

4/20/77 [4]

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/ attach.	From Jack Watson to The President Re:Economic Summit (5 pp.)/ attached to memo from Rick Hutcheson to Stu Eizenstat and Jack Watson	4/20/77	A
memo w/ attach.	Ray Marshall to The President Re: the minimum wage (2 pp.)/attached to memo from Rick Hutcheson to The Vice President, Hamilton Jordan and Frank Moore <i>OPENED 1/18/13</i>	4/20/77	A

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of the Staff Sec.-Pres. Handwriting File 4/20/77 Box 20

{4}

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THE WHITE HOUSE
WASHINGTON

4-20-77

To Lucille Wyatt

I did not know
your son personally, but
feel a kinship with
him because of our
similar educational back-
ground.

Thank you for writing
to me.

Your friend
Jimmy

THE WHITE HOUSE
WASHINGTON

*Before making copies
of Watsons office
may already have
done so*

ACTION	FYI
<input checked="" type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input checked="" type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

*Jack Watson
in game
all copies to
10:15
Energy
Manning
Schlesinger
Schultz
Jim D
4/83*

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

Tues. — 12
April 18, '77
7:20 am

Mr. President:

I did not receive the
attached memoranda from
Treasury until last night,
and HEW this morning -
They are briefing papers
for the 10:15 am meeting
on Energy taxes / Social
Security -

I have made copies
which I shall distribute
to the others who will attend
the meeting -

Respy -

Jack

THE WHITE HOUSE
WASHINGTON

April 20, 1977

The Vice President
Stu Eizenstat
Hamilton Jordan

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

Rick Hutcheson

Re: Social Security & Energy Taxes

The disposition of revenues from the well-head tax may have some bearing on the first problem of short term financing, but the proceeds are too small to make more than a trivial dent in long term finance and structural problems.

Short Term Financing

To provide enough protection against even a modest recession, the OASI and DI trust funds should equal at least 50 percent of the succeeding year's outlays; the health insurance trust fund should equal 60 percent of the succeeding year's outlays.

- . To meet that target by 1982, revenues flowing into the OASI, DI and HI trust funds must be increased over those that will result from present rates and projected wages by a total of \$119.4 billion.

We propose to meet this deficit as follows:

- . We would not rescind increases in payroll tax rates already legislated to become effective in 1978 and 1981. These increases yield \$32.7 billion, leaving a deficit of \$86.7 billion.
- . When unemployment exceeds 6 percent, the Treasury would pay to the trust funds an amount equal to the difference between payroll taxes actually collected and those that would be collected at 6 percent unemployment. Based on unemployment since 1974 and projected under the Administration's economic forecast, this payment will equal \$14 billion between now and 1982.
- . If we accept the principle of reimbursing the trust funds for revenues lost during recessions outside the normal range of post-World War II experience, a trust fund of 35 percent of outlays gives as much protection to future payments as does a 50 percent trust fund lacking such counter-cyclical protection. The deficit remaining after this adjustment is \$48.9 billion.
- . In view of your campaign pledges, payroll taxes should be increased, principally on employers and principally by increasing the wage base rather than the tax rate. The increases in payroll taxes would consist of:
 - Subjecting all wages and salaries to the employer's payroll tax - \$39.8 billion.
 - Increasing the ceiling on wages subject to the employees tax by \$300 in 1979 and \$300 in 1981 over the automatic increases projected under current law - \$1.8 billion.
 - Increasing the payroll tax rate by 0.1 percent each on the employee and the employer in 1981 - \$5.6 billion.

Since our original plan was developed before we knew about the effect of the energy plan on the CPI, it is about \$2 billion short. If it is decided to go with this plan, or a close variant of it, we will have to make some small adjustments.

Alternative Energy Tax Plan

An alternative proposal is to channel the revenue raised by the well-head tax into the social security system. We have therefore designed a short-run financing plan which uses these revenues and keeps the payroll tax rate on employees from rising above its 1977 level.

That plan has the following elements:

- . Use of \$31.5 billion of the well-head receipts for social security, and of the remaining \$8.5 billion to help the poor. The \$31.5 from the well-head tax reduces the deficit to \$88 billion.
- . Use of the counter-cyclical general revenue device to
 - Produce \$14.1 billion in general revenue payments.
 - Reduce requirements by an additional \$23.7 billion by allowing lower OASI and DI reserves.

This reduces the deficit to \$50 billion.

- . Restore the historic relationship between the OASI and DI tax rates paid by the self-employed and those paid by employees. This raises \$1.0 billion.
- . Subject all wages and salaries to the employer's payroll tax in 1979. At 1977 tax rates, this will produce \$37.7 billion.
- . Increase the tax rate paid by employer's by 0.15 percentage points (to 6.0 percent) effective in 1978. This yields \$8.7 billion.

We would propose to fill the final \$3 billion gap by a one-time grant from the general revenues designed to offset the effect of the increase in the CPI on social security benefit outlays through 1982.

Evaluation of the Well-head Tax Alternative

PRO

The use of the well-head revenues will allow you to solve the short-run social security financing problem without increasing the tax rate paid by workers between now and 1982. This may help significantly in selling the energy tax.

CONS

The disadvantages of the well-head alternative are:

- . Although this plan holds the employee rate constant, its political appeal depends on first convincing workers that their taxes would otherwise have risen, a fact not now widely understood.
- . The financial viability of the social security system will depend on an uncertain revenue source --dependent after 3 years on OPEC price changes-- that has no rational relationship to the social security program.
- . After deducting the amount needed for the poor, the well-head revenues available for social security begin to decline after 1980. We can only hold the line through 1982 on the employee tax rate. Thereafter, sharp increases will be needed.
- . The energy tax plan adds another controversial element to a financing plan which already has two major financing innovations.
- . Most importantly, their plan will likely be opposed by those in the Congress and elsewhere who have traditionally protected the integrity of the social security system.

I therefore recommend that the original HEW proposal (or a plan similar to it) be adopted instead of the well-head tax alternative. If you adopt the well-head alternative, I believe the Congressional committee will reject it and you will be accused of playing fast and loose with the trust funds.

Long-Term Financing Problem

In addition to the short-run problem, social security is significantly underfinanced in the long run.

- . Over the next 75 years, payroll taxes would have to rise by 82 percent in order to finance the benefits provided for by current law.

The longer-run problem is due in roughly equal measure to two factors:

- a faulty method of adjusting benefits for inflation, which will increase future "replacement rates"-- the ratio of retirement benefits to preretirement earnings
- an increase in the ratio of elderly beneficiaries to younger working-age people early in the 21st century.

There is a general consensus that, at a minimum, the inflation over-adjustment in social security must be cured. We have considered many ways of doing so. The three options of which you should be aware are:

1. Advisory Council Model. This option, proposed by the 1974-75 Social Security Advisory Council, permanently freezes replacement rates at their 1979 levels. It allows future retirees to receive benefits which are fully adjusted for increases in their preretirement standard of living. The main drawback of this approach is that it leaves half of the long-run deficit to be dealt with through subsequent action.
2. Replacement Rates Constant for Fifteen Years, Declining Thereafter. This proposal maintains replacement rates constant at 1979 levels until 1994 and allows them to decline gradually thereafter. Congress would have to decide then whether to raise taxes sharply to maintain constant replacement rates in the face of a big jump in the ratio of retirees to active workers. This option will eliminate three-quarters of the long-term deficit.
3. House Senate Consultants Option. This plan, proposed by consultants to the House Ways and Means and Senate Finance Committees, would allow benefits to rise, but less rapidly than wages, causing a gradual decline in replacement rates. It would eliminate virtually all the long-term deficit.

To fulfill your campaign commitment and because there is a substantial political constituency behind it, we recommend that the Administration propose a decoupling plan with constant replacement rates, following the Advisory Council model.

We also propose that the next Social Security Advisory Council be instructed to reexamine the entire structure of social security benefits, including the elimination of the remaining long-run deficit. This reexamination would constitute perhaps the most far-reaching review of the benefit structure since the original Social Security Act was passed.

The attached table may provide a quick way to compare these plans.

Attachment

Social Security
Revenue Requirements and Sources, 1978-1982
(dollars in billions)

Revenue Requirements, 1978-1982

1. Old-Age, Survivors and Disability Insurance (OASDI)	\$83.7
2. Hospital Insurance (HI) -- cost of removing tax rate increases scheduled for 1978 and 1981	32.7
3. Increased cost of benefits due to CPI increases resulting from energy proposals	3.0
Total Revenue Requirements, 1978-1982	119.4

<u>Revenue Sources, 1978-1982</u>	<u>HEW Plan</u>	<u>Energy Tax Plan</u>
1. Allow legislated increases in HI tax to take effect	32.7	--
2. Countercyclical -direct revenues	14.1	14.1
-reduction in trust fund from 50% to 35%	23.7	23.7
3. Employer base	39.8	37.7
4. Employee base (a)	1.8	--
4a. Self-employment tax (b)	.5	1.0
5. Payroll tax rate on employers (c) and employees	2.8 2.3	8.7 --
6. Energy tax	--	31.5
7. Additional general revenue	--	3.0
Total	117.7	119.7

- a. Employer tax under "HEW Plan" includes HI tax rate increases in 1979 and 1981 scheduled under current law; "Energy Tax Plan" omits these increases
- b. Payroll tax rises by 0.4 on the self-employed, in 1981 in HEW Plan and in 1979 in Energy Tax Plan
- c. Payroll rate rise by 0.1% in 1981 on both employer and employee under HEW Plan, and by .15 on both employer and employee in 1978 in the Energy Tax Plan



THE SECRETARY OF THE TREASURY

WASHINGTON 20220

April 18, 1977

MEMORANDUM FOR THE PRESIDENT

From: W. Michael Blumenthal

WMB

Subject: Recycling Revenues from the Wellhead Tax Through
Income Tax Credits and Direct Payments to the Poor

The following proposal would recycle total wellhead tax revenues of \$40 billion over the next 5 years through income tax credits (\$32 billion) and direct payments to the poorer nontaxpayers (\$8 billion).

Alternatively, these credits and payments could be scaled down to roughly \$30 billion, and the remainder channeled to other programs such as welfare reform (with additional direct benefit to the poor) or general tax reform.

Available Revenue.

The wellhead tax is to be phased-in in five annual increments. The estimated net revenues--

- in 1978 are \$3.5 billion
- in 1979 are \$6.5 billion
- in 1980-2 are \$10 billion per year

How the Income Tax Credit Would Work.

All or any portion of these revenues could be recycled through the income tax system by increasing the general tax credit, now set at \$35. If 80 percent of available revenues were so recycled, the credit would rise as follows:

1978	(\$35 + \$15)	= \$50
1979	(\$35 + \$25)	= \$60
1980 and thereafter	(\$35 + \$40)	= \$75

To benefit the poor, who often do not pay taxes, 20 percent of the available revenues could be recycled as credits, equal to the per capita credit increments noted above, to those:

- (1) Receiving Social Security retirements benefits,
- (2) Receiving annuity or pension payments under the Railroad Retirement program,
- (3) Receiving benefits under the Supplemental Security Income benefit program,
- (4) Receiving payments under the Aid to Families with dependent program, and
- (5) Receiving income tax refunds under the earned income credit provisions of present law.

Double payments would be minimized by checking the records of the above programs against the master computer file of the IRS. This technique would largely preclude double payments, except to AFDC beneficiaries who also pay taxes and/or receive Social Security benefits.

The Income Tax Approach is More Equitable Than the Social Security Approach.

The income tax credits would not vary with income level, while rebates against the Social Security tax would (like that tax) rise proportionately with income. For an average family (2.9 persons), the wellhead tax revenues recycled as income tax credits would increase incomes by:

1978	\$43
1979	\$78
1980	\$118
1981	\$116
1982	\$113

By comparison, recycling the revenue by way of Social Security payroll tax rebates would raise family incomes according to income level:

	<u>Wage Level</u>			
	\$5,000	\$10,000	\$15,000	\$20,000
1978	\$15	\$31	\$46	\$55
1979	\$27	\$54	\$81	\$112
1980	\$38	\$76	\$114	\$152
1981	\$34	\$69	\$104	\$138
1982	\$32	\$63	\$94	\$126

Short-Term Financing for Social Security.

HEW has proposed that the short-term Social Security financing be dealt with by a series of proposals other than the wellhead tax. For the most part these proposals appear workable. They involve a limited amount of general fund financing (during the period of recovery from the recession), a slight increase in the base on which the tax is computed (\$300 in each of two different years), a slight increase in 1982 in the applicable rate of tax (.1 percent), and removing the limit on the base to which the employer portion of the tax applies.

The income subject to the employer portion of the tax would appear to present problems. However, we hope to study this further and get an answer to you on this aspect of the financing later this week.

THE WHITE HOUSE
WASHINGTON

April 20, 1977

Bob Lipshutz -

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

Rick Hutcheson

cc: Jack Watson
Z. Brzezinski

Re: Executive Protection Service
in New York City for the UN
Missions of Israel, Jordan,
Syria, Lebanon, League of
Arab States & Palestine
Liberation Organization

THE WHITE HOUSE
WASHINGTON

Push

ACTION	
FYI	
	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
X	LIPSHUTZ
	MOORE
	POWELL
X	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
X	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 19, 1977

Job -
a) what does it cost?
b) what is done in
other countries?

J

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ

RL

SUBJECT: Executive Protection Service in New York City for the U. N. Missions of Israel, Jordan, Syria, Lebanon, League of Arab States and Palestine Liberation Organization

Pursuant to my earlier memorandum of March 17 to you, I have just received a report from the Departments of Treasury and State. This is in response to my March 16 memorandum to both the Secretary of Treasury and the Secretary of State.

The joint report from them makes the following recommendations:

1. That the President continue to exercise his authority as necessary to provide protection to foreign missions outside of the District of Columbia, including a renewal of the protection to these six missions;
2. That State and Treasury continue to explore the possibility of using the New York City Police Department, and the other municipal police forces where similar protection problems arise, on a reimbursable basis. (However, it should be noted, that the report points out that this solution of reimbursement raises political and financial problems of sufficient magnitude to cause State and Treasury to recommend against it as their favored course of action.)
3. They further recommend consultation with Congress to resolve the legal and legislative questions involved in expanding the authority of EPS, or creating another

**Electrostatic Copy Made
for Preservation Purposes**

Federal entity, to provide protection of Diplomatic missions (presumably on a more permanent basis). However, they do not believe that requesting authorization and appropriations from Congress to establish another police operation which substantially duplicates an existing Federal force, the EPS, is a viable proposal in view of current efforts to end existing duplication in Federal functions. Further, they state that there is no reason to believe that there has been any change in the attitude of Congress in wishing to avoid the appearance of a national police force; this has also been the traditional attitude of the Executive branch.

Based upon this report to date from Treasury and State, I recommend that you approve the extension of this service for another "temporary" period of ninety days. Please advise.

APPROVE _____

DISAPPROVE _____

I further recommend that you advise Treasury and State either to continue on the present basis of furnishing "temporary" protection, as determined from time to time, or that they proceed in the direction of a different resolution for this problem. If you wish the detailed five-page report of April 14, please advise.

WATSON COMMENT

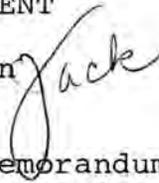
THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM:

Jack Watson



April 19, 1977

RE:

Lipshutz Memorandum on Executive
Protection Service in New York

I suggest that we renew the protection of these embassies for thirty days and not ninety days as recommended in Bob's memorandum. This shorter time period will put pressure on the City to take over the protection function in return for some liberalization of the present regulations dealing with reimbursement for "extraordinary circumstances."

Bruce Kirschenbaum of my staff, who used to work for the City of New York, is coordinating with representatives of Treasury and State on longer term arrangements not requiring legislation.

Attachment

THE WHITE HOUSE
WASHINGTON

April 20, 1977

Hamilton Jordan
Jody Powell

The original of the attached has
been sent to Archives for
storage. This copy is for your
information.

Rick Hutcheson

Re: First Meeting to Discuss
Jimmy Carter's candidacy

THE WHITE HOUSE
WASHINGTON

April 20, 1977

Marjorie Wicklein

The President would like the
attached copy of letter sent to
the Archives for courtesy
storage. Please arrange.
Thanks.

Trudy Fry

THE WHITE HOUSE
WASHINGTON

*original to
archives*

ACTION	
FYI	
	MONDALE
	COSTANZA
	EIZENSTAT
X	JORDAN
	LIPSHUTZ
	MOORE
X	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
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	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

cc: Jody & Ham
At this meeting we first
discussed my running for
national office - J.C.

February 21, 1972

Mr. Gary Nichols
Route 2
Donalsonville, Georgia

Dear Gary:

I enclose a check in the amount of \$30 to help you further on the expenses and time you spent with us Saturday and Sunday. All of us enjoyed very much the trip and the companionship with you and Bill Cannon. It was too bad that the weather was not good, but it was a great treat for us even with the cold weather.

I enjoyed meeting your wife and I hope that all goes well with you and your family.

With best wishes.

Sincerely,

Charles H. Kirbo

CHK/b
Enclosure

✓ President Carter:

This is a copy of a letter to the guide we used on the fishing trip to Lake Seminole at Billy Cannon's house. You will recall that David, Bert, you and I were there. Thus, the date is fixed as Saturday and Sunday next preceding February 21, 1972. (February 19 and 20)

(Kirbo)

cc: Jody & Ham
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discussed my running for
national office - J.C.

February 21, 1972

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With best wishes.

Sincerely,

Charles H. Kirbo

CHK/b
Enclosure

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(Kirbo)

THE WHITE HOUSE
WASHINGTON

rick--

this probably should be
sent/kept for archives

-- susan

THE WHITE HOUSE
WASHINGTON

April 20, 1977

Stu Eizenstat
Jack Watson

Bert Lance's memo regarding Redwood National Park, copy attached, and comments received not submitted to President per Jack Watson's suggestion, as Bert Lance and Secretary Andrus were able to resolve below the Presidential level.

Rick Hutcheson

cc: Charles Warren

Re: Redwood National Park

THE WHITE HOUSE
SIGNATURE MUST BE SECURED

TO: The Honorable Charles Warren
Council on Environmental Quality
722 Jackson Place N. W.
Washington, D. C.

DATE, 4/20/77
005623

NUMBER

TIME REC'D

RECEIVED BY ... *Margaret Bonds*

DELIVERED BY ... *[Signature]*

RETURN RECEIPT ROOM 54 IN C.E.Q.B.
RICK HUTCHESON

[retain for file]

THE WHITE HOUSE
WASHINGTON

Note to ↓ from me: LANCE memo re Redwood National Park ~~not~~ + comments not submitted to Pres ~~as Andrew~~ per Watson suggestion as Lance + Andrew need

ACTION	FYI		
		MONDALE able to	ENROLLED BILL
		COSTANZA resolved	AGENCY REPORT
	/	EIZENSTAT off	CAB DECISION
		JORDAN	EXECUTIVE ORDER
		LIPSHUTZ policy question	Comments due to
		MOORE and the	Carp/Huron within
		POWELL and the	48 hours; due to
	/	WATSON below the Presidential level	Staff Secretary next day

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND

cc Warren/CEQ

ARAGON
BOURNE
BRZEZINSKI
BUTLER
CARP
H. CARTER
CLOUGH
FALLOWS
FIRST LADY
GAMMILL
HARDEN
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KRAFT
/ LANCE
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B. RAINWATER
SCHLESINGER
SCHNEIDERS
SCHULTZE
SIEGEL
SMITH
STRAUSS
WELLS
VOORDE

THE WHITE HOUSE
WASHINGTON

DEAD

Date: April 18, 1977

FOR ACTION:

Stu Eizenstat
Jack Watson - 4/17

FOR INFORMATION:

MEMORANDUM
The Vice President
Charles Warren
Midge Costanza
Hamilton Jordan *NC*
Frank Moore
Doug Costle

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bert Lance memo 4/15/77 re Redwood National Park.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: IMMEDIATE TURNAROUND

DAY:

DATE:

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

*check w/ Jane Frank
- Andrew + have mid meet
to resolve differences*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

THE WHITE HOUSE
WASHINGTON

ACTION	FYI
<input checked="" type="checkbox"/>	MONDALE
<input checked="" type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
	POWELL
<input checked="" type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
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<input checked="" type="checkbox"/>	IMMEDIATE TURNAROUND

cc WARREN
cc Costle

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
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	HUTCHESON
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	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

11

Date: April 18, 1977

MEMORANDUM
The Vice President
FOR INFORMATION: Charles Warren
Midge Costanza
Hamilton Jordan ✓
Frank Moore
Doug Costle

FOR ACTION:
Stu Eizenstat
Jack Watson

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bert Lance memo 4/15/77 re Redwood National Park.

**YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:**
TIME: IMMEDIATE TURNAROUND

DAY:

DATE:

ACTION REQUESTED:
 Your comments
Other:

STAFF RESPONSE:
 I concur.
Please note other comments below:

No comment.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.
If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

14
EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

April 19, 1977

MEMORANDUM FOR THE PRESIDENT

RW FROM: Charles Warren
Gus Speth
Marion Edey

Q.W.

SUBJECT: Redwood National Park

Secretary Andrus has recommended to you a program to protect Redwood National Park and remedies to minimize short term unemployment problems that may be created by Federal land acquisition. Council staff attended a briefing given by Interior on its proposal and believe it represents a carefully developed and realistic approach to preserving this important federal resource. The Interior recommendation is, of course, much more modest than that pending in Congress (48,000 acres v. 74,000 acres).

We appreciate Bert Lance's concern for the high cost of Interior's proposal. Yet the importance of Redwood Park to present and future generations cannot be overstated. If we wait, the opportunities to include magnificent stands of old-growth redwoods in the Park will be lost. In addition, damage to the park may be irreversible.

I believe your decision on Redwoods should be made soon for the following reasons:

- (1) Timber cutting is proceeding in important areas being considered for inclusion in the Park.
- (2) There is a persistent threat to existing Park resources from clearcutting near Park boundaries.

- (3) Legislation is pending which proposes acquiring even larger areas for the Park. Your decision at this point would be a moderating influence on congressional action concerning the Park.
- (4) Since the problems of Redwood National Park have been exhaustively studied by the Department of Interior in past years, the information necessary to evaluate its proposal is readily available. The options are clear and there is little to be gained from further study at this time.
- (5) Uncertainty for all concerned parties should be resolved as soon as possible.

We believe Interior's proposal to acquire 48,000 acres and provide for watershed rehabilitation is necessary to protect this truly remarkable example of our natural heritage.

Interior has done a splendid job of cooperating with other agencies to put together a package to ensure jobs, retraining, and economic assistance to replace any jobs lost in pursuing the national interest.

The Council supports Interior's proposal.

cc: Hon. Cecil Andrus, Interior
Hon. Bert Lance, OMB

THE WHITE HOUSE

WASHINGTON

April 18, 1977

MEMORANDUM FOR	THE PRESIDENT
FROM	STU EIZENSTAT <i>Stu</i>
SUBJECT:	Bert Lance's Memorandum on Redwoods National Park

Background

During the campaign you made a commitment to call for a moratorium on timber harvesting near the Park and support legislation to resolve this issue. Secretary Andrus asked for the moratorium but the companies have rejected his request. As a result, the Secretary developed a comprehensive legislative package to expand the Park, rehabilitate the cutover lands and provide economic assistance to the local area. The Secretary estimates this program will cost \$411 million and urges prompt approval of his program.

Director Lance, in the attached memorandum, questions the Secretary's cost estimates and feels several less expensive alternatives ought to be explored. He recommends preparation of an option paper by the end of this week.

Recommendation

Protecting the Redwoods National Park has become an issue of national significance and should be considered carefully. Any solution will be expensive and will have an impact on the local economy as well as the entire National Park system. You should have all the alternatives available to you when you make the decision. On the other hand, to delay a decision would damage our relations with the Congress, environmental groups and prolong the uncertainty which exists in the area. In addition, Secretary Andrus has developed a comprehensive package which addresses all facets of the problem.

I support Director Lance's recommendation that a comprehensive decision document be prepared for your consideration. I believe, however, that this document should be

available for your consideration at the earliest possible date, preferably by Thursday, April 21, 1977.

Decision

- _____ Support Secretary Andrus' proposal
- _____ Develop option paper by April 21, 1977
- _____ Other

THE WHITE HOUSE
WASHINGTON

April 19, 1977

TO: Rich Hutchinson

For Your Information: _____

For Appropriate Handling: _____

Robert D. Linder



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

APR 15 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Bert Lance *Bert Lance
by woc*

SUBJECT: Redwood National Park

At his confirmation hearings in January, Secretary Andrus agreed to provide to the Congress by April 15 his recommendations for resolving the problems at Redwood National Park. Secretary Andrus forwarded his proposal to you and us yesterday and is pressing for its clearance today.

The Secretary prices his recommendation at \$411 million. The present landowners contend that the cost of the Secretary's proposal will be considerably higher. Based on historical proportions of the Park Service's share of the Land and Water Conservation Fund, the Park Service has been expected to have available \$150-\$250 million annually over the next few years for land acquisition throughout the entire National Park System. Thus, a \$411 million commitment to enlarging the Redwood National Park--already one of the least-used and most expensive parks in the System--would have a substantial impact on funding options for other parks and other Land and Water Conservation Fund purposes.

We believe that several options, including some which are much less expensive than that proposed by Interior, are available which meet the objectives of:

- preserving the resources in the current park, and
- expanding and enhancing visitor satisfactions at the park.

Some of these options include increasing park acreage; others do not. One and perhaps two options can be presented which increase park acreage at a lower cost than the proposal advanced by the Secretary.

Because of the large costs involved in this issue and the possibilities for viable alternatives, we believe that the issue should be considered with deliberation and not decided overnight. Therefore I recommend you not decide the issue now just on the basis of the single recommendation.

We are preparing an options paper on Redwood National Park for circulation among Interior and other interested agencies (Agriculture, Commerce, Labor, Council on Environmental Quality) in order to seek their considered views on an Administration position. The budget cost of the options we have identified range from under \$50 million to \$600 million. This staff work and consultation will be completed by the end of next week.

DECISION

Proceed with development of options



Adopt Secretary's current proposal



See me





UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

April 19, 1977

OFFICE OF
THE ADMINISTRATOR

MEMORANDUM FOR Rick Hutcheson
Staff Secretary
The White House

SUBJECT: April 18 memo

Pursuant to your request of April 18, EPA has
no comment on the Redwood National Park issue at
this time.

Steffen W. Plehn
Steffen W. Plehn
Executive Assistant
to the Administrator

THE WHITE HOUSE
WASHINGTON

*Hand delivered
4/18/77*

Date: April 19, 1977

FOR ACTION:

Stu Eizenstat
Jack Watson

FOR INFORMATION:

MEMORANDUM
The Vice President
Charles Warren
Midge Costanza
Hamilton Jordan
Frank Moore
Doug Costle ✓

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bert Lance memo 4/15/77 re Redwood National Park.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: IMMEDIATE TURNAROUND

DAY:

DATE:

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

THE WHITE HOUSE
WASHINGTON

April 20, 1977

The Vice President
Mark Siegel
Hamilton Jordan

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

Rick Hutcheson

Re: Public/Political Mobilization-
Energy

THE WHITE HOUSE
WASHINGTON

April 20, 1977

The Vice President
Mark Siegel
Hamilton Jordan

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

Rick Hutcheson

Re: Public/Political Mobilization-
Energy

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN.

April 18, 1977 7 P.M.

MEMORANDUM TO THE PRESIDENT
FROM: MARK SIEGEL
THROUGH: HAMILTON JORDAN
SUBJECT: PUBLIC/POLITICAL MOBILIZATION -- ENERGY

good
C
MR. PRESIDENT
THIS IS PART OF
POLITICAL/PUBLIC AWARENESS
EFFORT. WE HOPE TO EXPAND
IT. N.D.

hawk

The following elements of our mobilization program are now being executed:

1. All Governors, Mayors of cities over 200,000 population, and many other statewide elected officials have been called by a team including Watson's staff, Jordan's staff and the Desk System of the DNC. The contacts sought to (a) give elected officials pre-release information on the contents of the program (b) elicit general responses and reactions and (c) if the reaction was positive, ask for concrete support. Generally, the Mayors have been very positive and supportive, and have pledged to call press conferences and issue press releases in support of the President and his energy program. The Governors' response has been considerably more reserved, but we have been receiving specific offers of help, i.e. Carey, Wallace and Perpetch will be holding press conferences. Elected officials are also being encouraged to create special energy task forces of their state governments to sustain public interest over the long term.
2. All members of the Democratic National Committee, Democratic Finance Council, prominent early Carter supporters and contributors in all states have been called by the Desk System of the DNC. As of this hour, over 600 calls have actually been completed. The reaction has been incredibly positive, especially from the state chairs and vice chairs not considered either strong or early Carter supporters. The party contacts are also being asked to issue public statements of support. Each state party is establishing an Energy Sub-Committee to sustain public interest. Members of the NFC and large Carter contributors are making commitments to form ad-hoc citizens groups to generate newspaper advertisements.
3. Rafshoon has encouraged New York businessmen to place full page advertisements in national newspapers on Friday. Indications are that the New York Times, Wall Street Journal, Washington Post and L.A. Times will be covered.
4. Congressional Relations is in the process of identifying those members of Congress willing to use the DNC radio feed system to send radio messages of support for the President back into their homes districts and states. Congressional Relations is also identifying those members who are willing to include a message from the President in their district newsletters.

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5. The Cabinet and other Administration spokesmen are being briefed, receiving support documentation and prepared speech material. Out-of-town travel over the next two weeks has already been tracked, and all traveling personnel are being asked to incorporate energy messages into whatever speeches they were previously scheduled to make.
6. Caddell is preparing a weekend national survey on public reaction to the President's messages. Emphasis on measuring conversion of people who now believe we are in the midst of a serious crisis. Data to be compared to Gallup material of last week.

THE WHITE HOUSE
WASHINGTON

April 20, 1977

Hamilton Jordan -

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

Rick Hutcheson

Re: Comptroller of the Currency
John Heimann

THE WHITE HOUSE
WASHINGTON

ACTION	FYI
	MONDALE
	COSTANZA
	EIZENSTAT
X	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
X	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE WHITE HOUSE
WASHINGTON

ACTION	FYI
<input checked="" type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
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<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input checked="" type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE WHITE HOUSE
WASHINGTON

April 16, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: HAMILTON JORDAN *HJ.*
SUBJECT: COMPTROLLER OF THE CURRENCY

Attached is a letter from Secretary Blumenthal with his decision on John Heimann.

Your approval is necessary so that this nomination can be processed.

Attachment

Approve Heimann ✓

Disapprove

Other

J.C.

**Electrostatic Copy Made
for Preservation Purposes**



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

April 15, 1977

MEMORANDUM TO THE HONORABLE HAMILTON JORDAN

Subject: Comptroller of the Currency

Following my last discussion with you and my telephone conversation with the President, I have carefully reinvestigated additional points regarding John Heimann as a candidate for the position of Comptroller of the Currency.

1) I spoke to Arthur Burns, who checked with his contacts and reported universally favorable reactions.

2) I spoke with the Presidents of four New York banks. Three of these are state-chartered and, thus, had close dealings with John Heimann as State Banking Commissioner. The recommendations of all four are basically very favorable. Heimann is universally described as bright, intelligent, energetic, innovative, and balanced. It is generally agreed that he is not a patsy for the banks, yet understands them. It is also generally agreed that he is at times a little brash and requires some supervision, but no one feels that this is a major defect. Some of the bank Presidents stated that Heimann was also "quite political," although they did not mean it in a negative sense. It appears that Heimann has been close to Governor Carey and served as his Banking Commissioner while the New York financial crisis was in full swing. He, thus, had a difficult balancing act to do between controlling the banks and helping the Governor convince the banks to aid the city and the state.

3) One of the four bank Presidents with whom I spoke was Gordon Wallace, President of Irving Trust. His description of Heimann generally tallied with that of the others, but he did stress somewhat more the brashness and the "political" qualities. I assessed this to be more a personality difference than anything else.

4) I particularly investigated Heimann's view and actions with regard to redlining. It is my conclusion that his view accords with that taken by the President during the campaign. This was a very sensitive issue in New York State and Heimann is generally credited with having been a most skillful negotiator, maneuvering between the various conflicting interest groups to achieve results which would cause the banks to eliminate or limit the practice to the maximum.

Conclusion

The President left the final decision up to me. In light of the above, I have decided that the nomination of John Heimann for the Comptroller position should go forward.

Can you let me know as soon as possible that everything is in order.



W. Michael Blumenthal

ENERGY ADDRESS TO
JOINT SESSION OF CONGRESS
APRIL 20, 1977

I

MR. PRESIDENT, MR. SPEAKER, MEMBERS
OF THE CONGRESS, AND GUESTS:

THE LAST TIME WE MET AS A GROUP
WAS EXACTLY THREE MONTHS AGO ON
INAUGURATION DAY. WE'VE HAD A GOOD
BEGINNING AS PARTNERS IN ADDRESSING
OUR NATION'S PROBLEMS.

BUT IN THE MONTHS AHEAD, WE MUST WORK TOGETHER EVEN MORE CLOSELY, FOR WE HAVE TO DEAL WITH THE GREATEST DOMESTIC CHALLENGE OUR NATION WILL FACE IN OUR LIFETIME. WE MUST ACT NOW -- TOGETHER -- TO DEVISE AND TO IMPLEMENT A COMPREHENSIVE NATIONAL ENERGY PLAN TO COPE WITH A CRISIS THAT OTHERWISE COULD OVERWHELM US.

THIS CANNOT BE AN INSPIRATIONAL SPEECH TONIGHT. IT IS A SOBER AND DIFFICULT PRESENTATION. DURING THE LAST THREE MONTHS, I HAVE COME TO REALIZE VERY CLEARLY WHY A COMPREHENSIVE ENERGY POLICY HAS NOT

ALREADY BEEN EVOLVED. IT IS A
THANKLESS JOB, BUT IT IS OUR JOB,
AND I BELIEVE WE HAVE A FAIR, WELL
BALANCED AND EFFECTIVE PLAN TO
PRESENT TO YOU. IT CAN LEAD TO
AN EVEN BETTER LIFE FOR THE PEOPLE
OF AMERICA.

THE HEART OF OUR ENERGY PROBLEM
IS THAT OUR DEMAND FOR FUEL KEEPS
RISING MORE QUICKLY THAN OUR PRODUC-
TION, AND OUR PRIMARY MEANS OF
SOLVING THIS PROBLEM IS TO REDUCE
WASTE AND INEFFICIENCY.

OIL AND NATURAL GAS MAKE UP 75
PERCENT OF OUR CONSUMPTION IN THIS

COUNTRY, BUT THEY REPRESENT ONLY ABOUT 7 PERCENT OF OUR RESERVES. OUR DEMAND FOR OIL HAS BEEN RISING BY MORE THAN 5 PERCENT EACH YEAR, BUT DOMESTIC OIL PRODUCTION HAS BEEN FALLING LATELY BY MORE THAN 6 PERCENT. OUR IMPORTS OF OIL HAVE RISEN SHARPLY -- MAKING US MORE VULNERABLE IF SUPPLIES ARE INTERRUPTED -- BUT EARLY IN THE 1980'S EVEN FOREIGN OIL WILL BECOME INCREASINGLY SCARCE. IF IT WERE POSSIBLE FOR WORLD DEMAND TO CONTINUE RISING DURING THE 1980'S AT THE PRESENT RATE OF 5 PERCENT A YEAR,

WE COULD USE UP ALL THE PROVEN RESERVES OF OIL IN THE ENTIRE WORLD BY THE END OF THE NEXT DECADE.

OUR TRADE DEFICITS ARE GROWING. WE IMPORTED MORE THAN \$35 BILLION WORTH OF OIL LAST YEAR, AND WE WILL SPEND MUCH MORE THAN THAT THIS YEAR. THE TIME HAS COME TO DRAW THE LINE.

WE COULD CONTINUE TO IGNORE THIS PROBLEM -- BUT TO DO SO WOULD SUBJECT OUR PEOPLE TO AN IMPENDING CATASTROPHE.

THAT IS WHY WE NEED A COMPREHENSIVE NATIONAL ENERGY POLICY. YOUR ADVICE

HAS BEEN AN IMPORTANT INFLUENCE AS THIS PLAN HAS TAKEN SHAPE. MANY OF ITS PROPOSALS WILL BUILD ON YOUR OWN LEGISLATIVE INITIATIVES.

TWO NIGHTS AGO, I SPOKE TO THE AMERICAN PEOPLE ABOUT THE PRINCIPLES BEHIND OUR PLAN AND OUR GOALS FOR 1985:

-- TO REDUCE THE ANNUAL GROWTH RATE IN OUR ENERGY DEMAND TO LESS THAN 2 PERCENT;

-- TO REDUCE GASOLINE CONSUMPTION BY 10 PERCENT;

-- TO CUT IMPORTS OF FOREIGN OIL TO 6 MILLION BARRELS A DAY, LESS THAN HALF THE LEVEL IT WOULD BE IF WE DID NOT CONSERVE;

-- TO ESTABLISH A STRATEGIC PETROLEUM RESERVE OF ONE BILLION BARRELS, ABOUT A TEN MONTHS' SUPPLY;

-- TO INCREASE OUR COAL PRODUCTION BY MORE THAN TWO-THIRDS, TO OVER ONE BILLION TONS A YEAR;

-- TO INSULATE 90 PERCENT OF AMERICAN HOMES AND ALL NEW BUILDINGS;
AND

-- TO USE SOLAR ENERGY IN MORE THAN TWO AND A HALF MILLION HOMES.

I HOPE THAT THE CONGRESS WILL ADOPT THESE GOALS BY JOINT RESOLUTION AS A DEMONSTRATION OF OUR MUTUAL COMMITMENT TO ACHIEVE THEM.

TONIGHT I WANT TO OUTLINE THE SPECIFIC STEPS BY WHICH WE CAN REACH THOSE GOALS. THE PROPOSALS FALL INTO THESE CENTRAL CATEGORIES:

-- CONSERVATION,

-- PRODUCTION,

-- CONVERSION,

-- DEVELOPMENT, AND

-- FAIRNESS, WHICH IS A PRIMARY
CONSIDERATION IN ALL OUR PROPOSALS.

WE PREFER TO REACH THESE GOALS
THROUGH VOLUNTARY COOPERATION WITH
A MINIMUM OF COERCION. IN MANY
CASES, WE PROPOSE FINANCIAL INCENTIVES,
WHICH WILL ENCOURAGE PEOPLE TO
SAVE ENERGY AND WILL HARNESS THE
POWER OF OUR FREE ECONOMY TO MEET
OUR NEEDS.

BUT I MUST SAY TO YOU THAT VOLUNTARY COMPLIANCE WILL NOT BE ENOUGH -- THE PROBLEM IS TOO LARGE AND THE TIME IS TOO SHORT.

IN A FEW CASES, PENALTIES AND RESTRICTIONS TO REDUCE WASTE ARE ESSENTIAL.

OUR FIRST GOAL IS CONSERVATION. IT IS THE CHEAPEST, MOST PRACTICAL WAY TO MEET OUR ENERGY NEEDS AND TO REDUCE OUR GROWING DEPENDENCE ON FOREIGN SUPPLIES OF OIL.

WITH PROPER PLANNING ECONOMIC GROWTH, ENHANCED JOB OPPORTUNITIES

AND A HIGHER QUALITY OF LIFE CAN
RESULT EVEN WHILE WE ELIMINATE THE
WASTE OF ENERGY.

THE TWO AREAS WHERE WE WASTE
MOST OF OUR ENERGY ARE TRANSPORTATION
AND OUR HEATING AND COOLING SYSTEMS.

TRANSPORTATION CONSUMES 26
PERCENT OF OUR ENERGY -- AND AS MUCH
AS HALF OF THAT IS WASTE. IN EUROPE
THE AVERAGE AUTOMOBILE WEIGHS 2,700
POUNDS; IN OUR COUNTRY 4,100 POUNDS.

THE CONGRESS HAS ALREADY ADOPTED
FUEL EFFICIENCY STANDARDS, WHICH
WILL REQUIRE NEW CARS TO AVERAGE

27.5 MILES PER GALLON BY 1985 INSTEAD OF THE 18 THEY AVERAGE TODAY.

TO INSURE THAT THIS EXISTING CONGRESSIONAL MANDATE IS MET, I AM PROPOSING A GRADUATED EXCISE TAX ON NEW GAS GUZZLERS THAT DO NOT MEET FEDERAL AVERAGE MILEAGE STANDARDS. THE TAX WILL START LOW AND THEN RISE EACH YEAR UNTIL 1985. IN 1978, A TAX OF \$180 WILL BE LEVIED ON A CAR GETTING 15 MILES PER GALLON, AND FOR AN 11 MILE-PER-GALLON CAR THE TAX WILL BE \$450. BY 1985, ON WASTEFUL NEW CARS WITH THE SAME LOW

MILEAGE, THE TAXES WILL HAVE RISEN TO \$1,600 AND \$2,500.

ALL OF THE MONEY COLLECTED BY THIS TAX ON WASTEFUL AUTOMOBILES WILL BE RETURNED TO CONSUMERS, THROUGH REBATES ON CARS THAT ARE MORE EFFICIENT THAN THE MILEAGE STANDARD. WE EXPECT THAT BOTH EFFICIENCY AND TOTAL AUTOMOBILE PRODUCTION AND SALES WILL INCREASE UNDER THIS PROPOSAL. WE WILL INSURE THAT AMERICAN AUTOMOBILE WORKERS AND THEIR FAMILIES DO NOT BEAR AN UNFAIR SHARE OF THE BURDEN. OF COURSE, WE WILL ALSO WORK WITH OUR TRADING PARTNERS TO SEE THAT THEY ARE TREATED FAIRLY.

NOW I WANT TO DISCUSS ONE OF THE MOST CONTROVERSIAL AND MISUNDERSTOOD PARTS OF THE ENERGY PROPOSAL -- A STANDBY TAX ON GASOLINE. GASOLINE CONSUMPTION REPRESENTS HALF OF OUR TOTAL OIL USAGE.

WE SIMPLY MUST SAVE GASOLINE, AND I BELIEVE THAT THE AMERICAN PEOPLE CAN MEET THIS CHALLENGE. IT IS A MATTER OF PATRIOTISM AND COMMITMENT.

BETWEEN NOW AND 1980, WE EXPECT GASOLINE CONSUMPTION TO RISE SLIGHTLY

ABOVE THE PRESENT LEVEL. FOR THE FOLLOWING FIVE YEARS, WHEN WE HAVE MORE EFFICIENT AUTOMOBILES, WE NEED TO REDUCE CONSUMPTION EACH YEAR TO REACH OUR TARGETS FOR 1985.

I PROPOSE THAT WE COMMIT OURSELVES TO THESE FAIR, REASONABLE AND NECESSARY GOALS AND AT THE SAME TIME WRITE INTO LAW A GASOLINE TAX OF AN ADDITIONAL 5 CENTS PER GALLON THAT WILL AUTOMATICALLY TAKE EFFECT EVERY YEAR THAT WE FAIL TO MEET OUR ANNUAL TARGETS. AS AN ADDED INCENTIVE, IF WE MISS ONE YEAR BUT ARE BACK ON TRACK THE NEXT, THE ADDITIONAL TAX

WOULD COME OFF. IF THE AMERICAN PEOPLE RESPOND TO OUR CHALLENGE, WE CAN MEET THESE TARGETS, AND THIS GASOLINE TAX WILL NEVER BE IMPOSED. I KNOW AND YOU KNOW IT CAN BE DONE.

AS WITH OTHER TAXES, WE MUST MINIMIZE THE ADVERSE EFFECTS ON OUR ECONOMY -- REWARD THOSE WHO CONSERVE -- AND PENALIZE THOSE WHO WASTE. THEREFORE, ANY PROCEEDS FROM THE TAX -- IF IT IS TRIGGERED -- SHOULD BE RETURNED TO THE GENERAL PUBLIC IN AN EQUITABLE MANNER.

I WILL ALSO PROPOSE A VARIETY OF OTHER MEASURES TO MAKE OUR TRANSPORTATION SYSTEM MORE EFFICIENT.

ONE OF THE SIDE EFFECTS OF CONSERVING GASOLINE IS THAT STATE GOVERNMENTS COLLECT LESS MONEY THROUGH GASOLINE TAXES. TO REDUCE THEIR HARDSHIPS AND TO INSURE ADEQUATE HIGHWAY MAINTENANCE, WE SHOULD COMPENSATE STATES FOR THIS LOSS THROUGH THE HIGHWAY TRUST FUND.

THE SECOND MAJOR AREA WHERE WE CAN REDUCE WASTE IS IN OUR HOMES AND BUILDINGS. SOME BUILDINGS

WASTE HALF THE ENERGY USED FOR HEATING AND COOLING. FROM NOW ON, WE MUST MAKE SURE THAT NEW BUILDINGS ARE AS EFFICIENT AS POSSIBLE, AND THAT OLD BUILDINGS ARE EQUIPPED -- OR 'RETROFITTED' -- WITH INSULATION AND HEATING SYSTEMS THAT DRAMATICALLY REDUCE THE USE OF FUEL.

THE FEDERAL GOVERNMENT SHOULD SET AN EXAMPLE. I WILL ISSUE AN EXECUTIVE ORDER ESTABLISHING STRICT CONSERVATION GOALS FOR BOTH NEW AND OLD FEDERAL BUILDINGS -- A 45 PERCENT INCREASE IN ENERGY EFFICIENCY FOR NEW BUILDINGS, AND A 20 PERCENT

INCREASE FOR EXISTING BUILDINGS BY
1985.

WE ALSO NEED INCENTIVES TO HELP
THOSE WHO OWN HOMES AND BUSINESSES
TO CONSERVE.

THOSE WHO WEATHERIZE BUILDINGS
WOULD BE ELIGIBLE FOR A TAX CREDIT
OF 25 PERCENT OF THE FIRST \$800
INVESTED IN CONSERVATION, AND 15
PERCENT OF THE NEXT \$1,400.

IF HOMEOWNERS PREFER, THEY MAY
TAKE ADVANTAGE OF A WEATHERIZATION
SERVICE WHICH ALL REGULATED UTILITY

COMPANIES WILL BE REQUIRED TO OFFER. THE UTILITIES WOULD ARRANGE FOR THE CONTRACTORS AND PROVIDE REASONABLE FINANCING. THE CUSTOMER WOULD PAY FOR THE IMPROVEMENTS THROUGH SMALL, REGULAR ADDITIONS TO MONTHLY UTILITY BILLS. IN MANY CASES, THESE ADDITIONAL CHARGES WOULD BE ALMOST ENTIRELY OFFSET BY LOWER ENERGY CONSUMPTION BROUGHT ABOUT BY ENERGY SAVINGS.

OTHER PROPOSALS FOR CONSERVATION IN HOMES AND BUILDINGS INCLUDE:

-- DIRECT FEDERAL HELP FOR LOW-INCOME RESIDENTS;

-- AN ADDITIONAL 10 PERCENT TAX CREDIT FOR BUSINESS INVESTMENTS;

-- FEDERAL MATCHING GRANTS TO NON-PROFIT SCHOOLS AND HOSPITALS;
AND

-- PUBLIC WORKS MONEY FOR WEATHERIZING STATE AND LOCAL GOVERNMENT BUILDINGS.

WHILE IMPROVING THE EFFICIENCY OF OUR BUSINESSES AND HOMES, WE MUST ALSO MAKE ELECTRICAL HOME APPLIANCES MORE EFFICIENT. I PROPOSE LEGISLATION THAT WOULD,

FOR THE FIRST TIME, IMPOSE STRINGENT EFFICIENCY STANDARDS FOR HOUSEHOLD APPLIANCES BY 1980.

WE MUST ALSO REFORM OUR UTILITY RATE STRUCTURE. FOR MANY YEARS WE HAVE REWARDED WASTE BY OFFERING THE CHEAPEST RATES TO THE LARGEST USERS. IT IS DIFFICULT FOR INDIVIDUAL STATES TO MAKE SUCH REFORMS BECAUSE OF THE COMPETITION FOR NEW INDUSTRY. THE ONLY FAIR WAY IS TO ADOPT A SET OF PRINCIPLES TO BE APPLIED NATIONWIDE.

I AM THEREFORE PROPOSING LEGISLATION WHICH WOULD REQUIRE THE FOLLOWING STEPS OVER THE NEXT TWO YEARS:

-- PHASING OUT PROMOTIONAL RATES
AND OTHER PRICING SYSTEMS THAT MAKE
NATURAL GAS AND ELECTRICITY ARTIFI-
CIALLY CHEAP FOR HIGH-VOLUME USERS
AND WHICH DO NOT ACCURATELY REFLECT
COSTS;

-- OFFERING USERS PEAK-LOAD
PRICING TECHNIQUES WHICH SET HIGHER
CHARGES DURING THE DAY WHEN DEMAND
IS GREAT AND LOWER CHARGES WHEN
DEMAND IS SMALL; AND

-- INDIVIDUAL METERS FOR EACH
APARTMENT IN NEW BUILDINGS INSTEAD
OF ONE MASTER METER.

PLANS ARE ALREADY BEING DISCUSSED FOR THE TVA SYSTEM TO ACT AS A MODEL FOR IMPLEMENTING SUCH NEW PROGRAMS TO CONSERVE ENERGY.

ONE FINAL STEP TOWARD CONSERVATION IS TO ENCOURAGE INDUSTRIES AND UTILITIES TO EXPAND 'COGENERATION' PROJECTS, WHICH CAPTURE MUCH OF THE STEAM THAT IS NOW WASTED IN GENERATING ELECTRICITY. IN GERMANY, 29 PERCENT OF TOTAL ENERGY COMES FROM COGENERATION, BUT ONLY 4 PERCENT IN THE UNITED STATES.

I PROPOSE A SPECIAL 10 PERCENT TAX CREDIT FOR INVESTMENTS IN COGENERATION.

ALONG WITH CONSERVATION, OUR SECOND MAJOR STRATEGY IS PRODUCTION AND RATIONAL PRICING.

WE CAN NEVER INCREASE OUR PRODUCTION OF OIL AND NATURAL GAS BY ENOUGH TO MEET OUR DEMAND, BUT WE MUST BE SURE THAT OUR PRICING SYSTEM IS SENSIBLE, DISCOURAGES WASTE AND ENCOURAGES EXPLORATION AND NEW PRODUCTION.

ONE OF THE PRINCIPLES OF OUR ENERGY POLICY IS THAT THE PRICE OF ENERGY SHOULD REFLECT ITS TRUE

REPLACEMENT COST, AS A MEANS OF BRINGING SUPPLY AND DEMAND INTO BALANCE OVER THE LONG-RUN. REALISTIC PRICING IS ESPECIALLY IMPORTANT FOR OUR SCARCEST FUELS, OIL AND NATURAL GAS. HOWEVER, PROPOSALS FOR IMMEDIATE AND TOTAL DECONTROL OF DOMESTIC OIL AND NATURAL GAS PRICES WOULD BE DISASTROUS FOR OUR ECONOMY AND FOR WORKING AMERICANS, AND WOULD NOT SOLVE LONG-RANGE PROBLEMS OF DWINDLING SUPPLIES.

THE PRICE OF NEWLY DISCOVERED OIL WILL BE ALLOWED TO RISE, OVER

A THREE-YEAR PERIOD, TO THE 1977 WORLD MARKET PRICE, WITH ALLOWANCES FOR INFLATION. THE CURRENT RETURN TO PRODUCERS FOR PREVIOUSLY DISCOVERED OIL WOULD REMAIN THE SAME, EXCEPT FOR ADJUSTMENTS BECAUSE OF INFLATION.

BECAUSE FAIRNESS IS AN ESSENTIAL STRATEGY OF OUR ENERGY PROGRAM, WE DO NOT WANT TO GIVE PRODUCERS WINDFALL PROFITS, BEYOND THE INCENTIVES THEY NEED FOR EXPLORATION AND PRODUCTION. BUT WE ARE MISLEADING OURSELVES IF WE DO NOT RECOGNIZE THE REPLACEMENT COSTS OF ENERGY IN OUR PRICING SYSTEM.

THEREFORE, I PROPOSE THAT WE PHASE IN A WELLHEAD TAX ON EXISTING SUPPLIES OF DOMESTIC OIL, EQUAL TO THE DIFFERENCE BETWEEN THE PRESENT CONTROLLED PRICE OF OIL AND THE WORLD PRICE, AND RETURN THE MONEY COLLECTED BY THIS TAX TO THE CONSUMERS AND WORKERS OF AMERICA.

WE SHOULD ALSO END THE ARTIFICIAL DISTORTIONS IN NATURAL GAS PRICES IN DIFFERENT PARTS OF THE COUNTRY WHICH HAVE CAUSED PEOPLE IN THE PRODUCING STATES TO PAY EXORBITANT PRICES, WHILE CREATING SHORTAGES, UNEMPLOYMENT AND ECONOMIC STAGNATION,

PARTICULARLY IN THE NORTHEAST. WE
MUST NOT PERMIT ENERGY SHORTAGES TO
BALKANIZE OUR NATION.

I WANT TO WORK WITH THE CONGRESS
TO GIVE GAS PRODUCERS AN ADEQUATE
INCENTIVE FOR EXPLORATION, WORKING
CAREFULLY TOWARD DEREGULATION OF
NEWLY DISCOVERED NATURAL GAS AS
MARKET CONDITIONS PERMIT.

I PROPOSE NOW THAT THE PRICE
LIMIT FOR ALL NEW GAS SOLD ANYWHERE
IN THE COUNTRY BE SET AT THE PRICE
OF THE EQUIVALENT ENERGY VALUE OF

DOMESTIC CRUDE OIL, BEGINNING IN 1978. THIS PROPOSAL WILL APPLY BOTH TO NEW GAS AND TO EXPIRING INTRASTATE CONTRACTS. IT WOULD NOT AFFECT EXISTING CONTRACTS.

WE MUST BE SURE THAT OIL AND NATURAL GAS ARE NOT WASTED BY INDUSTRIES AND UTILITIES THAT COULD USE COAL INSTEAD. OUR THIRD STRATEGY WILL BE CONVERSION FROM SCARCE FUELS TO COAL WHEREVER POSSIBLE.

ALTHOUGH COAL NOW PROVIDES ONLY 18 PERCENT OF OUR ENERGY NEEDS, IT

MAKES UP 90 PERCENT OF OUR ENERGY RESERVES. ITS PRODUCTION AND USE CREATE ENVIRONMENTAL DIFFICULTIES, BUT WE CAN COPE WITH THEM THROUGH STRICT STRIP-MINING AND CLEAN AIR STANDARDS.

TO INCREASE THE USE OF COAL BY 400 MILLION TONS, OR 65 PERCENT, IN INDUSTRY AND UTILITIES BY 1985, I PROPOSE A SLIDING SCALE TAX, STARTING IN 1979, ON LARGE INDUSTRIAL USERS OF OIL AND NATURAL GAS. FERTILIZER MANUFACTURERS AND CROP DRYERS WHICH MUST USE GAS WOULD BE EXEMPT FROM THE TAX. UTILITIES WOULD NOT BE

SUBJECT TO THESE TAXES UNTIL 1983,
BECAUSE IT WILL TAKE THEM LONGER TO
CONVERT TO COAL.

I WILL ALSO SUBMIT PROPOSALS FOR
EXPANDED RESEARCH AND DEVELOPMENT IN
COAL. WE NEED TO FIND BETTER WAYS
TO MINE IT SAFELY AND BURN IT CLEANLY,
AND TO USE IT TO PRODUCE OTHER CLEAN
ENERGY SOURCES. WE HAVE SPENT BILLIONS
ON RESEARCH AND DEVELOPMENT OF NUCLEAR
POWERS, BUT VERY LITTLE ON COAL.
INVESTMENTS HERE CAN PAY RICH DIVI-
DENDS.

EVEN WITH THIS CONVERSION EFFORT,
WE WILL STILL FACE A GAP -- BETWEEN

THE ENERGY WE NEED AND THE ENERGY WE CAN PRODUCE AND IMPORT. THEREFORE, AS A LAST RESORT WE MUST CONTINUE TO USE INCREASING AMOUNTS OF NUCLEAR ENERGY.

WE NOW HAVE 63 NUCLEAR POWER PLANTS, PRODUCING ABOUT 3 PERCENT OF OUR TOTAL ENERGY AND ABOUT 70 MORE ARE LICENSED FOR CONSTRUCTION. DOMESTIC URANIUM SUPPLIES CAN SUPPORT THIS NUMBER OF PLANTS FOR ANOTHER 75 YEARS. EFFECTIVE CONSERVATION EFFORTS CAN MINIMIZE THE SHIFT TOWARD NUCLEAR POWER.

THERE IS NO NEED TO ENTER THE PLUTONIUM AGE BY LICENSING OR BUILDING A FAST BREEDER REACTOR SUCH AS THE PROPOSED DEMONSTRATION PLANT AT CLINCH RIVER.

WE MUST, HOWEVER, INCREASE OUR CAPACITY TO PRODUCE ENRICHED URANIUM FOR LIGHT WATER NUCLEAR POWER PLANTS, USING THE NEW CENTRIFUGE TECHNOLOGY, WHICH CONSUMES ONLY ABOUT 1/10TH THE ENERGY OF EXISTING GASEOUS DIFFUSION PLANTS.

WE MUST ALSO REFORM THE NUCLEAR LICENSING PROCEDURES. NEW PLANTS SHOULD NOT BE LOCATED NEAR EARTHQUAKE

FAULT ZONES OR NEAR POPULATION CENTERS, SAFETY STANDARDS SHOULD BE STRENGTHENED AND ENFORCED, DESIGNS STANDARDIZED AS MUCH AS POSSIBLE AND MORE ADEQUATE STORAGE FOR SPENT FUEL ASSURED.

HOWEVER, EVEN WITH THE MOST THOROUGH SAFEGUARDS, IT SHOULD NOT TAKE TEN YEARS TO LICENSE A PLANT. I PROPOSE THAT WE ESTABLISH REASONABLE, OBJECTIVE CRITERIA FOR LICENSING, AND THAT PLANTS WHICH ARE BASED ON A STANDARD DESIGN NOT REQUIRE EXTENSIVE INDIVIDUAL DESIGN STUDIES FOR LICENSING.

OUR FOURTH STRATEGY IS TO DEVELOP
PERMANENT AND RELIABLE NEW ENERGY
SOURCES.

THE MOST PROMISING IS SOLAR
ENERGY, FOR WHICH MUCH OF THE TECH-
NOLOGY IS ALREADY AVAILABLE. SOLAR
WATER HEATERS AND SPACE HEATERS ARE
READY FOR COMMERCIALIZATION. ALL
THEY NEED IS SOME INCENTIVE TO
INITIATE THE GROWTH OF A LARGE NEW
MARKET.

THEREFORE, I AM PROPOSING A
GRADUALLY DECREASING TAX CREDIT,
TO RUN FROM NOW THROUGH 1984, FOR

THOSE WHO PURCHASE APPROVED SOLAR
HEATING EQUIPMENT. INITIALLY, IT
WOULD BE 40 PERCENT OF THE FIRST
\$1,000 AND 25 PERCENT OF THE NEXT
\$6,400 INVESTED.

INCREASED PRODUCTION OF GEOTHERMAL
ENERGY CAN BE INSURED BY PROVIDING
THE SAME TAX INCENTIVES AS FOR GAS
AND OIL DRILLING OPERATIONS.

OUR GUIDING PRINCIPLE, AS WE
DEVELOPED THIS PLAN, WAS THAT ABOVE
ALL IT MUST BE FAIR.

NONE OF OUR PEOPLE MUST MAKE
AN UNFAIR SACRIFICE.

NONE SHOULD REAP AN UNFAIR BENEFIT.

THE DESIRE FOR EQUITY IS REFLECTED
THROUGHOUT OUR PLAN:

-- IN THE WELLHEAD TAX, WHICH
ENCOURAGES CONSERVATION BUT IS
RETURNED TO THE PUBLIC;

-- IN A DOLLAR-FOR-DOLLAR REFUND
OF THE WELLHEAD TAX AS IT AFFECTS
HOME HEATING OIL;

-- IN REDUCING THE UNFAIRNESS
OF NATURAL GAS PRICING;

-- IN ENSURING THAT HOMES WILL HAVE THE OIL AND NATURAL GAS THEY NEED, WHILE INDUSTRY TURNS TOWARD THE MORE ABUNDANT COAL THAT CAN ALSO SUIT ITS NEEDS;

-- IN BASING UTILITY PRICES ON TRUE COST, SO EVERY USER PAYS A FAIR SHARE;

-- IN THE AUTOMOBILE TAX AND REBATE SYSTEM, WHICH REWARDS THOSE WHO SAVE OUR ENERGY AND PENALIZES THOSE WHO WASTE IT.

I PROPOSE ONE OTHER STEP TO INSURE PROPER BALANCE IN OUR PLAN.

WE NEED MORE ACCURATE INFORMATION
ABOUT OUR SUPPLIES OF ENERGY, AND
ABOUT THE COMPANIES THAT PRODUCE
IT.

IF WE ARE ASKING SACRIFICES OF
OURSELVES, WE NEED FACTS WE CAN
COUNT ON. WE NEED AN INDEPENDENT
INFORMATION SYSTEM THAT WILL GIVE
US RELIABLE DATA ABOUT ENERGY RESERVES
AND PRODUCTION, EMERGENCY CAPABILITIES
AND FINANCIAL DATA FROM THE ENERGY
PRODUCERS.

I HAPPEN TO BELIEVE IN COMPETITION,
AND WE DON'T HAVE ENOUGH OF IT.

DURING THIS TIME OF INCREASING SCARCITY, COMPETITION AMONG ENERGY PRODUCERS AND DISTRIBUTORS MUST BE GUARANTEED. I RECOMMEND THAT INDIVIDUAL ACCOUNTING BE REQUIRED FROM ENERGY COMPANIES FOR PRODUCTION, REFINING, DISTRIBUTION AND MARKETING -- SEPARATELY FOR DOMESTIC AND FOREIGN OPERATIONS. STRICT ENFORCEMENT OF THE ANTI-TRUST LAWS CAN BE BASED ON THIS DATA, AND MAY PREVENT THE NEED FOR DIVESTITURE.

PROFITEERING THROUGH TAX SHELTERS SHOULD BE PREVENTED, AND INDEPENDENT DRILLERS SHOULD HAVE THE SAME

INTANGIBLE TAX CREDITS AS THE MAJOR
CORPORATIONS.

THE ENERGY INDUSTRY SHOULD NOT
REAP LARGE UNEARNED PROFITS.
INCREASING PRICES ON EXISTING
INVENTORIES OF OIL SHOULD NOT
RESULT IN WINDFALL GAINS BUT SHOULD
BE CAPTURED FOR THE PEOPLE OF OUR
COUNTRY.

WE MUST MAKE IT CLEAR TO EVERYONE
THAT OUR PEOPLE, THROUGH THEIR
GOVERNMENT, WILL NOW BE SETTING OUR
ENERGY POLICY.

THE NEW DEPARTMENT OF ENERGY SHOULD
BE ESTABLISHED WITHOUT DELAY.
CONTINUED FRAGMENTATION OF GOVERNMENT
AUTHORITY AND RESPONSIBILITY OF OUR
NATION'S ENERGY PROGRAM IS DANGEROUS
AND UNNECESSARY.

TWO NIGHTS AGO, I SAID THAT
THIS DIFFICULT EFFORT WOULD BE THE
MORAL EQUIVALENT OF WAR. IF SUCCESS-
FUL, THIS EFFORT WILL PROTECT OUR
JOBS, OUR ENVIRONMENT, OUR NATIONAL
INDEPENDENCE, OUR STANDARD OF LIVING,
AND OUR FUTURE. OUR ENERGY POLICY
WILL BE INNOVATIVE, BUT FAIR AND

PREDICTABLE. IT WILL NOT BE EASY. IT
WILL DEMAND THE BEST OF US -- OUR
VISION, OUR DEDICATION, OUR COURAGE,
AND OUR SENSE OF COMMON PURPOSE.

THIS IS A CAREFULLY BALANCED
PROGRAM, DEPENDING FOR ITS FAIRNESS
ON ALL ITS MAJOR COMPONENT PARTS.
IT WILL BE A TEST OF OUR BASIC
POLITICAL STRENGTH AND ABILITY.

BUT WE HAVE MET CHALLENGES BEFORE,
AND OUR NATION HAS BEEN THE STRONGER
FOR IT. THAT IS THE RESPONSIBILITY
THAT WE FACE -- YOU IN THE CONGRESS,

THE MEMBERS OF MY ADMINISTRATION,
AND ALL THE PEOPLE OF OUR COUNTRY.
I AM CONFIDENT THAT TOGETHER WE
WILL SUCCEED.

THE WHITE HOUSE
WASHINGTON

April 20, 1977

Stu Eizenstat -

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

Rick Hutcheson

cc: The Vice President
Bob Lipshutz
Jack Watson

Frank Moore

Re: Administration Position on
Lobbying Disclosure &
Registration Bills

THE WHITE HOUSE
WASHINGTON

Rush

ACTION	FYI
<input checked="" type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input checked="" type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
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<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
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<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE WHITE HOUSE
WASHINGTON

Mr. President:

Jack's comments are
attached.

Bob Lipshutz concurs
with Stu.

Rick

THE WHITE HOUSE

WASHINGTON

April 19, 1977

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT
STEVE SIMMONS

SUBJECT:

Administration Position On Lobbying
Disclosure And Registration Bills

BACKGROUND

Hearings are being held in the House on a number of bills which would require lobbying disclosure and registration. Deputy Attorney General Flaherty is scheduled to testify on behalf of the Administration on April 21.

Preparation of the testimony requires your direction on three key points:

I. Should the \$1250 Threshold for Hired Lobbyists be Lower?

Both in the "Code of Ethics" and the Platform Message released during the campaign in 1976, you advocated reporting by "lobbyists who spend more than \$250 in lobbying in any three-month period." H.R. 1180, the major House bill introduced by Congressman Rodino, would require an organization to register if it spends at least \$1250 per three-month period on a hired lobbyist.

The Justice Department and all major interest groups including labor, business, Common Cause, ACLU and other "public interest" organizations, regard \$250 for hired lobbyists as too low, and \$1250 as more reasonable. Among the arguments against the low \$250 threshold figure are that it would: a) require registration every time a small businessman or a small environmental group hired a lobbyist to work on a single matter; b) cause unnecessary paperwork; and c) stir opposition and needlessly jeopardize the bill.

DECISION

Approve \$1250 figure (Recommended)

Disapprove

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

April 19, 1977

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MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT
STEVE SIMMONS

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DECISION

Approve \$1250 figure (Recommended)

Disapprove

J

Electrostatic Copy Made
for Preservation Purposes

a) it could "chill" political expression, cause a court challenge as being unconstitutional, and generate needless paperwork.

b) any small business or other small organization which wanted to take out a one page ad in a major newspaper such as the New York Times urging fellow citizens to write Congress about an issue would have to register in Washington as a "lobbyist" under the \$5,000 to \$10,000 threshold.

c) since organizations which must report because of their other lobbying activities would be required to report solicitation efforts, solicitation efforts by any large organization very probably would be reported regardless of whether there is an independent solicitation threshold;

d) it would be strongly opposed by many groups such as business, the ACLU, environmental groups, as well as in the House.

DECISION

Support Solicitation Threshold
in \$5,000-\$10,000 Range

Oppose Solicitation as an
Independent Threshold

State no position on
Solicitation Threshold (yet)

_____ ✓

(No Recommendation)

Electrostatic Copy Made
for Preservation Purposes

WATSON COMMENT

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM:

Jack Watson *Jack*
Bruce Kirschenbaum

April 20, 1977

RE: Lobby Disclosure and Registration Bills

We strongly concur in Stu's recommendation on the \$1,250 threshold. The \$250 figure in the platform message would barely pay for plane fare for an individual to come to Washinston.

We also concur in Stu's second recommendation on minor gifts, but would impose that limit on a per lobbyist basis. In other words, no individual lobbyist could give a gift or gifts totaling more than \$25.

We would urge the same "per lobbyist" limitation in the solicitation area. The \$5,000 to \$10,000 threshold may be too low in areas where newspaper ads are expensive, such as New York or Washington, and a limitation framed in terms of frequency of solicitation may be easier to administer.

THE WHITE HOUSE
WASHINGTON

Date: April 19, 1977

MEMORANDUM

FOR ACTION:

Hamilton Jordan
Bob Lipshutz *Morgan*
Jack Watson
Success. Hamilton Jordan

FOR INFORMATION:

The Vice President
Midge Costanza
Frank Moore
Jody Powell

FROM: Rick Hutcheson, Staff Secretary

1:05

SUBJECT: Stu Eizenstat/Steve Simmons memo 4/19 re
Administration Position on Lobbying Disclosure
and Registration Bills.

**YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:**

TIME: IMMEDIATE TURNAROUND

DAY:

DATE:

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

RECEIVED: 5:15 PM Today

Note: Flaherty will testify on Thursday.
Must be briefed Tomorrow.
Deadlines for Comments 10:00 A.M. Wednesday. 4/20

*Note to Rick: Call Steve Simmons 6563
as soon as this comes out of the President's
Office.*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

received: 5:15 PM
Tue

G563
Steve Simmons

THE WHITE HOUSE
WASHINGTON

Note: Flaherty will testify on Thursday.
Must be briefed tomorrow.
Deadline for comments:
10:00 AM - Wed.

ACTION
FYI

<input checked="" type="checkbox"/>	MONDALE
<input checked="" type="checkbox"/>	COSTANZA
<input type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
<input checked="" type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
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Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

<input checked="" type="checkbox"/>	FOR STAFFING
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<input type="checkbox"/>	KING

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<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE WHITE HOUSE

WASHINGTON

April 19, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT
STEVE SIMMONS

SUBJECT:

Administration Position On Lobbying
Disclosure And Registration Bills

BACKGROUND

Hearings are being held in the House on a number of bills which would require lobbying disclosure and registration. Deputy Attorney General Flaherty is scheduled to testify on behalf of the Administration on April 21.

Preparation of the testimony requires your direction on three key points:

I. Should the \$1250 Threshold for Hired Lobbyists be Lower?

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The Justice Department and all major interest groups including labor, business, Common Cause, ACLU and other "public interest" organizations, regard \$250 for hired lobbyists as too low, and \$1250 as more reasonable. Among the arguments against the low \$250 threshold figure are that it would: a) require registration every time a small businessman or a small environmental group hired a lobbyist to work on a single matter; b) cause unnecessary paperwork; and c) stir opposition and needlessly jeopardize the bill.

DECISION

Approve \$1250 figure (Recommended) _____

Disapprove _____

II. Should All Minor Gifts Be Reported?

You said during the campaign that "all minor personal gifts" to public officials should be openly reported. Under H.R. 1180 only expenditures (gifts) for covered public officials of over \$25.00 must be openly reported.

The \$25.00 minimum has wide support in Congress, as well as among labor, business and Common Cause; Justice also supports. Their view is that such a threshold would avoid needless record-keeping of minor expenditures.

DECISION

Approve \$25.00 threshold (Recommended) _____

Disapprove _____

III. Should Soliciting of Support Through Letter Campaigns, Newspapers, etc. Require Lobbying Registration?

As part of the reporting requirements under the bill, lobbying organizations must describe any efforts on their part to convince other parties to communicate directly with Congress. However, if such solicitation efforts are made by an organization which does no other type of lobbying, the bill does not require reporting of those solicitation efforts. Thus, a group formed only to place ads in support of legislation would not report; a group which also lobbies and places the same ads would report its expenses for the ads.

In the campaign "Code of Ethics" you supported a lobbying law which would "cover those who solicit others to lobby", but you did not address the question of whether solicitation through ads or letters should alone be enough to require disclosure.

There's no consensus on this question; but Justice supports a requirement that independent solicitation, if amounting to between \$5,000 to \$10,000 per three-month period, be reported. The main argument supporting the Justice position is that the solicitation efforts of an organization can have enormous impact on legislation; and therefore under the spirit of lobbying disclosure, those efforts should be reported. The main arguments against a separate reporting requirement are:

a) it could "chill" political expression, cause a court challenge as being unconstitutional, and generate needless paperwork.

b) any small business or other small organization which wanted to take out a one page ad in a major newspaper such as the New York Times urging fellow citizens to write Congress about an issue would have to register in Washington as a "lobbyist" under the \$5,000 to \$10,000 threshold.

c) since organizations which must report because of their other lobbying activities would be required to report solicitation efforts, solicitation efforts by any large organization very probably would be reported regardless of whether there is an independent solicitation threshold;

d) it would be strongly opposed by many groups such as business, the ACLU, environmental groups, as well as in the House.

DECISION

Support Solicitation Threshold
in \$5,000-\$10,000 Range

Oppose Solicitation as an
Independent Threshold

State no position on
Solicitation Threshold

(No Recommendation)

CONFIDENTIAL

THE WHITE HOUSE
WASHINGTON

April 20, 1977

The Vice President
Hamilton Jordan
Frank Moore

The attached was returned in the
President's outbox and is forwarded
to you for your confidential infor-
mation.

Rick Hutcheson

Re: Minimum Wage

DECLASSIFIED

Per, Rac Project

ESDN: NLC-126-7-10.2-2

BY DATE 1/16/83

DECLASSIFIED

Per: Rac Project

ESON: NLC- 26-7107 THE WHITE HOUSE

BY: Q WBA DATE 1/16/83 WASHINGTON

Confidential

ACTION	FYI	
<input checked="" type="checkbox"/>		MONDALE
		COSTANZA
		EIZENSTAT
<input checked="" type="checkbox"/>		JORDAN
		LIPSHUTZ
<input checked="" type="checkbox"/>		MOORE
		POWELL
		WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

YOUR CONFIDENTIALITY HAS BEEN

U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

cc Ham
Frank
~~Confidential~~
J

April 20, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: RAY MARSHALL *R.M.*

SUBJECT: Minimum Wage

In accordance with your instructions, I have explored the minimum wage question with Lane Kirkland. These discussions lead to the following conclusions:

1. The AFL-CIO is not willing to agree at this time to a minimum wage below that contemplated by the original Dent bill -- \$2.85 and indexing at 55 percent. George Meany seems to be the main cause of inflexibility.
2. The AFL-CIO has made the minimum wage and labor law reform their main legislative objectives. They are particularly concerned about the level of indexing and are willing to abandon this concept this year rather than accept 50 percent.
3. Because of the high priority they assign this issue, they are forming a coalition of minorities and women to build public and Congressional support for their objectives.
4. The AFL-CIO has talked with Congressman John Dent about his willingness to advocate a minimum wage of 52 percent of straight time average hourly earnings (\$2.65 on July 1) and indexing at 55 percent thereafter. They are not willing to accept his position.

DECLASSIFIED
Per: Rac Project
ESDN: NLG-126-7-10-1-2
BY: *[Signature]* NACA, DATE 11/6/13

5. Lane seemed less rigid on this matter than George Meany and wanted to talk with Meany before giving us their final position. However, Lane left for Austria and assigned Tom Donahue the task of talking with Meany and reporting back to me. Donahue will report back to me today (Wednesday, April 20) and I will report immediately to you.

THE WHITE HOUSE
WASHINGTON

April 20, 1977

Stu Eizenstat
Jack Watson

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

Rick Hutcheson

Re: Mike Blumenthal's Senate
Briefing on the Economic
Aspects of the Forthcoming
Summit Meeting

THE WHITE HOUSE
WASHINGTON

ACTION		MONDALE
		COSTANZA
	X	EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
	X	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
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	FOR STAFFING
	FOR INFORMATION
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	IMMEDIATE TURNAROUND

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	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

100-200-10000-10000

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM:

Jack Watson
Jane Frank

Jack

April 19, 1977

RE:

Mike Blumenthal's Senate Briefing on
the Economic Aspects of the Forth-
coming Summit Meeting

We are transmitting the attached from Mike on the captioned subject for your information. It has been approved by Henry Owens, Zbig and Bob Strauss. Bert Lance, Charlie Schultze and Stu have no comment. Jim Schlesinger has been too tied up to focus on it but his staff believes he will have no comment.

Attachment

THE PRESIDENT HAS SEEN.

U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

cc Ham
Frank
~~Confidential~~
J

April 20, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: RAY MARSHALL R.M.

SUBJECT: Minimum Wage

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4. The AFL-CIO has talked with Congressman John Dent about his willingness to advocate a minimum wage of 52 percent of straight time average hourly earnings (\$2.65 on July 1) and indexing at 55 percent thereafter. They are not willing to accept his position.

DECLASSIFIED
Per: Doc Project
EQUAL LDC-126-7-10-1-2
BY: [Signature] DATE 11/13

5. Lane seemed less rigid on this matter than George Meany and wanted to talk with Meany before giving us their final position. However, Lane left for Austria and assigned Tom Donahue the task of talking with Meany and reporting back to me. Donahue will report back to me today (Wednesday, April 20) and I will report immediately to you.