

4/24/80

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cover sheet	Re: Memo on Cuban refugees. (3 pp.)	4/24/80	A

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one hour, then
Supper
C

THE WHITE HOUSE
WASHINGTON
April 24, 1980

CONGRESSIONAL SCHEDULING PROPOSAL

MEETING: Buffet and briefing for House Democrats
LENGTH: 2 hours
DATE: Monday, April 28
PURPOSE: To discuss the oil import fee as well as other problems with the economy, such as difficulties we may experience with the First Budget Resolution.

BACKGROUND: We are anticipating further difficulties with the House on the oil import fee issue. A proposed amendment to the DOE authorization bill would eliminate the President's authority to target the fee to gasoline. We also expect an effort to wipe out the President's basic authority to impose import fees as well as appropriations riders.

Additionally we are concerned about the First Budget Resolution, particularly the possible passage of the Holt amendment.

All of these efforts are gaining Democratic support. It is important for the President to provide the rationale for his oil import fee proposal as well as reemphasize the importance of a responsible and balanced budget.

EVENT DETAILS: Location: State Dining Room
Participants: Selected Democratic Members of the U.S. House of Representatives, Sec. Duncan, James McIntyre, Frank Moore and his staff.
Press Plan: White House photographer only.

INITIAL REQUESTER: Bill Cable *Bill*

APPROVED BY FRANK MOORE: *F M/pc*

DATE OF SUBMISSION: April 24, 1980

cc: Phil Wise

THE WHITE HOUSE
WASHINGTON

Date: 4/25/80

MEMORANDUM FOR: FRANK MOORE *****
FROM: PHIL WISE *fw*
SUBJECT: Approved Presidential Activity

Please take the necessary steps to implement the following and confirm with Mrs. Nell Yates, ext. 2699. The appropriate briefing paper should be submitted to Rick Hutcheson by 4:00 p.m. of the preceding day.

Meeting: Briefing re oil import fee, followed by buffet, for House Democrats.

Date: Mon., April 28 Time: Briefing-5:30 pm Duration: 1 hour
Buffet-6:30 pm

Location: Residence.

Press Coverage: Coordinate with Press Office.

Purpose: As stated. ***** Coordinate with Gretchen Poston.

NOTE: FOLLOWING THE PRESIDENT'S MEETING, PLEASE SUBMIT TO PHIL WISE A COMPLETED LIST OF ACTUAL PARTICIPANTS, INCLUDING STAFF OR ADMINISTRATION ATTENDEES. INCLUDE FULL NAMES AND BUSINESS TITLES FOR NON-WHITE HOUSE PARTICIPANTS.

CC: Fran Voorde	Jack Watson	Bob Russell
Nell Yates	Stuart Eizenstat	Bill Cable
Rick Hutcheson	Anne Wexler	Gretchen Poston
Hamilton Jordan	Alonzo McDonald	Rex Scouten
Sarah Weddington	Jane Fenderson	Tom Teal
Jody Powell	Penny Miller	Anne Edwards
Rex Granum	Helen Donaldson	WHCA

THE WHITE HOUSE
WASHINGTON

April 24, 1980

MR. PRESIDENT:

Frank would like to
have your approval on
the attached.

PHIL

Contract file

cc sent 4/29/80
RE

Lehman Brothers Kuhn Loeb
Incorporated

070202

Tower Place
3340 Peachtree Road, N.E.
Atlanta, Georgia 30326

April 14, 1980

Mr. Jimmy Carter
President of the United States
The White House
Washington, D.C.

Dear Jimmy:

You will observe from the salutation that this is intended to be a personal letter from me to a friend and though it is written on the letterhead of Lehman Brothers Kuhn Loeb, it's important that you understand the ideas expressed in the attached are my own and not those of the firm.

To put it bluntly, I've become exasperated by the fact so many of our economists and the news media are blaming you and your Administration for most of our economic problems, especially inflation. Further, the solutions to these problems which have been recommended by our learned economists and news commentators have not been effective, and if they are, the results will be bankruptcies, unemployment and a recession of some magnitude.

By no stretch of the imagination am I an economist and some of the comments in the attached may not hold water, however, it seems to me the time has come to specifically identify the roots of inflation, and make the citizens of this nation aware of them, and find new solutions in that the present ones are either ineffective or will result in disasters.

Though I realize it is probably wishful thinking, the purpose of my memo (which for emphasis I repeat sets forth my own views and not those of Lehman Brothers Kuhn Loeb) is to stimulate new and creative approaches to the basic causes of inflation as well as to our over all economic well being.

cc Jack Glenn -
Thank you. The memo &
Comments are helpful.
I hope we have a good
Crop of quail this year - Good
to hear from you -
Jimmy

Page Two
Mr. Jimmy Carter
April 14, 1980

One final thought. "Damning the big bad business sector" and "soaking the rich" is the classic example of "killing the goose that laid the golden egg". Who but businesses offer employment, and who but those with money can invest to make businesses grow? Unless Congress and its constituents wake up to this fact, our country will never realize its economic potential.

I'll be ever grateful for the job you are doing for us.

Your quail hunting buddy,


Jack F. Glenn

JFG:jjk
Enclosure

1:15 PM

THE WHITE HOUSE

WASHINGTON

MEETING WITH HISPANIC LEADERS

Thursday, April 24, 1980

The Roosevelt Room

From: Ambassador Esteban Torres *ed*

I. PURPOSE

To meet with Hispanic leaders and build support in the Hispanic community for your anti-inflation program.

II. BACKGROUND

Hispanic leaders have expressed concern with respect to reductions necessary to balance the budget. Outreach efforts have stressed the fact that key programs such as bilingual education have not been cut. Your meeting with these leaders will solidify your support in this area.

Prior to your arrival and remarks, David Rubenstein will brief the group on the status of your anti-inflation programs. Subsequently, Jack Watson will give the group a status report on the implementation of Public Law 95-507, a program designed to increase government purchase from minority owned firms. Robert Malson will also give a status report on your efforts to strengthen fair housing legislation.

III. PARTICIPANTS, AGENDA AND PRESS PLAN

- A. Participants: See attached list.
- B. Agenda: You will make a brief statement to the press on your anti-inflation program and how it takes into account the needs of minority group members. Discussion with this group on anti-inflation measures will follow.
- C. Press Plan: White House photographer and full press.

THE WHITE HOUSE

WASHINGTON

Rodolfo Sanchez

Executive Director
National Coalition of Hispanic Mental Health
and Human Services - Chairman, Forum of Hispanic
Organizations.

Mr. Sanchez has been active in the mental health field
for more than five years, and is known nationally. He
serves on the State Department's Advisory Committee on
Hispanic Affairs.

Ed Avila

Director
National Association of Latino Elected and Appointed
Officials ("NALEO")
Mr. Avila has served the administration as Director of
Intergovernmental and Congressional Affairs, HEW Region IX.

Reverend Ruben Cruz

Pastor, First Spanish Christian Church of Chicago
Administration supporter and well known to the President.

Manuel Bustelo

National Director
National Puerto Rican Forum
Mr. Bustelo is very active in national Hispanic employment
programs.

Luis Alvarez

Chairman
National Puerto Rican Community
Mr. Alvarez serves on many foundation and corporation boards.
He is President of the National Urban Fellows Program and
nationally known. He accompanied the Vice-President on his
Panama trip.

Wilma Espinosa

President
Mexican American Women's National Association.
Ms. Espinosa has been a management consultant for more than
ten years. She is very active in employment issues.

Lita Taracido

President
Puerto Rican Legal Defense and Education Fund
Ms. Taracido is a member of the National Puerto Rican
coalition.

Jose Garza

President

National Hispanic Housing Coalition

Mr. Garza formerly served on Congressman Edward Roybal's staff.

Sylvia Rodriguez

Democratic National Committeewoman

Strong Carter supporter and leader in various Hispanic and women's groups in Texas.

Paul Sedillo

Secretariat for Hispanic Affairs

U.S. Catholic Conference

Formerly Chairman - Unidos Conference, Formerly Chairman, on Special concerns committee on Hispanics - White House Conference on Aging (1971).

Vilma Martinez

President

Mexican American Legal Defense and Education Fund

Nicacio DiMas

Acting Director

Mexican American Legal Defense and Educational Fund

THE WHITE HOUSE
WASHINGTON

April 22, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: Al McDonald
Rick Hertzberg
Bob Rackleff

SUBJECT: Presidential Talking
Points: Meeting with
Hispanic Leaders

Scheduled Delivery:
Thur, April 24, 1:15 PM
Roosevelt Room

Your talking points for this occasion
are attached.

Clearances

Hispanic Affairs (Tapia)
Jim McIntyre
David Rubenstein

Talking Points:

Hispanic Leaders Meeting

1. I AM GLAD YOU COULD COME HERE TODAY. AS LEADERS OF HISPANIC ORGANIZATIONS AND IN OTHER CAPACITIES AS WELL, YOU ARE A CRITICAL PART OF THIS COUNTRY'S LEADERSHIP. I WANT TO KEEP YOU INFORMED OF MY 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. SINCE 1976, WE HAVE ADDED 9 MILLION NEW JOBS TO OUR ECONOMY. A MILLION OF THOSE JOBS WENT TO HISPANIC WORKERS. AS A RESULT OF MY URBAN POLICY, WE ACTUALLY READ GOOD NEWS ABOUT CITIES FOR A CHANGE. 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. THE BEST EXAMPLE OF THIS PARTNERSHIP HAS BEEN OUR WORK TOGETHER ON THE BALANCED BUDGET FOR 1981. WE CAME TOGETHER TO REVIEW WHICH PROGRAMS SHOULD NOT BE CUT. I SOUGHT TO PROTECT PROGRAMS BADLY NEEDED BY HISPANIC CITIZENS, AND WE DID THAT -- TOGETHER. THERE ARE NO CUTS IN BILINGUAL EDUCATION, SPECIAL

VOCATIONAL EDUCATION FOR THE DISADVANTAGED, WORK STUDY GRANTS, MEALS ON WHEELS, SUBSIDIZED HOUSING, AND MANY OTHER PROGRAMS THAT ARE IMPORTANT TO HISPANICS.

5. IN 1977, I UNDERTOOK TO REAFFIRM THIS NATION'S COMMITMENT TO EQUAL OPPORTUNITY. WE ARE CLOSE TO ENACTMENT OF TOUGH NEW ENFORCEMENT OF FAIR HOUSING LAWS. I GREATLY EXPANDED ENFORCEMENT CAPABILITIES IN OTHER AREAS OF CIVIL RIGHTS, AND I TOOK SERIOUSLY THE NEED FOR MORE HISPANICS IN GOVERNMENT. IN JUST 3 YEARS, I TRIPLED THE NUMBER OF HISPANIC FEDERAL JUDGES. THESE ARE LIFETIME APPOINTMENTS, AND THEIR PRESENCE WILL PROFOUNDLY HELP THE CAUSE OF JUSTICE WELL INTO THE 21ST CENTURY.

6. TOGETHER, 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.

7. 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.

8. 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.

9. FEW PEOPLE HAVE MORE AT STAKE IN THIS BATTLE THAN
THOSE YOU WORK WITH IN YOUR COMMUNITIES. 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.

10. 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.

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THE WHITE HOUSE
WASHINGTON

April 22, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: Al McDonald
Rick Hertzberg
Bob Rackleff

SUBJECT: Presidential Talking
Points: Meeting with
Hispanic Leaders

Scheduled Delivery:
Thur, April 24, 1:15 PM
Roosevelt Room

Your talking points for this occasion
are attached.

Clearances

Hispanic Affairs (Tapia)
Jim McIntyre
David Rubenstein

[No individual salutations]

Bob Rackleff
Draft A-1; 4/22/80
Scheduled Delivery:
Thurs, April 24, ~~11:15 AM~~
1:15 PM

Talking Points:

Hispanic Leaders Meeting

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Broad responsibility
TALKING POINTS

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.

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THE WHITE HOUSE
WASHINGTON

4/24/80

Submitted by Jody Powell...
as given to him by telephone
from D.W. Brooks.

Copy has been given to
JLP.

--SSC

April 24, 1980

olk
J

I APPRECIATE THE CONCERN DEMONSTRATED BY THE GENERAL CONFERENCE OF THE UNITED METHODIST CHURCH IN SENDING A DELEGATION TO MEET WITH ME AND TO DELIVER A MESSAGE CONCERNING THE HOLDING OF FIFTY OF YOUR FELLOW CITIZENS IN IRAN BY A GROUP OF TERRORISTS. THE UNITED STATES HAS EXPLORED EVERY AVENUE TO FIND A PEACEFUL SOLUTION TO THIS CRISIS. UNFORTUNATELY, FOR MORE THAN FIVE MONTHS, THE LEADERS OF IRAN HAVE BEEN UNWILLING TO FULFILL THEIR RESPONSIBILITIES AND OBLIGATIONS AS A GOVERNMENT TO PUT AN END TO A SITUATION WHICH HAS BEEN CONDEMNED BY VIRTUALLY EVERY NATION IN THE WORLD.

I ALSO DEEPLY APPRECIATE YOUR OFFER OF PRAYERS AND SUPPORT AS WE FACE THE DIFFICULT DECISIONS OF THE DAYS AHEAD. WE HAVE OFFERED THE HAND OF PEACE AND FRIENDSHIP TO THE PEOPLE OF IRAN, BUT THE KIND OF RELATIONSHIP OF MUTUAL RESPECT WHICH WE SEEK CANNOT DEVELOP WHILE INNOCENT AMERICANS ARE BEING HELD PRISONER.

Dictate by phone to United Methodist Communications Office in Indianapolis: 632-5911

It should be relayed to Bishop C. Dale White

**Electrostatic Copy Made
for Preservation Purposes**

MESSAGE TO PRESIDENT CARTER FROM THE
GENERAL CONFERENCE OF THE UNITED METHODIST CHURCH
April 23, 1980

Susan -
File & reply
J

Mr. President,

We, the delegation from the General Conference of the United Methodist Church, 1,000 delegates representing more than 10 million people in the United States and around the world, bring greetings to you, our President, from that body, and say, "Grace and peace be with you from our Lord and Savior Jesus Christ."

We regret that you were unable to address the General Conference, but we are grateful that you are willing to receive us on what we believe to be a most serious and urgent mission.

We commend you and your administration for the restraint you have shown in the present crisis with Iran. We admire your patience and the tireless efforts you have exerted to reach an agreement with the Iranian government, in order both to free the American hostages and to normalize relations with Iran.

The General Conference has asked us to come to you "to counsel the utmost patience and restraint." We do urge you, despite the frustration, even exasperation, of attempting to negotiate with a government still in process of formation, to continue the same constructive and peaceful endeavor you have pursued thus far, for we sincerely believe that in due season you will reap the fruits of your well-doing, if you faint not.

While the American people are angry and distressed by the current impasse, we believe that at heart we are a reasonable and a generous people. A vast reservoir of support exists in our land, especially among the churches and synagogues, for policies which make for peace. The women and men of our denomination have long been concerned for questions of international justice and human rights.

**Electrostatic Copy Made
for Preservation Purposes**

We implore you, Mr. President, in the name of the Prince of Peace, not to give in to those who counsel military intervention, nor to take steps which will lead eventually to war. To do so will create a state of affairs far worse than the one we now face. Not only would the lives of the hostages be forfeited, but the lives of countless thousands of Iranian and American people would be sacrificed, and the peace and stability of the world put in grave jeopardy.

We urge a course of action which will restore normal diplomatic relationships with Iran as soon as possible, and which will lead to reconciliation and a new friendship based upon respect and mutuality of interest. The General Conference implores you "to offer assurances to Iran that we will honor their national independence and assist them in their struggles for a balanced, just, and sustainable economy." We cannot identify with policies of covert or overt intervention in the affairs of that nation. The Iranian people have demonstrated that they will not support a government which is not of their own choosing or representative of their long-range interests. Surely we should be the first to honor such a spirit.

We fervently believe, Mr. President, that reconciliation with the Iranian people is still possible. We share a common faith in God and respect for moral values. Tens of thousands of Iranians have studied in this country, and have returned to assure their families of our good sense and our good will. Strong and capable leaders are struggling there amid the chaos and suffering of a nation being born, to bring unity to a diverse people and tranquility to an aroused people. We have in common vital commercial and geopolitical interests. Surely this strong foundation upon which an edifice of friendship may be built ought not to be eroded by actions taken hastily and in the heat of passion.

We assure you of our confidence, Mr. President, as you take steps to diffuse this crisis, to allow the grievances of both sides to be aired and the interests

of both nations acknowledged and assured of fruition. We pledge to do everything in our power to mobilize the faith community behind a policy of restraint. Our prayers and the prayers of our people are with you.

May God grant you wisdom and strength.

11:00 AM

THE WHITE HOUSE

WASHINGTON

Meeting with Delegation
from the United Methodist
Convention
Wednesday - April 23, 1980
11:00 A.M. - The Cabinet Room

From: Phil Wise

I. PURPOSE

To express the concerns of the United Methodist Church for the Iranian situation and offer the resources of the Methodist Church to help solve this problem.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

A. Background: Every 4 years the United Methodist Church meets in Conference to draft a new constitution. It is meeting now in Indianapolis, Indiana. On Saturday this Conference passed a resolution sending the attached message to the leaders of Iran. Another resolution was passed to request a meeting with the President in order to express the concerns of the Conference on the Iranian situation and offer its assistance.

B. Participants:

Bishop William Cannon
D.W. Brooks

*Bishop C. Dale White, Princeton, N.J.

*Jack E. Bremer, Campus Minister, Univ. of Kansas
Chris Mitchell, Past President, Methodist Youth Organization

Mai Gray, President, Women's Division, Board of Global Ministers

Bishop Roy C. Nichols, Pittsburgh, Penn., Head of Methodist Bishops Association

James M. Dolliver, Supreme Court Justice, Olympia, Washington

* These two men met with the hostages and with Khomeini during Easter.

C. Press Plan: White House Photographer

C
✓

TO THE AYATOLLAH RUHOLLAH KHOMEINI, PRESIDENT BANI-SADR AND
THE PEOPLE OF IRAN

IN THE NAME OF GOD, THE MERCIFUL, THE COMPASSIONATE, IN THE NAME
OF JESUS CHRIST, OUR LOVING AND FORGIVING LORD. AMEN.

WE, THE GENERAL COUNCIL OF THE UNITED METHODIST CONFERENCE,
RELIGIOUS LEADERS WHO CARE ABOUT THE POOR AND OPPRESSED IN THE
UNITED STATES AND THE WORLD, MEETING IN INDIANAPOLIS, INDIANA,
U.S.A., HEAR THE AGONIES OF YOUR PEOPLE. WE HEAR THEIR CRIES
FOR FREEDOM FROM FOREIGN DOMINATION, FROM CULTURAL EMPERIALISM,
FROM ECONOMIC EXPLOITATION. WE LONG FOR THAT TIME WHEN OUR
PEOPLE MAY DWELL TOGETHER IN PEACE. IN THE WORDS OF MOSES, THE
LIBERATOR, LET US SAY TO EACH OTHER, "LET MY PEOPLE GO." AND
LET US BEGIN TO WALK TOGETHER DOWN THE LONG, HARD ROAD TOWARD
RECONCILIATION.

8:30 AM

THE WHITE HOUSE

WASHINGTON

April 23, 1980

C

MEETING WITH FTC CONFERENCE COMMITTEE

Thursday, April 24, 1980

8:30 a.m. (30 minutes)

The Cabinet Room

From: Frank Moore / Bob T.

I. PURPOSE

To resolve differences in the FTC authorization bill.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: After our meeting with you this morning, we met again with the consumer advocates. They again endorsed the bottom line position with a slight adjustment suggested by Mike Pertschuk. The two senior citizen groups said they would not urge you to veto on the basis of "kidvid" alone, but would support such a decision after it was made. We believe you will not be criticized for vetoing a bill below your bottom line by any of the major consumer groups, and will be vocally supported by virtually all of them.

The attached talking points suggest the following scenario. You will begin the meeting with general remarks about the value of the FTC and its contribution to an under-represented sector of our economy. You will compliment the conferees on including some of your regulatory reform proposals in the bill that is emerging from conference.

Then you cite the two general principles which dictate our position on the bill. They are (1) your great reluctance to sign any bill with a legislative veto provision and (2) your refusal to sign any bill that effectively terminates a major ongoing proceeding at the FTC. These principles must be precisely stated to avoid confusion.

unless extraordinary circumstances - not present here

Then you should ask Stu to explain how the principles apply to the outstanding issues in this conference. Stu will proceed to explain our bottom line, in detail.

You should then call on Chairman Harley Staggers for comment. He should be mildly supportive. Staggers should call on the others as well since he is senior and the Chairman of the conference.

Chairman Cannon is likely to express disappointment at your position, given the help he gave you on trucking and air deregulation. Ford is likely to get testy. The time has come, however, to draw the line on this type of special interest legislation. We can make a very effective public case in support of your position, should a veto be necessary.

- B. Participants: The President, Senators Ford, Cannon, Packwood, Danforth, House Members Broyhill, Rinaldo, Staggers, Pryor, and Scheuer, Committee Staff: Aubrey Sarvis, Bill Diefenderfer, Nancy Nord, George Kopp, Stu Eizenstat, Frank Moore, Esther Peterson, Bob Schule and Ed Cohen.

- C. Press: White House Photo only

III. TALKING POINTS

Attached.

THE WHITE HOUSE

WASHINGTON

April 23, 1980

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT /Bib
Frank Moore

SUBJECT: Suggested Talking Points for FTC
Conferees Meeting

1. I want to thank you for coming over this morning to discuss the FTC bill. I think we all have a common goal and interest in resolving this matter.
2. The FTC is a critical agency for our economy. It is the one place in government which stands for the consumer and many of its activities are particularly important to the consumer because they help in the fight against inflation.
3. There are a number of things in the bill which you have all worked on so hard that I support wholeheartedly. In particular, the regulatory reform provisions of the bill will rightfully require economic analysis by the FTC when it engages in rulemaking. Also, the requirement for a regulatory agenda and advance notice to the public of contemplated FTC actions will help increase public participation and facilitate advance planning by the affected industry.
4. There are some provisions of the bill, however, which are controversial and which concern me deeply. I would like to describe the general principles which govern my position on these controversial issues and then have Stu describe how these principles apply to each of the issues which remain in dispute.
5. As you know, I deeply object to the legislative veto and have communicated my position on this to the Congress on numerous occasions. I am concerned not only about its constitutional infirmities, but also I think it is bad policy. It will delay needed regulation. It will result in serious practical problems of implementation. Even if this were a bill that I could otherwise support, I would be extremely reluctant to sign any legislation which contains a legislative veto.
6. The other principle which I think lies at the heart of these issues and about which I feel strongly is that the Congress should not effectively terminate an ongoing major administrative proceeding -- like the children's advertising proceeding. Such action sets a

precedent which undermines the administrative process. The public will perceive these ad hoc premature interventions as the handiwork of the special interests and needed regulation in the consumer protection field and other areas will be chilled. I cannot sign a bill that effectively terminates a major ongoing proceeding at the FTC.

7. Stu, will you please describe our positions on each of the specific issues.

CLOSING REMARKS AFTER DISCUSSION WITH CONFEREES

8. I can understand that some of you may feel the bottom line that we have drawn requires you to give up provisions you feel strongly about and for which you have worked hard. But there is much, even in the compromise which Stu has outlined, which is objectionable to me. Certainly, if I were to sign the compromise which Stu has outlined, I would be strongly criticized from many quarters. In the final analysis, I must protect that integrity of the administrative process and of the Presidency itself.

9. I would not have asked you here today if I didn't feel very strongly about these issues. I want you to understand clearly that I intend to fight for the principles I have enunciated, and, even though I understand the consequences, I will veto a bill which does not embody each of the bottom line provisions Stu has described. I think these are issues consumers throughout the country feel strongly about, and I will ask them for their support.



THE WHITE HOUSE
WASHINGTON

24 Apr 80

Stu Eizenstat

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

Rick Hutcheson

cc: Frank Moore

POSSIBLE QUESTIONS ON THE GRAIN SALES SUSPENSION
WHICH COULD BE ASKED DEPARTMENT OFFICIALS

Sta - info -
for Glenn
English
J

- A. On January 4, 1980, the President announced that the United States was suspending the shipment of all U.S. agricultural products to Russia. What was the Department's involvement in this decision?
- B. About a week after the embargo was announced a Department official announced that there was general agreement among the grain exporting countries that their governments would not directly or indirectly replace the grain which would have been shipped by the United States to Russia. The official added that the Government of Argentina would not take trade advantage from the present international situation or seek to alter artificially the current demands of the different markets.

--In light of subsequent grain sales to Russia by certain grain exporting countries wasn't this announcement overly optimistic?

--Hasn't our suspension of grain sales to Russia allowed other grain exporting countries to sell their grain to Russia for premium prices?

--What actions, if any, will be taken by us in response to sales to Russia by other grain exporting countries?

- C. On January 7, 1980, the Vice President announced that the Commodity Credit Corporation would assume the contractual obligations for wheat, corn, and soybeans previously committed for shipment to Russia. The Corporation offered to assume these contracts at the sales contract price minus any unpaid costs. This action was taken to protect against losses and not to guarantee profits.

--Would you explain why you believed that it was necessary to assume these obligations?

--Could the Administration have delayed the decision to assume these contracts until it was evident that such an action was necessary?

--Because the corn, wheat, and soybeans sold to the Russians are the same type and grade generally sold to other countries why couldn't the exporters simply apply the embargoed Russian grain to any new

contracts entered into after January 4 or to those existing contracts for which the grain had not been purchased?

--Why will the Corporation use the sales contract to the Russians as a basis for payment rather than the exporter's grain purchase contracts? Also, why is the Department using the parent-affiliate contract as a basis for payment rather than the affiliate-Russian contract? What difference would this make in total Government outlays?

D. The Department has "rolled-over" the delivery month on many of the contracts it assumed from the exporters. What is the Department's estimate of the total cost of the roll-overs? Would you identify the costs incurred by the exporter if the Corporation delays taking delivery, especially since the exporter may or may not have covered the sales contract with an actual purchase? Because the corn, wheat, or soybeans purchased by the Russians is identical to those commodities exported to almost all other countries isn't it true that the exporter could just take delivery in the original month stated in the sales contract and substitute a similar quantity bought after the grain sales suspension, when delivery is made to the Corporation?

E. Certain exporters may have been in a short inventory position at the time of the grain sales suspension--the quantity of grain covered by sales contracts was more than the quantity covered by purchase contracts. The Corporation and the exporters have agreed to a deduction in the Corporation's assumption price if the exporter was in a net short inventory position at the end of every day between the date of the last Russian-exporter contract and the close of business on January 4. If the exporter was even or in a long inventory position for one day during that time period no deduction will occur.

--Isn't the controlling factor in the inventory question whether the exporter was in a short position at the close of business on January 4? For example, if the exporter was in a 2 million metric ton short inventory position for corn on January 4 and had a 2 million metric ton contract for corn with Russia cancelled because of the grain sales suspension wouldn't the short inventory position negate the loss caused by the sales cancellation?

--Why was the agreed-upon deduction a per unit price deduction rather than a deduction from the quantity of grain to be assumed by the Corporation?

--Is the Corporation aware of the extent to which exporters bought grain at reduced prices immediately after the announcement of the grain sales suspension to cover their short position? If this grain is used to satisfy delivery to the Corporation wouldn't this action be financially beneficial to the exporters?

F. Administration officials stated that the assumption of the exporter-Russian contracts was necessary to protect the farmer. They said that if the Corporation did not assume the contracts the exporters would be forced to dump the grain on the market thus depressing commodity prices or the exporters would incur substantial losses causing them to default on their grain purchase contracts with interior elevators and/or farmers.

--At the time the decision was made to assume these contracts was the Department aware of the amounts of grain to be shipped to Russia that were covered by cash purchases, future's market purchases, or not covered by any such purchase? Wouldn't this information be necessary to determine how much, if any, grain would be dumped in the marketplace?

--Since many of the exporter-Russian contracts called for delivery in late spring or early summer why did the Department believe that the exporters would dump the grain in January?

--Wouldn't any elevator or farmer refused payment by an exporter have an apparent valid legal claim for payment? Why did the Department believe that the exporters (especially since most Russian contracts were held by the world's largest exporters) would default on certain grain purchase contracts?

G. Administration officials have consistently stated that none of the grain would be resold into the market until it can be done without adversely affecting market prices or until the market price is equal to or more than the January 4 price level. Soybean contracts are currently being retendered even though soybean prices are less than the January 4 level and have generally continued to decrease throughout the retendering period. In addition it appears that the Department is considering retendering corn and wheat contracts if their prices are at least

equal to a price the Department believes would have existed without an embargo. This Department-estimated price could be above or below the January 4 level.

--Was the decision to assume the exporter's soybean contracts a "last minute" decision, as is evidenced by the Department not including soybeans in the drafts of the CCC-exporter agreement but including soybeans in the final agreement? Why was a decision made to assume the soybean contracts, especially since the quantities were so small?

--Why are the soybean contracts being retendered even though soybean prices are less than the January 4 level? Hasn't this retender of these contracts depressed soybean prices?

--Who are the purchasers of these soybean contracts?

--We have heard that many of the purchasers are the same exporters who originally sold the contract to the Commodity Credit Corporation. What are the differences between the prices at which the Corporation bought the contract and the price the same exporter repurchased the contract? If the repurchase price is less than the Corporation's purchase price could this represent a windfall profit to the exporters, especially since the Corporation does not know at what price the exporter had purchased grain to cover the Russian contract or if, in fact, the sales contract had been covered by a purchase contract as of January 4?

--How much does the Corporation anticipate losing through the retender of the soybean contracts?

--At what price will the corn and wheat contracts be retendered?

--Once the Corporation completes their purchase of 4 million metric tons of wheat from farmers and interior elevators, the Corporation anticipates retendering the wheat contracts assumed from the exporters. Would the Corporation retender the wheat contracts regardless of the market price for wheat? Wouldn't the retendering of the wheat contracts present another opportunity for the exporters to buy back the grain at a reduced price? Didn't the Corporation originally announce that

the wheat contracts would be in a food security reserve or F.L. 480 program rather than being retendered? Why did the Corporation change its plans?

--Will the retendering of the corn contracts be accomplished after purchasing an equivalent amount of corn from elevators and farmers?

H. An important aspect of our suspension of grain sales to Russia is its impact on the Russians. Revised Department estimates now indicate that Russia will receive, from various sources, almost as much feed grain as they would have without a grain sales suspension.

--Is it a true statement that the intent of the grain sales suspension was to cause a serious disruption to the growth of Russian animal herds thus causing retail meat shortages? If not, what was the intent?

--What is the latest Department's estimate concerning the amount of the grain shortfall to Russia? What impact will this shortfall have on Russian meat supplies?

--Based on your latest estimates of the impact on Russian meat supplies, would you say that the Russian grain sales suspension has been successful?

I. As previously stated other grain exporting countries have entered into sales contracts with the Russians to supply feed grains in excess of the amount normally sold to the Russians and at a price above the world market price. Could one assume that many of these grain contracts could be held by affiliates of the same exporters who held the Russian contracts assumed by the Corporation? Considering the fact that the grain sales suspension was probably the primary cause of the premium prices paid by the Russians, wouldn't this create another opportunity for the grain exporter to realize a profit from the suspension? Evidently, much U.S. grain is transferred from the parent company or affiliates in the United States to affiliates in other grain exporting countries. What method does the Department have to assure that this U.S. grain is not being used to fulfill part of these contracts with the Russians?

J. The Department, as far as we know, has not made public the method(s) used to monitor for illegal shipments of U.S. grain to Russia by exporters or the transshipment of U.S. grain from one country, especially an Eastern European Country, to Russia.

--Does the Department have a formal monitoring program? Could you describe this program?

--Have you noted any illegal shipments of U.S. grain to Russia by the exporters or any transshipments by other countries?

--Could you explain what actions the Department will take if such activities are uncovered?

K. Recently the Commodity Credit Corporation has begun purchasing corn and wheat from interior elevators and farmers. The Administration has requested authority to open the reserve program to 1979 crop year corn and wheat produced by non-eligible producers.

--Are these actions being taken as a direct result of the embargo or because of corn and wheat surpluses which would have existed even without a Russian grain sales suspension?

--Have these purchases had an effect on grain prices? Has the Corporation purchased the corn and wheat at the market price or at a price above the existing market price?

--How much wheat and corn does the Corporation anticipate purchasing?

--Do such purchases signify a return to large Government-held stocks? Where will these stocks be stored? At what price and under what conditions will the grain be released into the marketplace?

--How much wheat and corn does the Department anticipate will be in the farmer-held reserve by the end of the year?

--Does the Department anticipate that the interest rate charged to non-eligible producers to put their grain in the farmer-held resource will have a significant effect on the amount of grain put under loan?

L. Many farm organizations and farmers have been critical of the Department's lack of action in fulfilling its promise that the burden of the grain sales suspension would not fall unfairly to the farmers. Many say that the Department's primary interest so far is to ease the exporter's burdens caused by the sales suspension. What is the Department's response to such criticisms, especially in

light of falling farm prices since the announcement of the grain sales suspension and accusations of possible profits to exporters caused by Government actions? Would you specifically outline those actions taken by the Department to ease the burden on the farmers and list any successes or mitigating influences these actions have had to date on the farmers well-being?

- M. Were the actions often mentioned by the Department as actions taken to lessen the grain suspension burden on the farmer--higher loan rates and increases in the reserve's release and call rates--decided on before the grain sales suspension decision was made?
- N. What further actions does the Department now anticipate may be necessary to ease the burden on the farmer?

3:15 PM

THE WHITE HOUSE

WASHINGTON

April 24, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE KIRSCHENBAUM *BK*

SUBJECT: Bill Signing for the "Michigan Land Swap"
H.R. 6464

Cabinet Room
3:15 p.m. Today (10 minutes)
Open Press Coverage

Participants

Senator Carl Levin
Congressman James J. Blanchard
Congressman David E. Bonior
Congressman Robert Carr
Congressman John D. Dingell
Congressman Lucien N. Nedzi

The 18-member Sterling Heights City Council has been invited at the last minute. A list of the actual attendees is attached.

James W. McLernon, President, Volkswagen of America
Phillip A. Hutchinson, Counsel, Volkswagen of America

Clifford Alexander, Secretary of the Army (may come)
Adm. Roland Freeman, Administrator of the General
Services Administration (may come)

Sheila Greenwald, State of Michigan

Background

This legislation by-passes the normal land disposal process because of the long delays involved. The Army is transferring its Army Missile Plant (production terminates in October) to the State of Michigan. If any profits are realized by the State in sale to Volkswagen (or someone else if the deal ultimately falls through) they will go to the Federal treasury.

**Electrostatic Copy Made
for Preservation Purposes**

WATSON / KIRSCHENBAUM

The 2,300 personnel remaining in the Tank Automotive Materiel Readiness Command (TARCOM) will be consolidated at the Detroit Arsenal in Warren, Michigan at the State's expense.

Originally, the Ohio delegation, particularly John Glenn, was upset with this bill because they were competing for the Volkswagen plant. However, Volkswagen made it clear they were not interested in Ohio and, therefore, the Federal government has not been involved in selecting among states.

Attachments

THE WHITE HOUSE
WASHINGTON

April 24, 1980

TO THE PRESIDENT

FROM: Bruce Kirschenbaum

Subject: Michigan Bill Signing

Frank Moore would like you to add a remark about Congressman Nedzi's retirement which he announced yesterday.

"I would like to note that Congressman Nedzi, who has served the 14th District in Michigan since 1961 has announced his retirement at the end of this Congress. I know that the people he has served both in Michigan and in the country will miss his valuable leadership. This latest legislative achievement exemplifies the service he has provided to his country."

Talking Points for Michigan/Volkswagen Bill Signing

1. AT MY PRESS CONFERENCE LAST WEEK I SAID I WAS LOOKING FORWARD TO SIGNING LEGISLATION ENABLING VOLKSWAGEN TO ESTABLISH ITS SECOND PRODUCTION PLANT IN THE UNITED STATES. TODAY I AM PLEASED TO SIGN THAT BILL. IT WILL BRING 4,000 VITALLY NEEDED JOBS AT A TIME WHEN WE ARE ALL CONCERNED ABOUT THE TEMPORARY DIFFICULTIES OF THE DOMESTIC AUTO INDUSTRY. THESE JOBS WILL BE OF GREAT BENEFIT NOT ONLY TO STERLING HEIGHTS IN MACOMB COUNTY, MICHIGAN, BUT TO THE ENTIRE ECONOMY OF OUR COUNTRY.

2. IN A MODERN VERSION OF TURNING SWORDS INTO PLOUGHSHARES, THE U.S. ARMY WILL TRANSFER AN UNUSED ARMY MISSILE PLANT TO THE STATE OF MICHIGAN SO THAT VOLKSWAGEN CAN INVEST \$300 MILLION IN CONVERTING IT TO AUTO MANUFACTURING. IN RETURN THE STATE WILL PROVIDE OFFICE SPACE TO THE ARMY AT SIGNIFICANT COST SAVINGS TO THE FEDERAL GOVERNMENT. THERE ARE ALSO SAFEGUARDS TO ENSURE THAT ANY PROFITS WHICH MIGHT BE REALIZED BY THE LAND TRANSFER WILL GO TO THE FEDERAL GOVERNMENT.

3. THIS LEGISLATION WAS NECESSARY TO QUICKEN THE PROCESS SO WE DID NOT LOSE THIS IMPORTANT PLANT TO ANOTHER COUNTRY. BECAUSE OF THE SPEED WITH WHICH THE CONGRESSIONAL DELEGATION WORKED -- PARTICULARLY CONGRESSMAN NEDZI AND SENATOR LEVIN -- IT IS HOPED THAT THE FIRST CAR WILL ROLL OFF THE ASSEMBLY LINE BY AUGUST OF 1982.

TALKING POINTS

4. WHILE I AM PROUD TO HAVE FOREIGN AUTO COMPANIES INVEST IN THIS COUNTRY, UTILIZING THE UNEQUALLED SKILLS OF AMERICAN AUTO WORKERS, I WANT TO EMPHASIZE MY CONFIDENCE IN THE INGENUITY OF THE DOMESTIC INDUSTRY AND THE TRANSITIONAL NATURE OF THE PROBLEMS IT IS NOW FACING. I WILL CONTINUE TO WORK WITH THE DOMESTIC INDUSTRY AND THE UAW DURING THIS TRANSITION PERIOD SO THAT IN A SHORT TIME WE WILL BE PRODUCING THE RIGHT CAR FOR OUR ENERGY NEEDS. WE WILL RECOUP THE WORLD LEADERSHIP FOR THE AMERICAN CAR.

5. DURING THIS TRANSITION PERIOD I WILL CONTINUE TO PRESS FOREIGN COUNTRIES TO OPEN THEIR MARKETS TO THE AMERICAN CAR SO WE CAN RETAIN OUR SHARE OF THE MARKET AND BUILD UPON THIS IMPORTANT INDUSTRIAL BASE.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

April 24, 1980

MAYOR ANTHONY DOBRY	7/6/14	383-01-0066	
MAYOR PRO TEM JOSE BENAVIDES	11/8/24	414-54-0336	
COUNCILMAN JOHN J. BUCCELLATO	4/28/52	376-52-7831	
COUNCILMAN BOWMAN CHUNG	1/2/28	575-16-6137	
COUNCILMAN STANLEY RANKO	8/21/31	386-26-1287	
COUNCILWOMAN NANCY ULRICH	6/7/41	377-38-0749	
COUNCILMAN JERRY MANN	2/19/46	431-86-1505	
CITY MANAGER LEONARD G. HENDRICKS	4/3/24	376-20-7909	
CITY ATTORNEY PAUL O'REILLY	11/10/40	372-38-1416	
PETER D. LENNON	2/24/49	220-48-8383	(Levin's staffer)
SENATOR DONALD RIEGLE			
SENATOR CARL LEVIN			

3:00 PM

THE WHITE HOUSE

WASHINGTON

April 23, 1980

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON *Jack*

SUBJECT:

Meeting with Michigan Senate Majority Leader,
William (Bill) Faust, April 24, 1980, 3:00 p.m.

PURPOSE

Senator Faust wants to reaffirm his support for your candidacy and to discuss Michigan's general economic problems with you. As you know, Michigan's caucuses are this Saturday and Faust, who requested this meeting, felt that he could use the opportunity to make sure the people of Michigan know that you are aware of and concerned about their problems and that you will be trying to do everything you can to help. Faust will be meeting with the Michigan press immediately after he meets with you. This is essentially a photo opportunity.

PARTICIPANTS

Senator Faust, Fred Anderson (Faust's Senate Aide) and Jack Watson.

BACKGROUND

Senator Faust is from Westland, Michigan. He is the Majority Leader of Michigan's State Senate. He has been a member of the Senate for 13 years and Majority Leader for three years.

Senator Faust is an active and hardworking member of the Michigan Carter/Mondale Steering Committee. He organized a press conference of 33 state legislators endorsing you on October 30, 1980. He has been very helpful over the course of the Michigan primary campaign.

Faust is a very popular political figure in Michigan with statewide recognition. His support of your candidacy is particularly important since it offsets Michigan House Speaker Bobby Crim's support for Senator Kennedy.

Senator Faust chairs the Michigan Senate Budget Committee. He has been spending much of his time recently working on ways to solve Michigan's state budget problems.

He will be in a wheel chair.

**Electrostatic Copy Made
for Preservation Purposes**

PRIOR MEETING WITH WATSON

Prior to meeting with you, Senator Faust will be meeting with Jack Watson with whom he will be discussing Michigan's economic problems in greater detail.

Faust is expected to raise the following economic issues in his meeting with Jack:

- o Reduction of CETA funds for Michigan;
- o Impact of '81 budget reductions on Michigan;
- o General Revenue Sharing;
- o Problems of Michigan's auto industry;
- o Unemployment.

Michigan's current unemployment rate statewide is 11.2%, the second highest in the country. Although Senator Faust is concerned about the loss of State General Revenue Sharing funds, the Administration's proposal provides \$25 million more for local governments in Michigan.

SUGGESTED TALKING POINTS

- o Thank Senator Faust for his active support.
- o Indicate your awareness of Michigan's unemployment problems and the problems which Michigan's auto industry is experiencing.
- o Pledge to do everything you can to help solve those problems.
- o Suggest that Faust continue to work with Jack Watson on these issues.

PRESS

AP, UPI and White House photographers will be present.

24 Apr 80

Secretary Harris
Stu Eizenstat
Jim McIntyre
Charlie Schultze
Alfred Kahn
Frank Press

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

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

April 24, 1980

C

MEMORANDUM TO THE PRESIDENT

FROM:

PATRICIA ROBERTS HARRIS
STUART E. EIZENSTAT *Stu Pat*
ALFRED E. KAHN *Fred*
JAMES T. McINTYRE, JR. *Jim*
FRANK PRESS *FP*
CHARLES L. SCHULTZE *CLS*

SUBJECT: Federal Support for Hospital Construction

This memorandum seeks your approval of a strengthened Executive Branch policy to stop Federal financial support for unnecessary construction of new hospital beds or renovation of existing beds in overbedded areas.

Background

An excess of capacity has been a major contributor to inflated hospital costs. HHS estimates that there are already too many beds in 196 of the 213 Health Service Areas -- a national total of 130,000 unneeded beds, costing the country \$4 billion and the Federal Government \$1.1 billion annually.

While the Administration has proposed a number of actions to control hospital cost inflation, its own activities continue to contribute to the problem through direct construction of Federal facilities and through financial support for construction and renovation of non-Federal hospitals in areas where capacity is already excessive.

Federal support for hospital construction flows through four generic types of programs:

- o Direct construction of Federally owned and operated facilities -- Construction is carried out by VA, DOD and PHS. Over \$850 million of Federal hospital construction and renovation is budgeted in 1981 -- virtually all of it in areas that have excess non-Federal capacity. As of January, 1980, over \$1.9 billion of Federal beds were under

construction and planning funds were committed for an additional \$2.5 billion.

o Federal subsidies (grants, loans and loan guarantees) for hospital construction -- HUD, Commerce, HHS, Agriculture, Interior, ARC and SBA administer various grants, loan and loan guarantee programs for the construction of non-Federal hospitals. These programs account for \$580 million in outlays and commitments in 1980.

o Federal tax subsidies -- Tax exempt bonds for hospital construction will result in an estimated revenue loss (or subsidy) of \$400 million in 1980, and there is an estimated \$3 billion of new commitments for such financing.

o Federal reimbursement for patient care -- Medicare and Medicaid reimbursement includes reimbursement for capital costs (depreciation and interest on debt) incurred in providing care to the beneficiaries of Federal entitlement programs. This reimbursement for capital costs will amount to \$2.3 billion in 1981.

Some progress has been made in developing voluntary interagency cooperation with HHS's health planning program. For example, the Secretaries of HUD and HHS have signed a formal memorandum of understanding to assure that hospital construction mortgage insurance requests to HUD meet HHS's health planning requirements and policies. Commerce and HHS have a similar agreement for the review of EDA grants to support hospital construction, as have USDA and HHS for regular review of the Farmer's Home Administration loan program. Despite these efforts, Federal dollars continue to support unneeded new beds and renovation of existing facilities that should be closed in large part because the State and local health planning process has not been consistently effective in its review of new projects, and State legislatures can overturn planning agency decisions.

On the basis of our review of this situation, we believe that the centralized controls on Federal support for hospital construction should be strengthened. Stopping Federal support for unneeded hospital beds is an important step we can take to moderate the inflation of health costs.

Our proposal. We propose that you issue a directive limiting Federal support for hospital construction in overbedded areas. The directive would be enforced by the budget process, a project approval procedure and legislation.

Federally-operated facilities (VA, DOD, HHS)

- Renewed emphasis will be placed on enforcement of current policies. These provide for control of the number of beds in Federally-operated facilities through the normal Federal budget process. Requests for the construction of additional or replacement beds are approved only where the needs of Federal beneficiaries clearly exceed existing Federal capacity. An even stricter test is possible, in which approval would be granted only if the needs of Federal beneficiaries exceeded existing total capacity, not just existing Federal capacity. However, Federal facilities serve unique populations (veterans, military, Indians) for whom the Federal government has statutory responsibility to provide health care services. These Federal facilities have traditionally been treated as independent from the health care system which serves the general population.

- In addition, and in support of the broader policy we are proposing, agencies that do justify a need for additional or replacement capacity in an area with an excess of beds in non-Federal facilities would be required first to try to obtain that capacity through the acquisition and operation of suitable available underused facilities in the area. Only when the added capacity could not be acquired reasonably in this manner would funds be budgeted for construction to meet Federal programs needs. The policy could be waived to the extent that its enforcement would prevent DOD from securing and maintaining sufficient beds to support an initial mobilization capability.

- We would also propose that State and local health planning agencies be asked to review and comment on all Federal hospital construction. This review would be non-binding but would be considered in the budget process.

Federally-financed or subsidized facilities (HHS, HUD, Agriculture, Commerce, Appalachian Regional Commission, SBA, Interior, Treasury)

- A new project review process will be established. The process would specify that all new Federal loans, loan guarantees, grants and tax subsidies will require prior approval by the State and local planning process in the context of an approved State and local bed reduction plan.

There are no States which at this time have fully developed bed reduction plans and current law does not call for such plans where they exist to be approved by the Secretary. Under this proposal a planning agency which wished to play a stronger role in approval of Federally subsidized projects would have to develop a bed reduction plan and subject itself to the discipline of having its bed reduction plan approved. From the Federal perspective, it is this new requirement for an approved plan which would assure that the Federally subsidized projects are receiving disciplined and serious review.

Where an acceptable bed reduction plan does not exist, approval will be granted through a Federal review process until such time as there is an approved plan. In approving a project to build new beds, it must be determined that the health service area within which the project is to be located will not, upon project completion, violate the national guidelines for health planning as amended by an acceptable State and local health plan. (These guidelines specify that no health service area should have more than four short-stay beds per thousand population and that the average occupancy rate should be at least 80 percent.)

In approving a proposal for modernization only (i.e., no new short-stay beds), it must be determined that the hospital is in need of the proposed construction. In addition, if the local community has an excess of short-stay beds, the project must be in compliance with approved state and local health plans to achieve compliance with the national health planning guidelines. (HHS currently applies these criteria in reviewing applications for HUD Section 242 mortgage insurance. Extension of this process to other Federal programs would not require new legislation.)

Legislation will be sought to subject tax-exempt bond financing to the approval authority described above.

Medicare and Medicaid Reimbursement

Under current law, Medicare and Medicaid will not reimburse for capital related expenditures where a planning agency has disapproved the expenditures. There are, however, two major weaknesses to this approach. First, it only applies in States (26) where the Governors request its application. The Administration has already proposed legislation to make

this mandatory in all States. Secondly, although this control over Medicare and Medicaid capital reimbursement gives the planning agencies teeth there is still no way to ensure that -- in the aggregate -- planning agencies are being tough enough. Capital expenditure limitations (already proposed by the Administration but not favorably received by the Congress) would be one way to instill more discipline in the planning process. Other legislative and administrative proposals will be developed to provide for more stringent controls on capital expenditures in support of a policy to reduce overbedding.

Pros

- o You will go on record as acting vigorously to restrain inflation by eliminating unnecessary Federal support for construction and renovation of costly excess hospital capacity.
- o Leasing or purchasing existing underused hospital capacity in an overbedded area may be more cost-effective in some instances than building a new or renovating an existing Federal hospital.

Cons

- o We anticipate strong negative reaction from veterans and military service groups and from their supporters in Congress, even though VA concurs that the proposed policy will be flexible enough to take account of the unique needs of these groups. Community and private hospital organizations and their supporting financial institutions will also react negatively to the proposed policy.

OMB, HHS, DPS and Fred Kahn will jointly work out the announcement and the implementing directive, if you approve the recommended policy. OMB will ensure that the directive is reflected in budget decisions, and will work with DPS, HHS and other affected agencies to develop the approval and exception procedure. Treasury, HHS, OMB and DPS will develop the legislation to deal with tax-exempt bonds and with Medicare and Medicaid reimbursement.

Agency Comments. All the affected agencies concur in this proposal.

Recommendation. We recommend that you approve this proposal to limit construction or renovation of Federally operated, financed and subsidized hospital capacity in overbedded areas.

Approve

Disapprove





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

APR 21 1980

MEMORANDUM TO THE PRESIDENT

FROM: PATRICIA ROBERTS HARRIS

A handwritten signature in black ink, reading "Patricia Roberts Harris". The signature is written in a cursive style with a large initial "P".

SUBJECT: Federal Support for Hospital Construction

I have signed the memorandum on Federal Support for Hospital Construction from Stuart Eizenstat, Alfred Kahn, James McIntyre, Frank Press, Charles Schultze and me, but I want to express my concern about one aspect of this proposal.

Although I strongly support the goals of this proposal, the recent budget cuts in the Health Planning budget will be a barrier to implementing the proposal. The budget for Health Systems Agencies (HSAs) was cut by \$38 million out of a total of \$125 million.

The proposal provides that applicants for Federal loans, loan guarantees, subsidies and tax exemptions for hospital construction will be subjected to an additional review at the Federal level if HSAs and States do not have approved bed reduction plans. If States and HSAs have such plans, applications for Federal subsidies would be reviewed in conjunction with the certificate-of-need process. I believe the option of State and local review is preferable because it insures local input. However, it will be practically impossible for States and particularly HSAs to develop bed reduction plans, which are estimated to cost \$40,000 to \$200,000 per HSA to prepare, if the proposed budget cuts are put in effect.

If you decide to approve this proposal, I urge you to reconsider cuts in the Health Planning budget and restore sufficient funds to allow for implementation of this proposal. In the longer term, these funds will contribute to the establishment of a workable program which will help reduce inflation in health care costs.

HR 6464

4-24-80

ARMY MIS PLANT

MAJOR DOBRY

STERLING HTS, Mich →

M Job Dev Auth

2 OFF BLDGS

Signing Ceremony
HR 6464

ABBREVIATE PROCESS

AUTOS 8/82

4000 JOBS VW \$300 MIL

Out Box 4/24/80

SWORDS → PLOWSHARES

STRENGTH, INGENUITY US AIRCR

IND/UNW COOP

XITON EXPORTS

14th/61

SEN LEVIN = CONG

NEDZI,

BLANCHARD, DINGELL,

CARR

BONIER

Presentation of Diplomatic Credentials
Thursday, April 24, 1980

THE WHITE HOUSE
WASHINGTON

Credentials 4-24-80

St Lucia

Amb Auguste (1st) PM LOUISY
LOS expert US/Carib Demo

Bahamas

Amb Wood (Bill Schwartz) PM PINDLING
250 yrs - Demo - US/Carib - Drugs

Haiti

Amb Charles (Sharp) PRES DUVALIER

POVERTY - ARM RS - OLYMPICS + - ILLEGAL IMM

Kingdom of
Lesotho

Amb TRU (ONLY FEMALE HM QUEEN MAMOHA TO
IN WASH)

UN + Iran + Afghan + Econ Dev

El Salvador

Amb ^{AQUINO} ~~HERNANDEZ~~

JUNTA

Economist -

Reforms - Pol Sit? Hum Rts - Violence?

Japan

Amb OKAWARA
(Phil Abston)

Emp Hirohito, PM Ohira

Ohira St. = Olym : Iran = Econ

11:00 Am

THE WHITE HOUSE

WASHINGTON

April 23, 1980

MEMORANDUM FOR THE PRESIDENT

FROM:

ALFRED E. KAHN
ANNE WEXLER



SUBJECT:

Meeting with Representatives of the Metals
and Metal Products Industries

Thursday, April 24, 1980

Roosevelt Room

11 a.m. to 11:15 a.m.

I. PURPOSE

Prices for nonferrous metals and most metal products rose sharply in 1979. During the past two months producer prices for lead and copper have fallen sharply, though they still remain 35 percent higher than they were 18 months ago.

Aluminum prices have continued to rise in the first quarter of 1980, though less sharply than during the last quarter of 1979. The purposes of this meeting are three:

- o to urge that the recent decreases in the prices of primary metals like lead and copper be reflected promptly in product prices.
- o to urge aluminum companies to continue to exercise price restraint, which has kept them in compliance with our voluntary program, and also kept the domestic price of aluminum below the world level.
- o to explore ways we can work together to reduce costs and achieve price stability in the metals and metal products industries.

Your remarks should specifically encourage price restraint.

II. BACKGROUND, PARTICIPANTS AND PRESS

A. Background

This is the third in our current series of meetings with leaders of industries where inflation is running high. We have selected the metals and metal products sector for three main reasons:

- o It is a basic industry, whose prices affect the entire economy.
- o Even though the recent price trend in primary metals is down, producer prices remain well above 1978 and 1979 levels, and producer prices for a number of fabricated products have not yet reflected the decline in the basic raw materials.
- o It seems a good candidate for jawboning. In lead and copper (like farm prices, these commodities are not covered by our program), where metals prices have started to fall, we need to encourage a similar decline in fabricated products. In aluminum, where the COWPS guideline means genuine price restraint, getting the companies to reaffirm their commitment to the program would be useful. Profits in nonferrous metals, as a whole, were very good in 1979, and it looks as though they will continue to be in the first quarter of 1980.

B. Major Issues

The principal issues the industry will probably raise at the meeting are:

- o The COWPS standard for aluminum. The price standard has kept domestic price several cents below the world level. As a result, exports have

increased substantially. The companies argue that if this disparity continues the same aluminum will be exported and then imported at a higher price. So far, COWPS has not found that to be the case, but the danger should clearly be assessed.

- o Energy supplies. In the short term, the aluminum companies are concerned with the possibility that the power they have been receiving under long term contracts from the Bonneville Power Administration may be cut off in 1983. One-third of our national aluminum production would be affected. S. 885, which would rectify that situation and which the Administration supports, has passed the Senate and is moving through the House. In the long term, the industry is concerned because the unreliability of energy supplies in this country is forcing them to look overseas for plant expansion. Alcoa and Kaiser have recently launched major foreign investment programs.
- o The depth of the recession. Company representatives in copper and lead have expressed a fear that demand for their metals will be down substantially later this year.
- o The costs of environmental regulations. For the copper and lead industries, these are a major issue.
- o OSHA regulations. Similarly, copper and lead producers have trouble with OSHA regulations, particularly with the arsenic and the lead standards.
- o Federal land policy. The metal producers believe the Interior Department is withdrawing too much land for conservation purposes. The Domestic Policy Staff is currently reviewing the results of an inter-agency task force study of problems in the nonfuel mineral industries, which included land management policies.

As far as we know, none of the companies attending is out of compliance with the standards, and compliance will therefore not be discussed.

C. Agenda

10:30-10:45:	Welcoming remarks and comments on the general economic situation by Fred Kahn
10:45-11:00:	Discussion of Energy Policy by Robert I. Hanfling, Deputy Undersecretary of DOE
11:00-11:15:	Remarks by the President
11:15-12:00:	Supplementary remarks by Fred Kahn about the metals and metal products industry, and general discussion

D. Participants

Top executives of metals and metal products companies; a list is attached.

E. Press

White House photo and press pool for your statement. If you decide to remain for questions, press will be removed.

F. Talking Points

Talking points are attached.

METALS AND METAL PRODUCTS INDUSTRY
BRIEFING PARTICIPANTS

Judd H. Alexander - Senior Vice President, Office of the Chairman
American Can Company

Bruce R. Allan - President, Noranda Aluminum, Inc.

James E. Arenholz - Senior Vice President of Finance, Howmet
Aluminum Corporation

Charles F. Barber - Chairman of the Board, Asarco, Inc.

Thomas D. Barrow - Chairman, Kennecott Copper Corporation

Charles Carlisle - Vice President, St. Joe Minerals
Corporation

Ira Davidson - Executive Vice President, Kaiser Aluminum

Frederick W. de Turk - President, Phelps Dodge Industries

John W. Eason - Executive Vice President, Revere Copper &
Brass, Inc.

Roy A. Gentles - President, Alcan Aluminum Corporation

Samuel L. Goldsmith Jr. - President, Aluminum Association

Robert P. Jensen - Chairman/Chief Executive Officer,
G.K. Technologies

Robin Johnson - Vice President for Finance, Martin-Marietta
Aluminum

Franklin P. Jones - Vice President/Government Affairs,
ALCOA

James R. Moore - Senior Vice President/Public Affairs,
Consolidated Aluminum

James Morrison - Vice President, Anaconda Corporation

David P. Reynolds - Chairman/Chief Executive Officer,
Reynolds Metals Company

Roger Schoerner - Senior Vice President for Corporate
Development, Southwire Company

Bruce S. Smart - President, The Continental Group

Walter Stelzel, Vice President and Controller, National
Can Corporation

John Tower - President, Amax, Inc.

[No individual salutations]

Bob Rackleff
Draft A-1; 4/22/80
Scheduled Delivery:
Thurs, Apr 24, 1:30 PM
Roosevelt Room

Talking Points:

Metals Industry Meeting

1. THANK YOU FOR COMING. THIS IS ONE OF SEVERAL MEETINGS
WITH LEADERS OF IMPORTANT INDUSTRIES TO HELP FIGHT INFLATION.
NONFERROUS METALS ARE AN ESPECIALLY IMPORTANT INDUSTRY BECAUSE
OF THEIR USE IN A MYRIAD OF PRODUCTS. OUR PURPOSE TODAY IS NOT
TO CAST BLAME, BUT TO EXPLORE HOW WE CAN WORK TOGETHER TO REDUCE
INFLATIONARY PRESSURES. *NOT OUT OF COMPLIANCE*

2. I RECOGNIZE THAT PRICES IN YOUR INDUSTRY GO DOWN
AS WELL AS UP. STILL, PRODUCER PRICES FOR NONFERROUS METALS,
OTHER THAN PRECIOUS METALS, ARE 35% HIGHER THAN 18 MONTHS AGO,
EVEN WITH THE RECENT SHARP DECLINE IN LEAD AND COPPER. THE
ONE BRIGHT SPOT HERE IS THAT RECENT DECLINE, BUT IT WILL NOT
OFFER RELIEF TO CONSUMERS UNLESS YOU PASS ON THE SAVINGS IN
LOWER PRICES FOR FABRICATED PRODUCTS; I URGE YOU TO DO THAT.

3. ALUMINUM PRICES HAVE ALSO INCREASED DRAMATICALLY;
THE PRODUCER PRICE IS UP NEARLY 30% SINCE THE BEGINNING OF 1979.
MUCH OF THIS COMES FROM HIGHER ENERGY COSTS, AND THERE IS A
STRONG EXPORT MARKET THAT CAN PAY A HIGHER PRICE THAN THE COWPS
GUIDELINES PROVIDE. YET YOU HAVE CHOSEN TO FOLLOW OUR VOLUNTARY
PROGRAMS GO FAR. THAT MEANT SOME SACRIFICE, I KNOW, AND I
COMMEND YOU FOR IT. YOUR SUPPORT HAS HELPED THE VOLUNTARY
EFFORT GREATLY, AND I HOPE YOU CONTINUE THAT SUPPORT.

4. 1979 WAS A PROFITABLE YEAR, THE BEST SINCE 1974;
AFTER-TAX PROFITS WERE 17.6% ON EQUITY, COMPARED TO 16.5% FOR
INDUSTRY AS A WHOLE. THAT INDICATES TO ME THAT VOLUNTARY
RESTRAINT, EVEN WHEN YOU ABSORBED SOME INCREASED COSTS, COULD
STILL MEAN REASONABLE EARNINGS. IT IS ALSO GOOD FOR THE
COUNTRY; AND I URGE YOU TO CONTINUE THAT RESTRAINT.

5. IN RETURN, I PLEDGE AN ALL-OUT EFFORT TO WORK WITH YOU
TO RESOLVE THE LONG-TERM PROBLEMS OF YOUR INDUSTRY -- THE COST
AND AVAILABILITY OF ENERGY, TAX INCENTIVES FOR INVESTMENT, AND
REGULATIONS THAT ARE COST-EFFECTIVE AND PROTECT THE ENVIRONMENT
AND WORKER SAFETY AND HEALTH. INCREASED PRODUCTIVITY IS A
CRITICAL TASK FOR THE 1980's. MY CONTINUING EFFORT TO REDUCE
UNNECESSARY REGULATORY COSTS IS AN IMPORTANT PART OF THAT EFFORT
-- AND I ASSURE YOU WE STAND READY TO WORK WITH YOU TO THAT END.
I AM DETERMINED THAT GOVERNMENT BE FORCEFUL IN FIGHTING INFLATION.
WE ARE BALANCING THE BUDGET FOR THE FIRST TIME IN 12 YEARS. WE
ARE STEPPING UP OUR WAGE-PRICE PROGRAM, RESTRAINING INFLATIONARY
CREDIT, AND CONSERVING OIL.

6. I ALSO MADE THE POLITICALLY RISKY CHOICE AGAINST
MANDATORY WAGE AND PRICE CONTROLS, A CHOICE YOU CAN HELP
VINDICATE BY YOUR CONTINUED COOPERATION. I REMAIN CONVINCED
THAT CONTROLS WOULD ONLY POSTPONE AND WORSEN INFLATION BY
DISTORTING OUR ECONOMY. I AM ALSO DETERMINED NOT TO TAKE AWAY
THE ECONOMIC FREEDOM THAT BOTH INDIVIDUALS AND BUSINESSES ENJOY
IN AMERICA; IT HAS HELPED GIVE US A UNIQUELY DYNAMIC SOCIETY
AND SUSTAINS THE WORLD'S HIGHEST STANDARD OF LIVING.

MUCH IS AT STAKE, AND OUR SUCCESS HERE CAN MAKE A DIFFERENCE.

I URGE YOU TO CONTINUE YOUR COOPERATION.

#

THE WHITE HOUSE
WASHINGTON

4/22/80

Mr. President:

Shall I schedule?

yes no

Phil

*Photo
only
J*

F.Y.I.--I understand he
also plays tennis, enthusiastically

--SSC

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

1125

April 21, 1980

MEMORANDUM TO: PHIL WISE
FROM: GRETCHEN POSTON *Gp*

Luciano Pavarotti, the foremost operatic tenor in the world today, is going to be in Washington for this week. We have asked him about doing a concert from the White House when we can have one televised again, and he is very anxious to do so.

He would like to come by to meet the President on Wednesday, April 23, sometime before 2:00 PM. He has a rehearsal which begins at 2:30PM.

THE WHITE HOUSE
WASHINGTON

24 Apr 80

Frank Press
Henry Owen

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

Rick Hutcheson

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

ok
J

April 22, 1980

MEMORANDUM FOR: THE PRESIDENT
FROM: FRANK PRESS 
HENRY OWEN 
SUBJECT: ISTC

Tom Ehrlich and Doug Bennet will shortly be choosing a prominent scientist to lead the new thrust for scientific cooperation with LDC's that the Congress has authorized in AID. We had, as you know, asked the Congress to lodge this activity in a separate IDCA Agency to be known as the Institute for Scientific and Technological Cooperation, but that has proved impossible for the time being. We hope and expect to press again for the Institute in your next term. For the present we must make a success of the new enterprise within AID. Tom and Doug are strongly supportive. Here is how they intend to proceed:

The scientist will supervise a small Science and Technology Staff or Center in AID that will be responsible for defining, negotiating, and implementing innovative programs of research about issues of direct concern to LDC's -- such as farming on poor soils, parasitic diseases, and appropriate energy technology. After careful review, he will propose to Doug Bennet which of the existing AID research projects should be continued, changed (e.g., transferred to the new Science or Technology Staff), or terminated. He will also advise Tom on science and technology issues that reach beyond the bilateral program and Doug regarding all scientific technological aspects AID's bilateral work. He will maintain liaison for IDCA and AID with a new program of scientific and technological cooperation with LDC's that the National Academy of Science may undertake with AID support. In addition, he will be responsible, on behalf of IDCA, for coordination of programs of scientific and technological cooperation with LDC's, which are now being carried out by other US agencies, and for advising OMB about these programs.

We are off to a good start -- not as good as we wanted, but one on which we can build, in seeking to achieve the goals that you had in mind in proposing ISTC. We will report to you from time to time on our progress. We hope that we can continue to count on your strong support for this low-cost, innovative effort to use US scientific capacities to help LDC's find solutions to some of the problems that impede their development.

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foreign affairs breakfast 4/25/80

THE WHITE HOUSE
WASHINGTON

For breakfast 4-25-80

Protect Egypt, Oman

Columbia hostages

Harold's statement

HK - no apology

Plans & death

Photos / Desert, etc

Cuban refugees

Liberia

Lebanon UNSC

Olympics