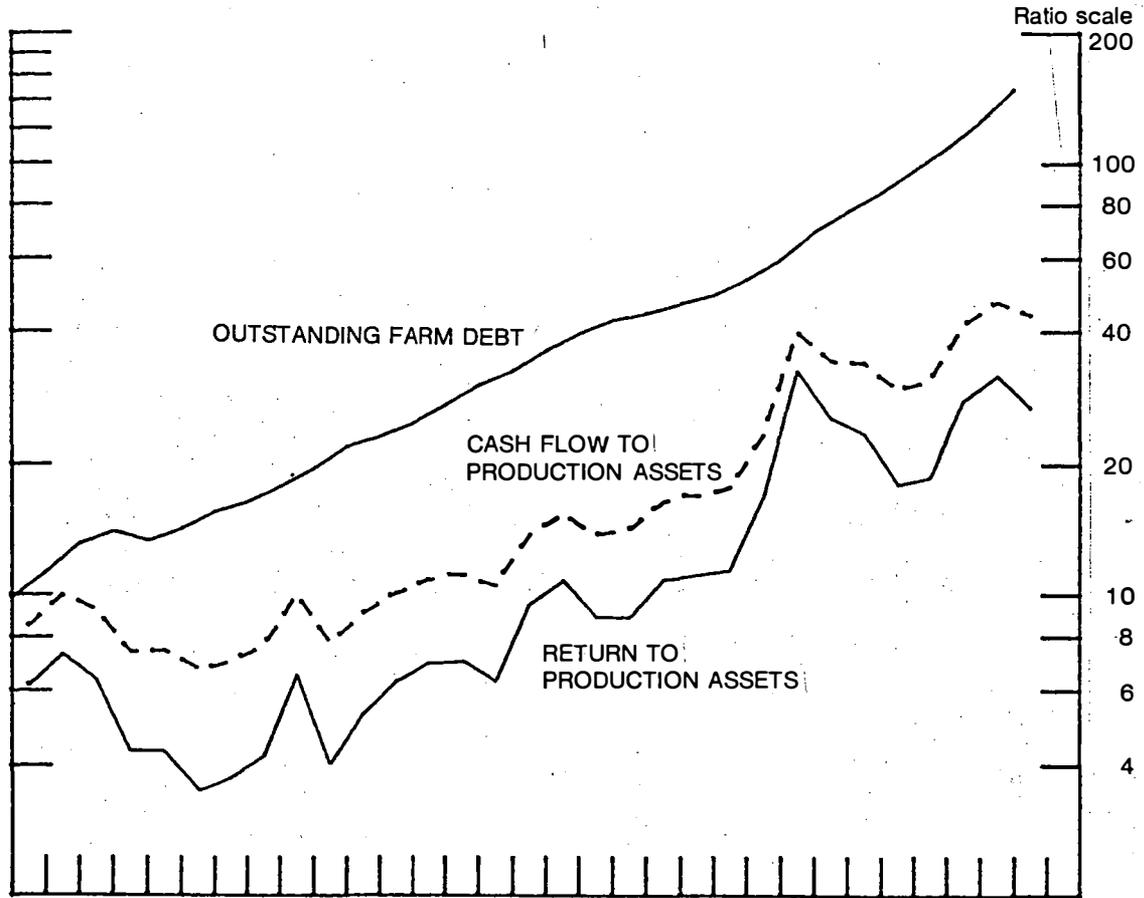
Another aspect of the problem concerns perception ... farmers' perceptions of the level grain prices should be at this time in the crop year versus current levels. Chart 2 indicates that cash corn prices have essentially returned to pre-suspension levels, even in the interior of Iowa. Yet prices are not at levels farmers were expecting. Their expectations are based on the market price trends that prevailed in late 1979 (see Chart 3). While farmers could not realistically expect the rate of increase experienced in November and December, 1979 to be maintained through the remainder of the crop year, they did expect a gradually rising price. Until prices return to a path approximating that trend, farmers are likely to be dissatisfied and to blame the Administration for their problems.

If market prices would materially strengthen, much of this problem would go away. The immediate and prospective farm price situation is as follows: The prices of five major commodities are low this spring. Hogs and soybeans are going through a price adjustment following significant overproduction. Hog slaughter has been running about 20 percent above year earlier levels, and prices are around 30 percent lower. This adjustment is about a year overdue and producers know that there will be little strength in hog markets until hog numbers come down. We now expect hog prices to strengthen in the 3rd and 4th quarters of the year.

The situation is similar for soybeans. Last year's U.S. crop was 20 percent larger than the crop the year before, and South American production is turning out to be very large this spring. Prices are running about 15 percent lower than last year, and would be still lower except for very heavy domestic and world use.

CHART 1

Farm Debt Compared with Income Flows to Farm Production Assets



Farm debt excludes CCC loans and debt on operators' dwellings.

Income flows shown for 1980 are based on USDA forecasts of farm income and expenses published in March 1980.

Dollars
per bushel

CASH CORN PRICES

Chart 2

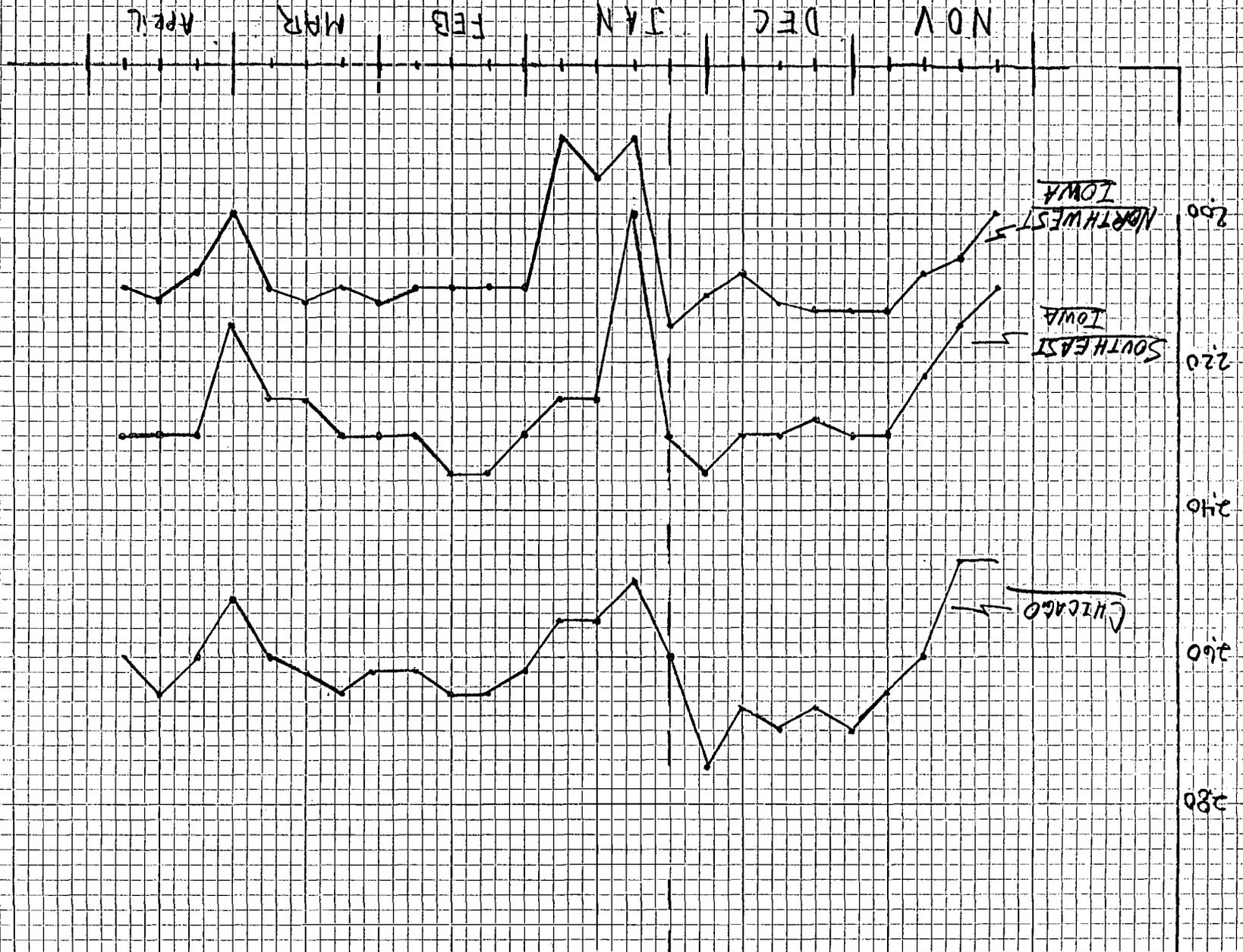
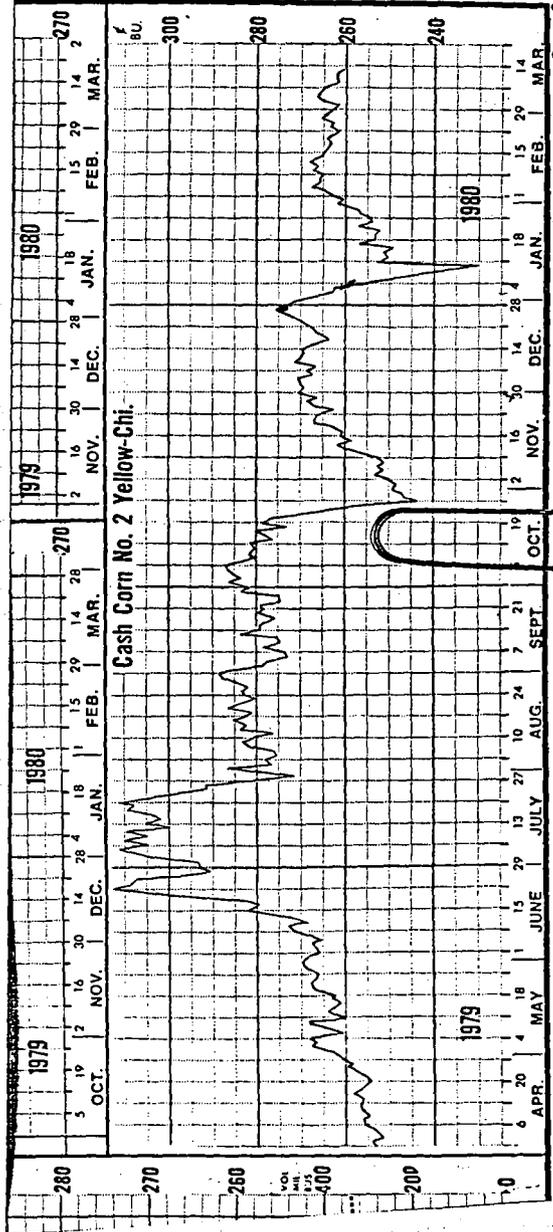


CHART 3



Cattle prices are currently weak because supplies of pork and poultry are undercutting the demand for beef. We expect more strength in the cattle market later this year as total red meat and poultry supplies are reduced. Cattle numbers and beef production are still cyclically low. USDA expects to see cattle prices rise from the current low-to-mid \$60's to the mid \$70's in the 3rd quarter.

Wheat prices have weakened over the past few weeks. The winter wheat crop in the U.S. and around the world came through the mild winter in good condition. It is still very early -- the cause of last year's poor Russian crop was hot, dry winds in May. USDA people tell us that mid-April wheat price expectations are frequently overly pessimistic. In addition, this year's wheat users have been putting off buying wheat because the high interest rates make holding inventories very expensive. Those decisions cannot be postponed much longer. World wheat stocks are not excessive. We have no reason to believe the current weak wheat prices will continue unless we have unusually good crop conditions between now and harvest. Prices have strengthened in the past few days.

Corn prices fell below the early January levels during the late February through early April period, but have strengthened during the last few days as a result of CCC purchases of corn, and as a result of the increasing conviction that the Administration will take the steps it promised earlier to isolate previously Russian bound grain.

While it is too early to anticipate the 1980 corn crop, demand continues strong. Corn exports are now projected at 2.4 billion bushels compared with projections of 2.5 billion bushels before the suspension. Weekly movements of corn to export have been very strong and so far this year are running more than 25 percent above last year. If we have an average year, corn price prospects will continue to be good for 1980.

After talking to a number of farmers and rural bankers and as a result of Lynn's visiting parts of Iowa and Minnesota last week, it appears to us that credit availability is a serious problem but not a critical problem. Most farmers are finding the credit they need, although they are paying high interest rates and many bankers fear that their customers will not be able to repay the loans following this fall's harvest.

Market psychology has contributed to the problem. Public attitude has become extremely negative over the past month or so in the midwest, far more so in the case of wheat and feed grains than supply/demand conditions warrant. The problem is most severe in Iowa, Minnesota, Nebraska, and South Dakota,

though it extends beyond these States too. In his travels, Lynn found that rural bankers are extremely nervous, more so than most farmers. These bankers are facing conditions that most of them have never encountered before -- very high loan/deposit ratios, inability to attract deposits, concerns that if current prices hold, many of their loans are in trouble. Charts 4 and 5 place the current situation in historical perspective.

We do not believe that farmers will significantly curtail production as a result of the current economic circumstances. There will probably be some reduction in the rate of fertilizer application, but it will not be large. There will also be some substitution among field crops. We will watch the planting intentions report for evidence of reduced plantings but will be surprised if the acreage that is actually planted this spring is off very much. Farmers will take other measures to reduce costs.

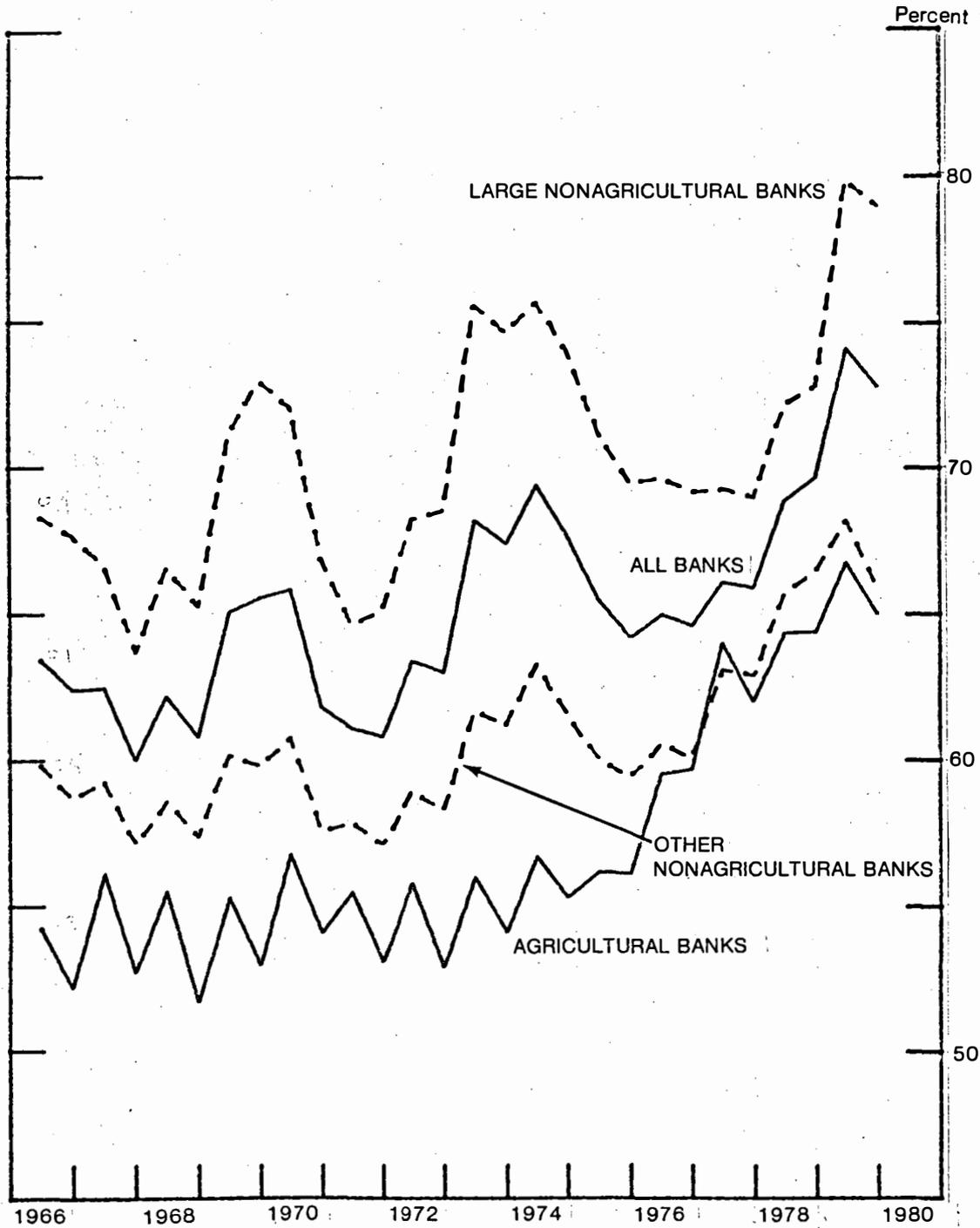
What is Being Done

We have taken a number of steps over the past few weeks that will materially improve the situation, once the effects are registered in the market. The actions taken include the following:

- o The Commodity Credit Corporation (CCC) has just finished purchasing over 4.2 million metric tons (mmt) of wheat (\$580 million), the full amount of wheat that was suspended from shipment to the Soviet Union.
- o The CCC has purchased 1.5 mmt of corn (\$140 million) and will likely purchase more in the days ahead. They are receiving offers to sell on an every-other-week basis. The extent to which we purchase additional quantities of corn will depend on how rapidly corn enters the grain reserve. If it is slow coming into the reserve, we will have to buy larger quantities.
- o Through the adoption of increased incentives in the farmer-owned grain reserve, we have attracted an additional 5 mmt of corn (\$570 million) and 1 mmt of wheat (\$94 million) into the reserve.
- o Later this week, the farmer-owned grain reserve will be opened to farmers who did not participate in the 1979 set-aside program. The reserve will remain open until May 15, or until an additional 7.5 mmt of corn enters the reserve, whichever is reached first. If we get the full 7.5 mmt, this will provide around \$700 million in loans and storage payments.

CHART 4

Average Loan/Deposit Ratios at Insured Commercial Banks
Semiannual



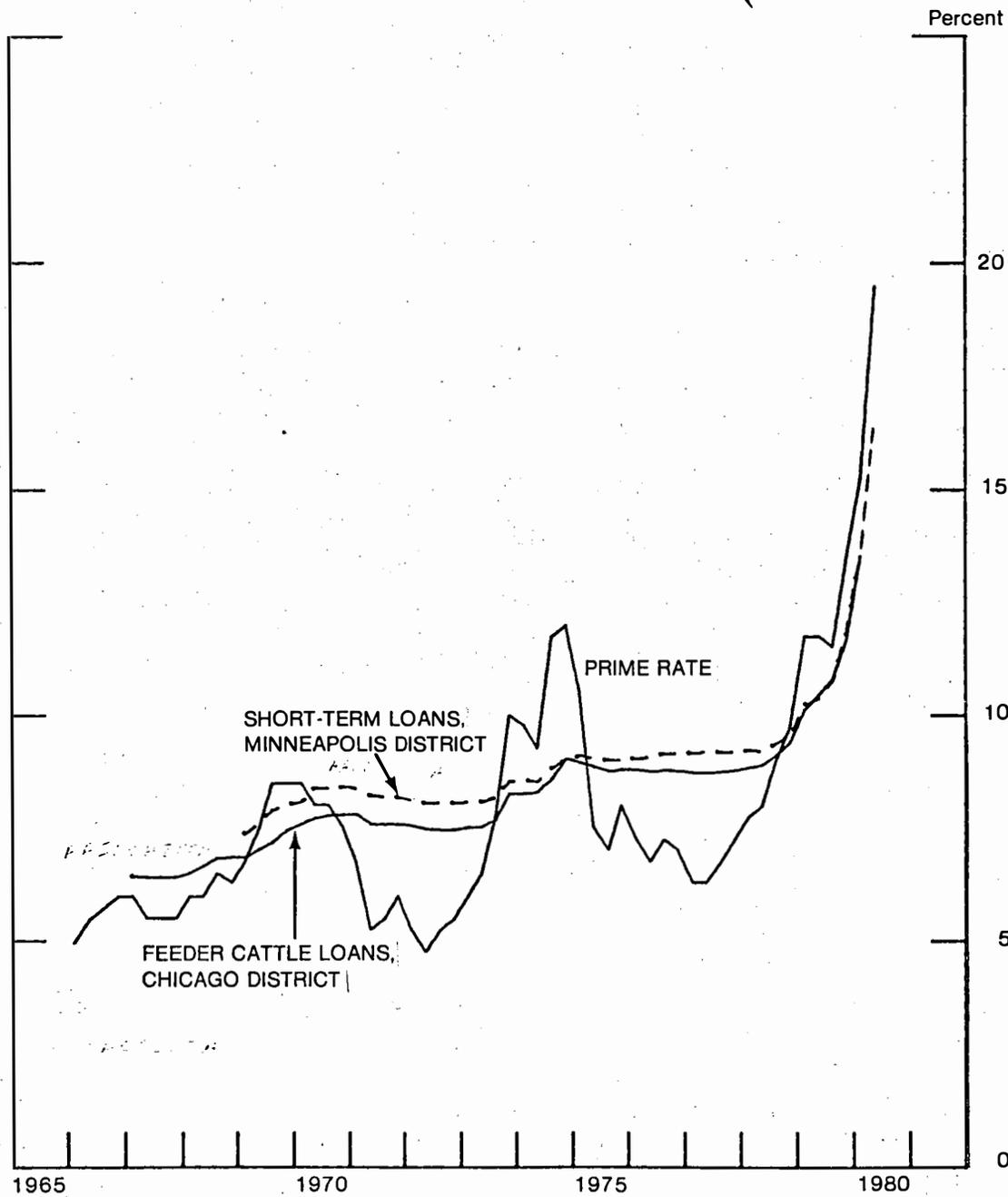
"Agricultural banks" are banks at which farm loans comprise 25 percent or more of total loans.

"Large banks" are banks with total assets of \$500 million or more.

CHART 5

Average Farm Loan Interest Rates at Rural Banks Compared With Prime Rate

Quarterly
First Day of Quarter



- o We have aggressively promoted agricultural exports with the result that our estimate of grain exports for the year is up 12 mmt from the level we expected on January 4. We will again set a new export record this year. We now expect agricultural exports to reach \$37 billion in FY 1980 (net trade balance of \$19 billion), only \$1 billion less than the pre-suspension estimate and well above last year's \$32 billion.

In addition,

- o 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.
- o You have approved legislation increasing target prices -- to \$2.35 for corn and \$3.63 for wheat. While we anticipate no significant deficiency payments this year, these higher levels at least offer greater income assurance to farmers.
- o We have enacted new regulations that permit non-member banks to borrow for seasonal needs from the Federal Reserve discount window. The Chairman of the Federal Reserve has adopted a policy of providing 13 percent money to non-member banks with loan-to-deposit ratios above 68 percent for periods up to 6 months. This is a positive step that should ensure credit availability to agriculture.

You should be aware that the USDA is reluctant to purchase large additional quantities of corn for CCC stocks now that the farmer-owned grain reserve has been opened to nonparticipants. They believe opening the reserve will attract sufficient quantities of corn to fulfill our obligations and it will do so at less budget cost and without adding further to government holdings. While we too find the latter objectives attractive, timing in price recovery is critically important. The longer it takes to fulfill our commitment to offset the Soviet suspension, the harder it will be to convince farmers that we have really done so and the more protracted the effects. Absent a very rapid build-up of the reserve as a result of opening it to nonparticipants, we believe further CCC purchases later this month or early next will be necessary.

What Remains to Be Done'

While we are receiving a lot of advice on how to deal with this situation, including a broad array of legislative proposals, much of it is economically unrealistic or excessively costly or both. Congressman Bedell's proposal that we immediately increase the loan rate for 1979 corn from \$2.10 per bushel to \$2.50 is illustrative. While USDA estimates that the average total

cost of production (including a return to land, labor, and management) will increase to \$2.76 per bushel this crop year, for the 1979 crop they estimate it was \$2.33. Furthermore, the average level of costs for those production expenses that cannot be postponed (a more reasonable basis for setting loan rates than total costs) is now expected to be around \$2.37 per bushel. On this basis alone, a \$2.50 loan rate has to be judged excessive. While we do not have a detailed estimate of the budget outlays associated with this proposal, if a comparable increase in the wheat loan rate was included, the cost could easily exceed \$1 billion. And there would be no offset against deficiency payments since market prices will almost surely be above the target price levels.

There is one legislative proposal that was recently reported out of the Senate Agriculture Committee that we believe deserves careful consideration and probably Administration support. With a few minor changes, we believe it comes as close to filling our unmet legislative needs as we are likely to come. Senator Talmadge consulted with the USDA when he drafted it. The key feature of his bill provides for an increase in loan rates (from \$2.10 to \$2.25 for corn and from \$2.50 to \$3.30 for wheat) for that grain entering the farmer-owned grain reserve. This is very similar to a measure we were internally considering prior to the recent budget cutting exercise, although we would not have increased the loan rate for wheat quite that much. At that time, we estimated a budget cost of \$340 million, with nearly all of this cost falling in FY 1980.

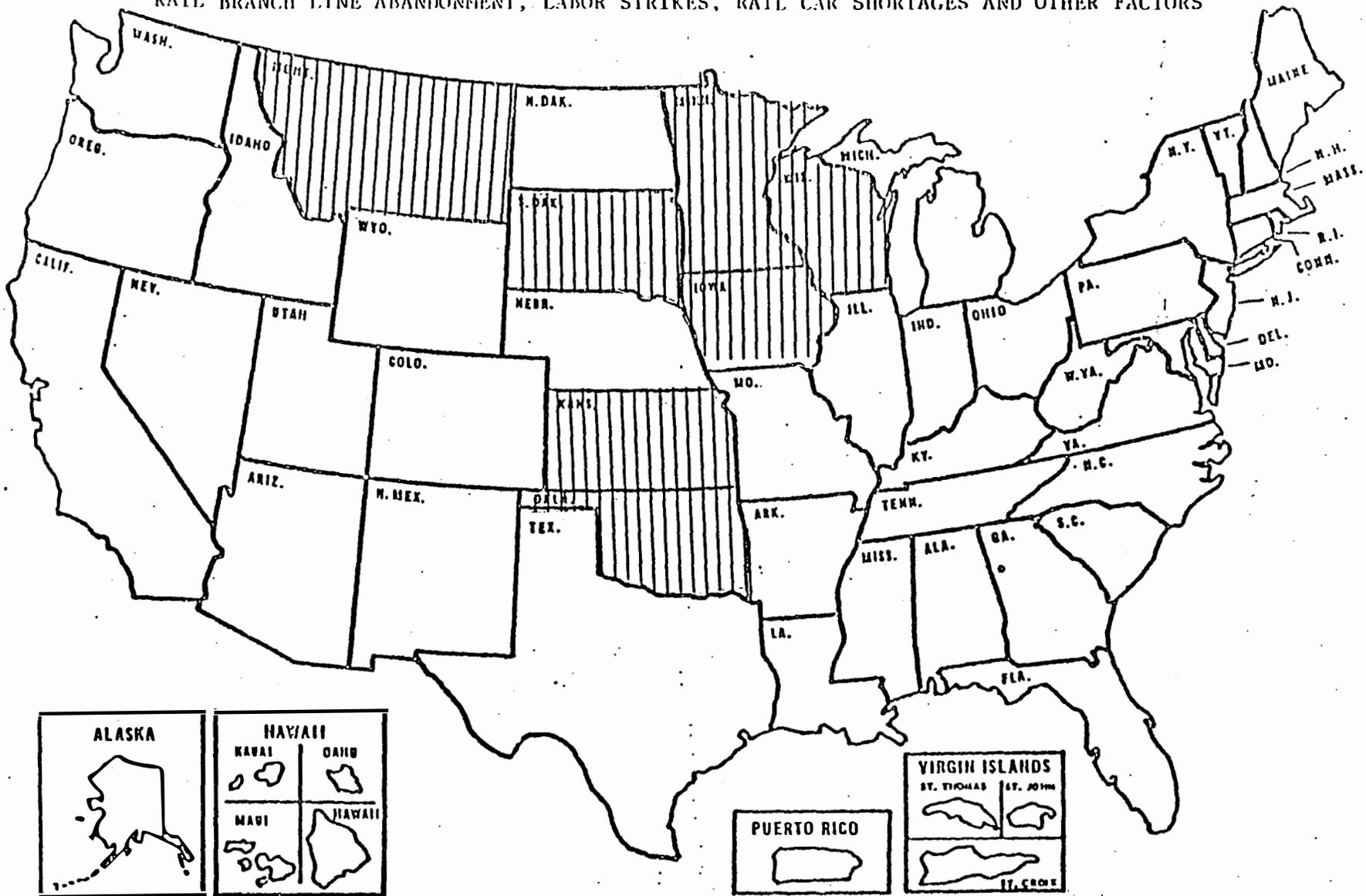
The case for at least a modest increase in loan rates is compelling, given the rapid escalation in production costs, the possible adverse effects of insufficient cash flow, and the fact that most of these outlays are eventually offset by loan repayments. Also, tying this higher loan rate to entry into the reserve further increases the attractiveness of the reserve and increases its effectiveness.

Beyond this legislative initiative, the most important need is to rapidly complete the actions designed to offset the effects of the Soviet suspension. Unless we "close the books" on this action in the near future, it will be blamed for everything else that goes wrong in the farm economy this year. In this regard, it is also important that we emphasize the success of the Soviet suspension. Many people have the impression that our attempts to halt grain shipments to the Soviet Union were a complete failure and that we were hurt more than the Soviets. In fact, the best information we have indicates that the Soviets will fall 10 to 11 mmt's short on feed grain imports and that both meat production and livestock herds will be reduced.

It is also important that we exercise care in our public pronouncements to breakdown the negative psychology that is now hampering market recovery. People in the countryside need to believe that we understand their problems and the seriousness of these problems, that we are taking a series of well-reasoned steps to deal with them, and that the prospects for the future are bright. That message is not coming through as strongly as it needs to.

If you wish to travel to Iowa you could make many of the points set out here and help reverse the negative, unfounded market psychology.

STATES HAVING SEVERE TRANSPORTATION PROBLEMS CAUSED BY FINANCIAL PROBLEMS OF RAILROADS,
RAIL BRANCH LINE ABANDONMENT, LABOR STRIKES, RAIL CAR SHORTAGES AND OTHER FACTORS



STATES SHOWING LARGEST INCREASES IN LOAN-TO-DEPOSIT RATIOS, DECEMBER 1979 OVER DECEMBER 1978

