

**5/12/80 [3]**

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memo w/att	<p><del>Lloyd Cutler to the President.</del>  <del>Re: French Olympic Committee vote. (5 pp.)</del></p> <p><i>opened per RAC NLC-126-21-23-1-2</i>      <i>12/17/13</i></p>	5/10/80	A

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THE WHITE HOUSE  
WASHINGTON

May 12, 1980

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

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

Rick Hutcheson

EYES ONLY

2738



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

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May 9, 1980

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson  
Staff Secretary

SUBJECT: Weekly Report

PLANTING. Generally fair weather in the north central states permitted widespread planting of corn and spring wheat. Planting progress of both grains advanced to far ahead of last year and well ahead of the average for this time of year. However, the dry weather has created unfavorable conditions for germination of spring wheat over most of the belt, and moisture will be needed in the next two weeks. Delta cotton planting continued--mainly on the uplands--despite relatively wet weather, but remained well behind average.

RENDERING. The process of rendering corn and wheat contract rights acquired by the Commodity Credit Corporation (CCC) as a result of the suspension of exports to the Soviet Union was begun this week. Contractual obligations for delivery of 522,000 metric tons of corn and 165,000 tons of wheat have been resold during the week. At the beginning of this week CCC held the contract rights for 8.9 million tons of corn and 4.2 million tons of wheat. CCC will continue to receive offers to purchase corn and wheat contract rights on a regular basis until all have been resold.

Wheat, corn, and soybean market prices were all sharply higher for the week based on stories about dry weather in the Midwest and Northern plains states. The price impact of CCC's rendering of contracts appeared to be negligible.

USSR. The Ag Attache in Moscow reports that recent Soviet press reports indicate that spring seeding is progressing at a record slow pace.

The National Argentine Grain Board indicated that the USSR purchased 40 percent of Argentina's grain exports during January and February 1980. The Soviets purchased 1 million of the 2.55 million tons of grains exported, with most of the purchases being wheat. Argentine traders estimated that the USSR has purchased 500,000 tons of Argentine soybeans and 1 million tons of sorghum. Also, the sources expect the USSR to purchase as much as 4 million tons of corn in 1980, more than half of Argentine's estimated corn production.

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MICHIGAN FIRE. The Forest Service's prescribed burn to prepare habitat for the Kirtland's warbler in Michigan went out of control. One life was lost, 24,790 acres destroyed; the Forest Service is now estimating private losses which must be reimbursed (potential dollar loss: \$1.9 million -- almost all on NF lands).

VOLCANO. Scientists report that Mount St. Helens is bulging horizontally hundreds of feet due to pressures from molten rock. They fear the mile-wide bulge area, still expanding at about 4 to 5 feet a day, may slide down the mountain.

The Sierra Club is urging Mount St. Helens be declared a national monument or park.

WOODSCAM. As a result of a cooperative undercover operation carried out over the last two months by the Winema National Forest in Oregon, eight persons were arrested and charged with 1st degree theft under Oregon State law (commercially cutting firewood without a permit). It is estimated that about 200 cords of wood was stolen from the Winema's Chiloquin Ranger District each week. No national estimate of the timber thefts is available.



JIM WILLIAMS  
Acting Secretary



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

May 9, 1980

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

Subject: Weekly Report of Major Departmental Activities

Grants Promote Neighborhood Self-Help. This week we announced awards totaling \$8.6 million to 70 neighborhood development organizations under the first cycle of funding for the new Neighborhood Self-Help Development Program. The organizations will use the money to attract additional funds from the public and private sectors. It is estimated that more than \$135.3 million of additional money will be contributed toward these revitalization projects. This program is a further demonstration of the Administration's commitment to carrying out the public/private partnership concept called for in the National Urban Policy.

Creation of HUD Slush Fund Denied. Several days ago Rep. Herbert Harris II charged that HUD has created a "slush fund" of billions of dollars by improperly reporting obligations for subsidized housing. In testimony yesterday before the Subcommittee on Human Resources of the House Committee on Post Office and Civil Service I firmly denied this accusation. The hearing was held as part of Rep. Harris' investigation into allegations that some federal departments spend unduly large parts of their budgets in the final weeks of the year in order to avoid reductions that might occur if money is carried over into the next year. In my remarks I called these charges totally baseless and untrue and explained that our use of funding complies with the congressional mandate to provide decent housing for lower income families.

Anti-Crime Initiative Moves Ahead. We have recently announced awards totaling over \$1.5 million to 15 public housing agencies to combat juvenile delinquency and drug and alcohol abuse. These awards were made in conjunction with the Urban Initiatives Anti-Crime program, which involves inter-agency cooperation in dealing with social problems in urban areas.

Contributions and Needs of Asian and Pacific Americans Recognized. The Department is sponsoring a series of activities commemorating Asian/Pacific American Heritage Week. Our observance began on May 7.

New Appointee Named. Betti Whaley, former administrative assistant to Congresswoman Cardiss Collins, has been named HUD's Associate Deputy Assistant Secretary for Enforcement and Compliance in the Office of Fair Housing and Equal Opportunity.

*Moon*

Moon Landrieu

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

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May 9, 1980

MEMORANDUM FOR THE PRESIDENT

FROM:

Gus Speth  
Jane Yarn  
Bob Harris



SUBJECT:

Weekly Report

Nuclear Oversight Committee. In response to the Three Mile Island incident and the Kemeny Commission recommendations, you established a five member Nuclear Oversight Committee. On Wednesday, the appointments to the Committee were announced. The environmental community is deeply disturbed by the failure to appoint a person of national reputation who is regarded as being skeptical or critical of nuclear power. Five environmental leaders met with Stu on Wednesday to inform him of their serious concerns and to recommend that the Oversight Committee be expanded to include such a person. We urge adoption of this recommendation. Nuclear power concerns are among the most visible and important of the current environmental issues.

Regulatory Reform. Congress has recently taken a series of actions which threaten to undermine public health and safety and environmental regulatory programs and to make it extremely difficult to respond to problems in these areas. On Wednesday, Senator Chiles' amendment to the Senate Budget resolution was adopted (53-34) which provides that the "President should implement a 'zero net inflation impact' policy for the Federal regulations promulgated" in FY 1980 and 1981. The concept is that before a new regulation could be issued, a regulation that involves similar costs would have to be eliminated. The Senate Government Affairs Committee adopted the Leven-Boren legislative veto bill (S.1945) which provides that agency regulations can be invalidated if both Houses adopt legislation to invalidate the regulations and the President signs the bill. Finally, the pending Senate Judiciary Committee mark-up of its regulatory reform bill contains provisions which have been strongly opposed by the Administration; these provisions: (i) would change the judicial presumption that agency rules are valid (a modified Bumpers amendment); (ii) would require that challenged agency regulations be reviewed in courts located where the regulations have significant effect; (iii) would establish a regulatory policy board within the Executive Branch. All of these provisions should be promptly and vigorously opposed. A strategy for addressing what appears to be a growing anti-regulatory sentiment in the Congress needs urgently to be developed.

**Community** WASHINGTON, D.C. 20506  
**Services Administration**



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MEMORANDUM FOR THE PRESIDENT

TO: Rick Hutcheson  
Staff Secretary

FROM: William W. Allison *WWS*  
Acting Director

SUBJECT: Weekly Report of Significant Activity  
(May 5-9, 1980)

DATE: May 9, 1980

A COORDINATED RURAL ECONOMIC DEVELOPMENT EFFORT:

In conformance with the Small Community and Rural Development Policy's emphasis on federal coordination CSA, USDA/FmHA and DOC/EDA have agreed to coordinate their loan and loan guarantee programs to establish cooperative information sharing and project review procedures and to target these efforts to at least ten CDC/CBOs. An interagency committee at the national level will set overall policy and monitor the progress of the total effort. The committee will appoint work groups to (1) coordinate procedures and requirements for application and processing in targeting programs in the agencies, (2) coordinate the selection of program sponsors; and (3) coordinate and expedite the review of specific applications for funding.

Each project funded must provide for significant involvement and participation of the private sector. In FY 1980 CSA will provide up to \$10 million from its Rural Development Loan Fund while EDA and FmHA will provide up to \$50 million each in loan guarantees.

This agreement is an important step toward implementing your rural economic development strategy.



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

May 9, 1980

THE ADMINISTRATOR

REPORT TO THE PRESIDENT

FROM: Douglas M. Costle

On Monday, we announced the final regulations needed to complete our comprehensive program for controlling hazardous industrial wastes. The program:

- o lists 501 specific wastes to be controlled and sets standards for identifying new ones;
- o requires all firms handling these wastes to notify us of their activities by mid-August, providing for the first time a national hazardous wastes inventory;
- o establishes a manifest system to track wastes from production to disposal, which will begin operation in November; and
- o mandates that all treatment, storage and disposal facilities comply with minimum safety requirements and devise plans for dealing with emergencies.

I have attached an editorial from Thursday's Washington Post which calls our program "a model of mature, cost-conscious but vigilant regulatory effort." The editorial contains an excellent discussion of the rationale underlying the scheme and the public's reaction to it.

We are still a long way from solving the hazardous waste problem. As the Post noted, "EPA and the state agencies have a gigantic catch-up effort ahead of them, and as the system undercovers more and more past abuses, the problem will probably appear to get worse before it gets better."

Attachment

A handwritten signature in black ink, appearing to read "D. Costle".

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# No More Love Canals

**T**HIS WEEK the Environmental Protection Agency issued a mammoth set of regulations that are the country's first attempt systematically to control the disposal of its hazardous wastes. The product of more than three years' work, the regulations set in motion a process that will provide—in the words of EPA Administrator Douglas Costle—the first hard facts about “a problem whose dimensions we now can only guess.” This information about the sloppy, and in some cases grossly negligent, ways in which these wastes have been handled until now will, he predicts, “shock our nation.”

After the events at Love Canal in New York and just the other day at Chemical Control (which blew up) in New Jersey, and given the Houston, Tex., company that conveniently disposed of deadly cyanide and nitrobenzene by mixing them with oil used to surface rural dirt roads, it is hard to imagine what could be shocking. But EPA and the state agencies do have a gigantic catch-up effort ahead of them, and as the new system uncovers more and more past abuses, the problem will probably appear to get worse before it gets better.

Inevitably, the EPA regulations were attacked from all sides as soon as they were published. Industry complained that the costs of compliance will be higher than EPA estimates, and that some of the standards are too tough. Some environmentalists think they are too lax. Their chief complaint is that EPA chose to exempt small producers—those who produce less than a certain amount of wastes each month—from the regulations.

These critics argue that the exemption—made in the name of practicality and an attempt to balance

administrative costs against risk—is not legal under the law Congress wrote. While this may turn out to be true, EPA made a wise and sensible choice. It chose not to jeopardize the entire program by biting off, at the start, more than it could chew. It avoided getting itself bogged down in the paper work and bureaucratic nit-picking that have weakened so many other health and safety programs that were rushed into action without any sense of priorities or relative risk. It chose to focus on the 10 percent of waste producers who generate 99 percent of the waste, and to leave aside—at least until the program is well established—the much larger number of small producers.

As for industry's worries, regulation should never cost more than it has to, but it seems in this case that EPA has made an honest effort to keep the paper work under control. And, regardless of whether the costs of compliance turn out to be higher or lower than the estimates, they will certainly be much less than the costs of cleaning up improperly disposed of wastes. For example, it will cost at least 100 times as much to repair the damage at Love Canal as it would have cost to dispose of the chemicals properly in the first place, and that is a typical figure.

These regulations are only the first step in what will be a long, technically difficult, politically contentious, expensive, but vital process. Much will depend on the actual technical standards that will not be issued until next fall. Some mistakes may already have been made—certain chemicals, for example, may have been wrongly left off the regulated list. But all in all, EPA's decisions so far, though very slow in coming, appear to represent a model of a mature, cost-conscious but vigilant regulatory effort.

U.S. DEPARTMENT OF LABOR

SECRETARY OF LABOR  
WASHINGTON, D.C.

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May 9, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: THE SECRETARY OF LABOR *Ray*  
SUBJECT: Major Departmental Activities  
May 5-9, 1980

Additional work for campaign fundraising. In addition to concentrating my campaign time in California, New Jersey and Ohio, I have also started soliciting funds from unions for both the primary and general election. I hope to have reasonable success.

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

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May 9, 1980

Principal Activities of the Department of Justice  
for the Week of May 3 through May 9, 1980

1. Meetings and Events

The Attorney General travelled to Mexico this week for a series of meetings with Mexican leaders and American law enforcement officers. During the course of his visit, the Attorney General met with President Lopez-Portillo, Attorney General Flores, and Secretary of Labor Ojeda Paullada. He also met with local DEA, INS and FBI officers.

On May 7, the Attorney General addressed the Inter-American Bar Association in Mexico City. His address urged adoption of a multilateral treaty concerning transnational corrupt practices.

2. Iran Cases

The Judicial Panel on Multidistrict Litigation has denied the motion of the Government of Iran to consolidate all law suits brought against Iranian entities. The Panel left open the possibility that Iran could move for consolidation of subcategories of cases. The United States supported the motion for consolidation.

The Tribunal de Grande Instance in Paris has appointed an expert panel to investigate issues raised in Bank Markazi Iran's suit against Citibank for refusing to repay dollar deposits blocked by Executive Order 12170. The experts are to report to the court by August 23.

3. Cubans

As of today, 26,730 Cubans on 580 boats have landed in the United States. 8,400 of these have been sent to Eglin Air Force Base for processing, and 273 have been detained based on their criminal records. There has been one additional boat seizure and no additional arrests since last week's report.

4. Olympics

The Justice Department has filed a "friend of the court" brief supporting the United States Olympic Committee in a suit filed against it by 19 athletes and coaches who wish to participate in the Moscow Olympics.

5. Oil Import Fee

A challenge to the President's imposition of an oil import fee was filed on Monday in United States District Court, Independent Gasoline Marketers Council, Inc. v. Duncan. Judge Aubrey Robinson denied plaintiffs' request for a temporary restraining order and scheduled a hearing next Monday on plaintiffs' motion for a preliminary injunction. A hearing is also scheduled for today on a question of executive privilege arising out of a subpoena for documents served on Secretary Duncan.

THE SECRETARY OF HEALTH AND HUMAN SERVICES  
WASHINGTON, D. C. 20201

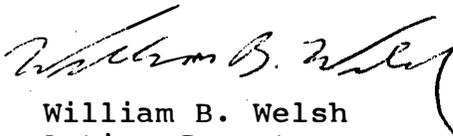
May 9, 1980

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report of HHS Activities

Cuban Refugees. The Department has assigned approximately 100 health and social security personnel to assist in efforts being made by state, local and voluntary agencies at 15 processing centers throughout Florida. A small health team was also dispatched to Ft. Chaffee, Arkansas, to develop immediately a plan for providing basic health services for the 15,000 Cuban refugees expected to begin arriving this weekend.

Geneva World Health Association. Secretary Harris led the U.S. Delegation to the 33rd World Health Assembly, which opened in Geneva on May 5. In her address to the Assembly on Tuesday, she reaffirmed the Administration's commitment to the work of the World Health Organization (WHO) and reinforced U.S. interest in improving the health of people throughout the world. On Thursday, she spoke on behalf of the countries of the Americas at a ceremony commemorating the eradication of smallpox. At the invitation of the Austrian Health Minister, the Secretary visited Vienna, in order to exchange views on a number of subjects of mutual interest. They agreed to develop a cooperative health program, including exchange of information on disease prevention, drug abuse, and the cost of health care.



William B. Welsh  
Acting Secretary



THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

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May 9, 1980

MEMORANDUM FOR THE PRESIDENT

THROUGH: Rick Hutcheson, Staff Secretary

FROM : Neil Goldschmidt

A handwritten signature in black ink, which appears to read 'Neil Goldschmidt', is written over the 'FROM' line and extends into the 'SUBJECT' line.

SUBJECT: Significant Issues for the Week of May 5

Transit Legislation - Committees in both the Senate and the House have reported out new omnibus transit legislation. The Senate bill is good, containing the following provisions supported by the Administration: funding level; a distribution formula for operating assistance which recognizes level of service and financial effort as well as population; and authority for direct procurement of transit equipment by the Department of Transportation. The latter provision will allow us to begin a "strategic bus reserve" which will shorten the time it takes to deliver equipment to operators as well as stimulate domestic production of buses.

The House bill is objectionable on several counts. It contains too high a funding level; retains the present population-based formula for distributing operating assistance; provides a local option for providing handicapped transportation through means other than access to public bus and rail systems; and, as an extraneous matter, increases the highway obligation ceiling for FY 1981.

We have a good chance for prevailing on the funding level, the bus procurement authority, and on our operating assistance formula once the bills reach conference committee.

Rail Legislation - A House Subcommittee has reported a very good rail deregulation bill, but we face a close vote in full committee on the central provision which allows rate-setting flexibility for railroads.

The Senate has now passed the Administration's authorization for the Northeast Corridor project. Since the House and Senate had refused to go to conference on our Rock Island labor protection bill until they also had before them the Northeast Corridor bill, this has now freed both bills to move forward next week.

Cuban Refugee Situation - As of midnight May 7, the exodus of refugees from Cuba to the U.S. had resulted in 472 search and rescue cases with 6 fatalities and the entry of more than 22,000 refugees. Because of problems encountered in the Port of Mariel, Cuba, a growing number of vessels are returning without refugees. Coast Guard units assisting in the operation have been augmented by U.S. Navy vessels and aircraft. The Government of Cuba has been encouraged to ensure that vessels are not overloaded in contravention of the Safety of Life at Sea Convention to which Cuba is a signatory.

Highway Routing of Nuclear Materials - The Department has finished five regional hearings on highway routing of nuclear materials. Because of the level of interest in the rulemaking, the Department has scheduled additional hearings in Boston and in New York City. Our proposed regulations would preempt a growing number of local ordinances which restrict the routing of nuclear materials.

National Transportation Week - Next week is National Transportation Week and Secretaries Duncan, Klutznick, Landrieu and myself will be making public appearances around the country to promote energy conservation and ridesharing.

THE SECRETARY OF EDUCATION  
WASHINGTON, D. C. 20202

MAY 9 1980

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

SUBJECT: Weekly Report of Major Activities

Activation of the Department

The Department was officially established by your Executive Order on May 4.

Appointments Confirmed

On May 7 the Senate confirmed the following appointments: Steven Minter, Under Secretary; James Rutherford, Assistant Secretary for Educational Research and Improvement; Thomas Minter, Assistant Secretary for Elementary and Secondary Education; and Albert Bowker, Assistant Secretary for Post-secondary Education. Swearing in ceremonies for Thomas Minter, James Rutherford, and Albert Bowker are scheduled for May 15.

Budget

On May 8 the House Appropriations Committee and the Senate Labor-HEW Appropriations Subcommittee completed action on FY 1980 Education budget rescissions.

On May 12 and 13 the Department's senior staff will participate in a series of meetings in order to review major budget issues to be considered in planning for the Department's FY 1982 budget.

Youth Act

On Tuesday, May 6, the House Committee on Education and Labor approved and ordered reported H.R. 6711, the Youth Act of 1980. The Committee adopted several amendments which incorporate many of the changes sought by the Department.

California Trip

On May 16 I will be in California to attend a variety of activities arranged by the Carter-Mondale Presidential Committee.

Following my California trip I will be on personal leave for the period May 17-May 29. Under Secretary Minter will act in my absence.

  
Shirley M. Aufstader

THE SECRETARY OF COMMERCE  
WASHINGTON, D.C. 20230

May 9, 1980

FYI

REPORT TO THE PRESIDENT

ILO: We are participating in the preparatory meetings being held prior to U.S. reentry into the ILO. To assure that a solid front is communicated at the meetings marking U.S. reentry, at his invitation I will join Ray Marshall at the opening session of the ILO in Geneva.

Industry Sector Meetings: The future availability of power was emphasized as a major concern of the Aluminum Industry at the meeting I held with chief executives from that industry. Ninety percent of U.S. aluminum production was represented by the 15 executives in attendance, as were the two key industry associations. The frank exchange of views was welcomed by the industry. Representatives of EPA, Labor, Defense, Energy, Treasury and your Deputy Advisor on Inflation joined us at the evening session. I also hosted a meeting with representatives of the small business community, the first in a series of sessions I will be holding to increase our exchange of views with small business, including minority business. The SBA was a co-participant.

Business Council: My presentation to the Business Council followed that of Paul Volcker. While there appeared to be general acceptance of the need for a balanced budget, there was considerable expression of concern regarding the delay in scheduling Congressional hearings on tax policy. This concern, which seems to pervade the business community, could combine with pressure on the Hill and result in premature hearings. Mr. Volcker and I supported the Administration view that no hearings should be held until a balanced budget is assured and probably not this year. This suggests that perhaps an informal discussion group including both senior government and some industry representatives might be formed to explore with industry approaches to the capital recovery problem. Otherwise, incremental changes in tax policy which do not reflect the realities of today's global economy might emerge.

Shipper's Export Declarations (SEDS): The strong Administration support which I expressed in my testimony before the Senate Governmental Affairs Committee and the cooperative attitude and efforts of Senators Ribicoff and Percy should ensure the passage of legislation which will guarantee the confidentiality of commercially valuable, proprietary information provided to the government in the context of export transactions. Threats

to the confidentiality of this and other proprietary information provided to the Census Bureau could compromise the competitiveness of U.S. industry, and undermine the ability of the government to collect essential economic data.

Consumer Affairs: This week we held the first meeting of the industry-consumer advisory group formed to review and revise previously published consumer guidelines for business.

Public Works Investment in the United States: Earlier you expressed an interest in a study of Public Works Investment in the United States, which was mandated by Congress in 1977 and conducted under Commerce auspices. The study, to be transmitted to Congress next week, documents a recent decline in annual total investment in public works by all levels of government, reflecting largely a slowdown in building educational facilities and the completion of the interstate highway system. The major recommendations reflect a need for: (1) a study of the role of public works investment in regional and local economic development; and, (2) better Federal data and data coordination. These are being addressed.

Immigration and Refugee Policy: Pursuant to my meeting with Father Hesburgh and Dr. Lawrence Fuchs of the Select Commission on Immigration and Refugee Policy, I am hopeful that Commerce can be helpful to Labor in exploring the effects on U.S. economic development and productivity of proposals being considered by the Commission.

  
Philip M. Klutznick



THE SECRETARY OF THE TREASURY  
WASHINGTON 20220

May 9, 1980

MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. THE MARKETS AND THE DOLLAR

- . Stocks posted declines on the week. The Dow Jones lost 5.12 points from last Friday, closing today at 805.80. The threatened cutoff of Libyan oil supplies to the U.S. and concern over future oil price increases sparked profit-taking late in the week.
- . Interest rates in the credit markets declined this week. Short-term yields dropped the sharpest in response to the Federal Reserve's removal of the surcharge on banks' discount borrowing.
- . The dollar eased slightly in response to further reductions in U.S. interest rates and to the Fed's easier monetary stance. Exchange markets were generally calm with modest U.S., German and Japanese intervention.
- . All major banks are posting a 17-1/2 percent prime rate, down one percentage point from last week.
- . Gold prices were steady in quiet markets over the week, closing at \$508 today in London, off \$9 from last Friday's closing fix.
- . The May silver contract lost 67 cents over the week to close at \$12.98.

2. MULTILATERAL DEVELOPMENT BANKS (MDB's)

- . Next week will be crucial for the success of continued U.S. participation in the international financial institutions:

- .. The Senate may be voting on U.S. participation in the latest IMF quota increase, and (separately) on replenishment for IDA and U.S. membership in the African Development Bank;
- .. The House Banking Committee is scheduled to mark up the same two bills;
- .. The legislation authorizing U.S. participation in the latest replenishments of the Inter-American Development Bank, Asian Development Fund and African Development Fund will be considered for a third time by the Conference Committee. This is the bill which the House has rejected twice and which must be passed to enable our whole legislative program in this area to go forward. We are working with the House leadership to minimize the cut in the U.S. contribution (hopefully no more than 10%) to avoid total renegotiation with the other donor countries and permit the lending programs to resume promptly.
- . I will be spending a great deal of time on the Hill in support of these bills. As recommended by your chief advisers, it is most important that you meet with key Congressmen to reaffirm your personal commitment to the program.

3. CHRYSLER

- . The Chrysler Loan Guarantee Board did not reach a decision today on a loan guarantee commitment for Chrysler. The Board will reconvene tomorrow to continue deliberations.

4. SECRET SERVICE CANDIDATE PROTECTION

- . Presidential candidate John B. Anderson, after announcing withdrawal from the Republican Presidential race, has requested continuation of his Secret Service protection. Although the Advisory Committee guidelines on candidate protection, in effect, preclude protection of third party candidates, approval of any individual request is within the discretion of the Committee. The Committee has approved Mr. Anderson's request.

  
G. William Miller

THE WHITE HOUSE

WASHINGTON

May 9, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: ALFRED E. KAHN *Fre*

SUBJECT: Weekly Activities Summary

Status of CWPS Reauthorization

On May 5 the Senate Committee on Banking, Housing and Urban Affairs reported a bill reauthorizing CWPS to September 30, 1981, at the funding levels we had requested for both 1980 and 1981. The House Banking Committee took identical action on May 7. We worked very hard to produce those results.

The House Committee vote favored us by only a one vote margin, and reversed their subcommittee recommendation to extend CWPS for one year but with no expansion.

Wage/Price Program

The Council officially rejected the Price Advisory Committee's recommendation of an across-the-board relaxation of the second-year price standard to conform to the more liberal pay standard and our poorer than anticipated productivity record. In a letter to Al Sommers, I promised to use the principles they articulated as one basis for receiving and handling exception requests. But I said we could not support a blanket liberalizing of the standard at this critical point.

The Council also released an interim report on the effectiveness of the voluntary program. It estimates that the annual rate of increase of the CPI would have been 0.5 to 0.75 points greater between October 1978 and March 1980 without the program. The report gives two other estimates of the program's effectiveness: the rate of increase in hourly earnings was between 1.8 and 2 points less and the underlying rate of inflation between 1.1 and 1.5 points less than they would have been but for the program.

As you have already announced, Kaiser Aluminum and Reynolds Metals announced across-the-board price rollbacks until July 1, in substantial part as a result of our April 24 industry meeting.

### Pay Advisory Committee Issues

We face over the next few weeks a number of very difficult issues involving the Pay Advisory Committee -- issues that could well produce a blow-up of the entire arrangement. I am taking them to EPG, but suspect some of them will end up on your lap.

They are:

1. Front-loading in multi-year contracts. Our reading of the proposals from the Committee that we adopted was that they would not have permitted the first year awards in multi-year settlements to exceed the 9½% top. Labor is evidently insisting on front-loading, which would set a guideline top of 10½% for the first year of such contracts. (And of course the unrealistically low evaluation of COLA clauses means the acceptable level is really higher.)

2. The catchup for workers unprotected by COLA clauses. The Committee is apparently going to press hard for excluding from the 7½-9½% computations all inequity adjustments (including the flat 1% non COLA catchup) granted before the new second year standards went into effect.

3. They are objecting to our continuing requirement that government contractors file certificates of compliance, asserting that it violates our informal undertakings not to use the contract sanction as long as the voluntary effort is working.

I am to discuss all these issues informally with John Dunlop, Heath Larry and Tom Donahue. None of them is going to be easy.

### Trucking

Jim Howard has now promised subcommittee action May 20, and if that goes smoothly Chairman Bizz Johnson will take the bill to the full committee May 22 and to the floor shortly after that. We have been working intensively to reach agreement with the committee leadership on a good House bill but have not yet been able to do so, in part because of resistance from Republicans on the committee.

### Regulatory Reform

At the April 24 non-ferrous metals meeting, as we expected, we had a number of complaints about assertedly overzealous EPA and OSHA regulations. There is no question the smelters have a very serious problem and that Congress gave them special dispensations in light of them. I promised to look into two specific issues that they raised:

- o a forthcoming EPA decision on whether to approve a plan for implementing the Clean Air Act submitted by the State of Arizona that would give smelters some relief; and
- o a request by Asarco for an exception from the OSHA lead standard to allow it to unload lead concentrates at Gulf Coast ports.

My staff is following up on both of these.

We are also now working on specific regulatory problems involving the chemical manufacturers, as a result of our meeting last month with them. The industry has selected a group to work with us and EPA; the EPA people are welcoming our initiative.



THE SECRETARY OF ENERGY  
WASHINGTON, D.C. 20585

2

May 9, 1980

MEMORANDUM FOR: THE PRESIDENT

FROM: CHARLES W. DUNCAN, JR.  
JOHN C. SAWHILL

SUBJECT: Weekly Activity Report  
Week of May 3 - May 9, 1980

1. Gasoline Conservation Fee: Congressional sentiment continues to oppose the fee. We believe that an early vote on the import fee will put us in a difficult political situation; therefore, we need to get committee action delayed. Your participation with the leadership is key. The strategy needs to involve Secretaries Miller and Muskie on international implications of rescinding the fee. We will work on this today at the Energy Coordinating Committee meeting.

The indications we have from the major refiners are that the fee will either be passed onto gasoline or banked by the refiners in part and passed on later when market conditions permit. There appears to be no disposition to try to shift it to other products. The probable result at the pump on May 15 will be an increase of less than the full 10 cents.

On the related matter of the subpoena, we have reached agreement with the subcommittee on all but four documents, each a legal opinion. The court challenge on the documents will be heard this afternoon. I expect to have this resolved fully before I have to testify before the Moffett subcommittee on Monday.

2. Sohio Entitlements Order: Last Friday we rescinded an order by our Office of Hearings and Appeals requiring Sohio to increase its pump price of gasoline in Ohio by 10 cents per gallon. We will substitute a rule that will cause Alaskan crude to be treated like domestic crude for entitlement purposes. The notice of proposed rulemaking was issued Thursday for 30 days of public comment. If adopted, it will cause some refiners to charge higher prices and others to charge lower prices, but nationally the effects should balance.

3. Planning, Programming, and Budget System: This week we will complete our program review sessions under the new planning, program, and budget system we put into effect to improve management of the Department. The system involves the development of base level programs for the next five fiscal years for each Departmental component. Issues are then identified for policy decisions that would determine the levels of funding required. These issues are settled in top-level program review sessions. This system will produce our proposed budget for fiscal year 1982 and will facilitate improved long term planning and budgeting.

4. Meeting with the Japanese Ambassador: At his request, Ambassador Okawara of Japan met with me and Ambassador Owen on Thursday. He sought greater specificity

on our offer to assist Japan in the event of a serious crude shortfall. We also advised the Ambassador that the maximum effective price we believed the Japanese should pay for Iranian oil was \$32.50 per barrel (including all side requirements) and stressed the importance of holding this price.

5. Task Force on Energy Conservation Outreach: Reaction to your April 29 Conservation Outreach Kickoff has been positive. Response commitments have begun to arrive. Secretary Klutznick, Secretary Goldschmidt, and I have held similar meetings with corporate executives and others in Seattle, New Orleans, Denver, and Chicago. Additional meetings throughout the country are planned for the next several weeks. We have initiated follow-up contacts with the people who attended these meetings and are instituting an information system to track their involvement in the program.

6. Trips: John Sawhill traveled to Chicago this week to address the American Mining Congress and to Europe where he addressed a gathering in Cologne sponsored by the Ruhrgas Company, met with U.S. officials in Bonn and with International Energy Agency officials in Paris, and attended a luncheon given by the German Ministry of Economics.

COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

May 9, 1980

CHARLES L. SCHULTZE, CHAIRMAN  
GEORGE C. EADS  
LYLE E. GRAMLEY

MEMORANDUM FOR THE PRESIDENT

FROM: Lyle E. Gramley *LEG*  
Subject: Retail Sales in April

This afternoon (Friday, May 9) at 3:30 p. m., the Census Bureau released the figures on retail sales in April.

Total retail sales declined 1.2 percent last month following a reduction of 2-1/4 percent in March. In both months, the weakness was concentrated in autos. Nonauto sales declined 0.3 percent in March, but then rose 0.6 percent in April.

Auto sales have been declining steeply since early March; during the last 10 day selling period in April, the annual sales rate for new domestic cars was below its low in the the 1974-75 recession. Adjusted for inflation, retail sales outside of autos were roughly unchanged last month, compared with sizable declines in February and March.

This news about retail sales outside of autos is as good as we could have hoped for, given the sharp decline in employment in April. Apparently, the actions taken by the Federal Reserve under the Credit Control Act of 1969 have not had the devastating effect that newspaper stories suggested.

THE WHITE HOUSE  
WASHINGTON

12 May 80

Lloyd Cutler

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

Rick Hutcheson

cc: The Vice President  
Zbig Brzezinski

2675

~~CONFIDENTIAL~~

THE WHITE HOUSE  
WASHINGTON

May 10, 1980

Lloyd - I called Schmidt, who said that 2 days ago he again had French assurances of compatibility w/ FRG & US re Olympics. He suggested no call now to Giscard. I told Muesie to pursue this w/ Francois Poncet & I'll follow w/ Giscard if necessary - J

MEMORANDUM FOR THE PRESIDENT

SUBJECT: FRENCH OLYMPIC COMMITTEE VOTE

FROM: LLOYD N. CUTLER LNC/mo

The French Olympic Committee is scheduled to vote on participation in the Moscow Games on May 13. The West German Olympic Committee vote is scheduled for two days later. (The Executive Committee of the West German Olympic Committee yesterday voted 12 to 7 not to go to Moscow). A French decision to go to Moscow could have an adverse impact on the German vote and on the vote of many other Western European Olympic Committees.

Although French Government officials have been attempting to persuade the Olympic Committee to vote against participation, I am told that there is a 50/50 chance that the Committee will decide to go to Moscow. Our Embassy in Paris believes that part of the problem is that President Giscard has not personally participated in the efforts to persuade the Olympic Committee. The Embassy recommends therefore that you call President Giscard to emphasize the importance we attach to French non-participation in the Olympics.

I support that recommendation. However, I believe that it might make sense to call Chancellor Schmidt first to seek his advice and counsel.

David Aaron concurs in the recommendation that you call Giscard. However, he does not believe it would accomplish anything to call Schmidt first because the Germans do not want to be used as a conduit to the French.

Proposed talking points prepared by Joe Onek are attached.

Electrostatic Copy Made  
for Preservation Purposes

~~CONFIDENTIAL~~

DECLASSIFIED  
Per: Rac Project  
ESDN: NLC-126-21-23-1-2  
BY: JCS NARA DATE: 12/16/13

~~CONFIDENTIAL~~

Talking Points for Chancellor Schmidt

- You are pleased with the 12 to 7 vote of the Executive Committee of the West German Olympic Committee. However, you are concerned about the French vote on May 13.
- A French decision to go to Moscow could have an adverse impact on the German vote. In any event, we do not want France and Germany to take different positions on this significant response to the Soviet invasion.
- You are interested in his advice and what steps you should take. You are considering calling President Giscard and asking him to use his influence to obtain a favorable French decision or at the least to obtain a deferral of the French vote until after his German vote.

Talking Points for President Giscard

- The French Olympic Committee is scheduled to vote on May 13. The French position is crucial. The French are the founders of the modern Olympic movement. If the French vote not to go it will assure a virtually united Western European response to the Soviet invasion and it might even result in the postponement of the Games.
- If the French vote to go to Moscow, it assures that there will be a serious split among western nations on this important issue.
- The Soviets will exploit this division and exploit the presence of French athletes. This exploitation will occur regardless of whether the use of national flags and anthems at the games is reduced or eliminated.
- The experience in the United States, Canada and the FRG indicates that the personal involvement of the head of the government is crucial. Giscard's intervention is crucial here. At the very least, Giscard should press the FOC to defer its decision until after the FRG decision. This will help assure that the FRG decision is favorable and make it easier to press for a favorable French decision.

~~CONFIDENTIAL~~

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IMMEDIATE

PRECEDENCE

~~CONFIDENTIAL~~

CLASSIFICATION

FROM: Lloyd Cutler  
TO: Bob Dunn for the President  
(Camp David)

INFO:

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BY K5 NARA DATE 12/16/13

THE WHITE HOUSE

WASHINGTON

May 10, 1980

MEMORANDUM FOR THE PRESIDENT

SUBJECT: FRENCH OLYMPIC COMMITTEE VOTE

FROM: LLOYD N. CUTLER *LNC/jwo*

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DECLASSIFIED

Per, Rac Project

ESDN: NLC-126-21-23-1-2

BY KS NARA DATE 12/16/13

THE WHITE HOUSE  
WASHINGTON

12 May 80

Frank Moore

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

Rick Hutcheson

cc: The Vice President  
Hamilton Jordan  
Stu Eizenstat  
Al McDonald  
Jack Watson

THE WHITE HOUSE

WASHINGTON

May 10, 1980

cc Frank  
C

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE  
SUBJECT: Weekly Legislative Report

I. DOMESTIC POLICY ISSUES

1. Energy

ESC

The conferees are scheduled to meet Tuesday. The following actions are expected at this meeting:

-- The conferees will finish all work on energy conservation and solar banks (Titles V and IX).

-- The House conferees will make their proposal to the Senate on gasohol, energy targets and acid precipitation (Titles II, III, IV, and X).

Although reports continue to be rosy we are concerned because the conference has yet to meet.

Utility Oil Backout

Representatives from labor, coal operators and the utilities met Friday in anticipation of markup this week in the Senate Energy Committee. These groups are close to an agreement on the utilities' wish for exemption from the Fuel Use Act off-gas prohibitions. Senator Johnston favors some type of exemption, and this may be the price for a Senate bill. In the House Chairman Dingell opposes this exemption. So at present the Administration has not taken a position.

A bill should reach the Senate floor fairly quickly, but there is little support in the House subcommittees. The three major problems in the House are the method of financing; off-gas exemptions; and environmental concerns. Some environmentally oriented members doubt the Administration's commitment to the bill, primarily because they perceive EPA to be unsupportive. This perception, justified or not, damages our credibility on the Hill, and makes the bill appear to be merely a political ploy.

Jim  
for  
it.

2. Youth Bill

The House Education and Labor Committee met Tuesday and reported out H.R. 6711 as amended. Most of the changes made were improvements.

Staff is now writing the report which they will have done before the Budget Committee's May 15 deadline. The Committee also reported out H.R. 7238, a simple one-year extension of CETA Title IV which they believe could be quickly passed if it looks as if DOL would lose any FY 1981 budget funding.

The Senate has taken no further action.

3. Registration

On Tuesday, we won the first major vote on registration in the Senate Appropriations Committee when Senator Hatfield's amendment to block registration was defeated 17-9. The Senator managed to prevent the Committee from taking final action on the bill. However, Senators Magnuson and Stennis have reached an agreement with Hatfield to permit a final vote on Monday. If that happens, the resolution should go to the Senate floor the following week. We are still on track for a mid-June registration.

4. Regulatory Reform

The House Judiciary Committee made progress last week in marking up the Regulatory Reform Bill. The major work on the bill will occur this week when the Committee addresses legislative veto, the "Bumpers" Amendment and other amendments to Title II. With the help of Congressman Jack Brooks, a bill without a Bumpers Amendment and with a two-House legislative veto which applies only to independent agencies, has a fair chance of emerging from committee.

Unfortunately, regulatory reform suffered two serious blows this week in the Senate. On Wednesday, the Senate Judiciary Committee voted to report the Kennedy-Culver Bill. As reported, the bill contains three provisions of great concern: A "Bumpers" Amendment; a hybrid rulemaking section that is subject to judicial review; and a new agency to be created within the Executive Office called the Regulatory Policy Board. Senators Kennedy and Culver wanted to report their regulatory reform bill at any costs and were willing to allow the Republicans to dictate the terms of the bill.

Thursday the Senate Governmental Affairs Committee reported Senator Levin's bill on legislative review. In the end, we were unable to overcome Senator Levin's personal intervention and Senator Ribicoff's refusal to oppose the bill.

This week's action by the two Senate committees endangers our support of the bill. Consequently, we are embarking on a strategy to convince Culver to support deletion of the offending amendments on the floor. This will require activation of Ribicoff and Percy. We may need your participation in the near future.

ok

5. Fair Housing

Chairmen Rodino and Don Edwards had hoped to take the bill to the House floor this week, but learned late on Thursday that it was not likely to be scheduled until early June.

They will try to persuade the Leadership to schedule it for consideration during the week of May 19.

We are working closely with civil rights and labor groups and are optimistic about passage if the bill is taken up soon. The realtors are working hard and stand a better chance of prevailing the closer the point of decision is to the fall elections.

On the Senate side, Chairman Bayh has scheduled a subcommittee markup for this Tuesday. The bill is almost certain to emerge from Subcommittee in a weakened condition. We will have a better idea about the prospects for strengthening it after the House completes its work.

6. Trucking Regulatory Reform

Transportation Subcommittee Chairman Jim Howard will be in Europe all week -- talking with European bus manufacturers he hopes to persuade to open a plant in New Jersey.

We now expect the Subcommittee to begin markup on Tuesday, May 20. In the meantime DPS, DOT, and WHCL are working with the committee staff as they draft the markup vehicle. We are also continuing our contacts with Committee members in an effort to get them to accept as much of the Senate bill as is possible.

7. Superfund

The Superfund bill passed the House Public Works Committee by voice vote. The only notable amendment concerned the formula for funding which seems to be more complex, but gained minority support. One potential problem from an administrative standpoint is a change made in subcommittee which gives the Army Corps of Engineers the authority to designate navigable waterways. This would supplant EPS's authority and is contrary to the memorandum of agreement signed just last month.

The House Commerce Committee is scheduled to take up the bill Tuesday. There are several amendments which are dramatically weakening, but we feel we can defeat them in committee.

8. Mental Health Systems Act

Wednesday the House Interstate and Foreign Commerce Subcommittee on Health and the Environment (Waxman) reported 9 to 2 their version of the Administration's Mental Health Systems Act. The bill is acceptable to us with the exception of one amendment which would restore the level of pay of Public Health Service physicians to the

same level as Armed Forces medical personnel. This is similar to a provision of the Health Professions Pay Act which you vetoed on March 11, 1980. WHCL is working to tone down the provision. The full Committee is expected to consider the measure next week, in advance of the May 15 Budget Act deadline.

9. Food Stamps Authorization

On Thursday the House approved S. 1309, the Food Stamp Amendments of 1980, by a vote of 320 to 56. The bill sets authorization levels at \$9.19 billion for FY 1980 and \$9.7 billion for FY 1981.

The House accepted amendments by Chairmen Foley and Panetta which will achieve the cost savings proposed in our budget. It also passed the Jeffords amendment, which the Administration opposed, to require higher income (temporarily unemployed) recipients to repay a portion of the benefits they receive. Chairman Foley will attempt to eliminate this "recoupment" provision in conference.

On Monday the authorizing legislation goes to conference with the Senate version which would eliminate the spending cap entirely for FY 1980 and 1981 (see Appropriations section).

10. Nomination - Lyle Gramley, Federal Reserve Board

Senator Culver has placed a hold on the nomination. He is negotiating with Senator Proxmire on the wording of a resolution urging the Administration to be more cognizant of regional, agricultural and small business interests with future nominations to the Federal Reserve Board. We are hopeful that Senators Culver and Stewart will see this resolution as an adequate means of "making their point."

If they back off, the Senate could act on the nomination this week.

II. ANTI-INFLATION ISSUES

1. First Budget Resolution

House

Earlier this week the House rejected the Latta and Rousselot substitutes to the Committee version and defeated the Udall motion to strike reconciliation by a vote of 127 to 289. The resolution recommending a balanced budget passed by vote of 225-193, a larger margin than the House usually provides.

Senate

The Senate has considered over 25 amendments to the budget resolution since last Monday.

Significant votes included the following:

- (1) The Cranston amendment to add \$6.4 million to non-defense outlays was defeated 13-83.
- (2) The Nelson-Javits amendment to adjust the resolution priorities was tabled by vote of 64-30, despite Administration efforts in support of the amendment.
- (3) The Bradley-Kassebaum Amendment to transfer \$900 million from various categorical grant programs into the state revenue sharing function was passed. Interestingly, this is the same function that covers our transitional assistance to the cities. We will try to do something with this in conference.

In addition the Senate moved the deadline for completion of congressional action at the Second Budget Resolution from September 15 to August 28.

Floor action on the resolution continues Monday with votes scheduled to occur after 3 p.m. Over 15 amendments remain to be considered, including the Metzenbaum-Dole amendment (see oil import fee).

### Conference

Efforts are underway to develop a legislative strategy for the conference. Jim McIntyre will convene senior staff early next week to decide on a course of action to recommend to you. Negotiating with the conferees will be difficult, in part since the Administration will favor provisions of the House resolution in almost all instances.

### 2. Oil Import Fee

Several members of Vanik's Ways and Means Trade Subcommittee do not believe the fee can be limited to gasoline. Therefore, Congressman Shannon and others are supporting a resolution of disapproval. Chairman Ullman has scheduled subcommittee markup for Tuesday and full committee markup tentatively for Thursday. Treasury CL has been aggressively lobbying the subcommittee to defeat the resolution.

In the Senate, the focus has now centered on a Metzenbaum/Dole amendment which states that an oil import fee repealer is not subject to Section 17 of the Budget Resolution. This section provides that all revenue reducing measures must be held at the desk until passage of the Second Budget Resolution. Metzenbaum and Dole have tried to make their amendment the "test vote" for the fee.

*if help necessary*  
The Leader and Budget Committee Chairman Hollings are both working hard for us on this issue. Senator Byrd probably will attempt to dilute the Metzenbaum/Dole amendment and has asked for intensive high level administration contacts with Senators. DOE, Treasury, DPS, OMB and WHCL are calling Senators over the weekend and Monday to express our deep interest in the fee.

*This may kill a balanced budget -*

We probably cannot win a straight up or down vote on the amendment. In fact, there is considerable doubt whether we can muster the support of 1/3 of the Senate. For this reason, our strategy is to avoid giving Metzenbaum and Dole their test vote. The vote is likely to occur late Monday afternoon.

3. Appropriations

Both the 1980 Supplemental Appropriations and Rescission Bill and Food Stamps Appropriations bills were reported by House Appropriations Thursday. Floor action on the consolidated bill is scheduled for this Thursday. Action on the food stamp measure is expected early this week.

<u>Summary of Action</u>	<u>Budget Authority</u> <u>(in millions)</u>
Food stamp supplemental:	
Request considered .....	2,791
Policy change .....	-235
Consolidated bill:	
Supplemental appropriations:	
Request considered .....	17,193
Policy changes .....	-472
Total change .....	-1,335
Rescissions:	
Proposals considered .....	-1,490
Congressionally initiated proposals.	-182
Changes to proposed rescissions (net denial of our proposals) .....	+756
Total change .....	+574
Total congressional change (consolidated bill) .....	-761

The committee agreed to a Yates amendment to separate the Food Stamp Program from the main bill in an effort to speed passage and avoid major disruption of the program. The committee cited lax handling and fraud as reasons for their cut of \$235 million, but said new funds would be made available if necessary to meet increased eligibility. The bill is likely to come up Tuesday.

Our full \$1.5 billion request to meet the requirements of the Trade Adjustment Assistance Act was approved by the committee.

The full committee rejected a Treasury subcommittee recommendation to abolish pay bonuses for Federal employees in the Senior Executive Service, but set a \$60,660 ceiling on total remuneration for any such employee in 1980.

Cuts totalling \$107 million in the defense request reflect the effects of inflation on procurement costs and operation and maintenance. The committee rejected \$274 million in proposed reductions including reductions in the National Emergency Airborne Command Program and procurement of C-130H aircraft.

Treasury-Postal Service

The subcommittee completed its markup of this 1981 bill on Wednesday. Full committee action has been tentatively scheduled for May 29.

Budget Authority  
(in millions)

Request considered .....	9,508
Policy changes .....	+200
Total change .....	+ 84

The subcommittee recommended the following major changes to our request:

- deleted \$116 million from the bill -- without prejudice -- for the following programs due to a lack of authorization: COWPS (\$18.3 million), International Buffer Stocks (\$88.0 million), and the Federal Election Commission (\$9.3 million).
- added back all the funds (\$250 million) deleted during the March Budget Revision for the Postal Service. Chairman Steed argued that the program is an entitlement under the law and that the proposed reduction was an "arbitrary cut" by the Administration.
- eliminated construction starts for three border stations and included language to initiate construction of a new \$93 million office building in Jamaica, New York.
- reduced other Executive Office programs as follows:

(in thousands of dollars)

	<u>Request</u>	<u>Change</u>
Office of Administration .....	12,035	-35
Office of Management and Budget .	32,056	-56
Office of Federal Procurement		
Policy .....	2,661	-161

III. FOREIGN POLICY ISSUES

War Powers Consultation

In a follow-up to Muskie's confirmation hearing Warren Christopher testified in a closed hearing before the SFRC. He was pressed very

hard on the form and method of future consultations under the War Powers Act. The Committee fully intends to pursue this matter and may issue a report. The Chairman ended the hearing with a request for the legal brief prepared by Lloyd Cutler and opinion from the Attorney General.

Central America Supplemental

House consideration of the Central America Supplemental was delayed again because of a full schedule and because it was feared the bill would be defeated. The Speaker and Majority Leader have agreed to bring it up this week if we wish. They feel that if the Administration makes a concerted push for passage this week there is a fighting chance of getting the bill to conference.

MDB

Congressman Reuss is back on track largely due to your letter and Secretary Miller's meeting with him. He has asked the Senate to return to conference as soon as possible (probably Monday). And, he is willing to proceed on the basis of a ten percent cut. Our position is that the new conference report will contain a ten percent cut which will require renegotiation later this year.

Reuss has also agreed to markup the IDA VI legislation (H.R. 6811) next Monday and bring it to the floor "whenever the votes are there." Therefore, the FY 1981 MDB legislation will be reported favorably without major amendment by the authorizing Committees in both the House and the Senate clearing the first of many hurdles. The Senate may schedule the IDA VI legislation for floor action as early as this week.

House Schedule for the Week of May 12

House convenes at noon on Monday.

Monday

Suspensions (6 Bills)

Conference Report on H.R. 10 -- Civil Rights of Institutionalized Persons

Tuesday and Balance of Week

H.J. Res. 545	Food Stamp Supplemental Appropriations
H.R. 6974	Defense Authorizations, FY '81
H. _____	Supplemental Appropriations and Rescission Act, FY '80
H.R. 3904	Multiemployer Pension Plan Amendments Act of 1979 (ERISA Amendments)
H.R. 4046	Antitrust Collateral Estoppel Act
H.R. 4048	Awards of Prejudgment Interest in Antitrust Litigation

THE WHITE HOUSE

WASHINGTON

May 8, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE

Listed below is a partial list of individuals who have accepted your invitation to attend Senator Muskie's swearing-in ceremony:

Dr. Brzezinski  
Secretary Brown  
Secretary Bergland  
Secretary Marshall  
Secretary Duncan  
Admiral Turner  
Ambassador McHenry  
Director McIntyre  
Charles Schultze

Senator and Mrs. Edmund Muskie  
Ernie and Ellen Muskie Allen and son Ethan Allen  
Lexi and Steve Muskie  
Eddie and Melinda Muskie Stanton  
Martha Muskie  
Ned Muskie

Judge Frank Coffin

Governor Joe Brennan  
Senator-designate George Mitchell  
The Honorable Clark Clifford  
Kenneth Curtis

Department of State

Warren Christopher  
David Newsom  
Matthew Nimetz  
Ben Read  
Thomas Tracy  
Harold Saunders  
Richard Moose  
Hodding Carter III  
J. Brian Atwood  
Thomas Pickering  
Barbara Watson  
Pat Derian

Rozanne L. Ridgway  
Roberts Owen  
Mathea Falco  
Abelardo Valdez  
Henry Owen  
Elliot Richardson  
Gerard Smith  
W. Beverly Carter  
Victor Palmieri  
Robert Krueger  
Harry Barnes  
Robert Miller

Robert Brewster  
Reginald Bartholomew  
Ronald Spiers  
Roger Feldman  
Marshall Shulman  
Anthony Quainton  
Tony Lake  
Peter Tarnoff

Senate (The Senate may be in session late tonight and many who have accepted may be unable to attend.)

Majority Leader Byrd	Senator Heflin
Senator Armstrong	Senator Heinz
Senator Baucus	Senator Hollings
Senator Bayh	Senator Huddleston
Senator Bellmon	Senator Inouye
Senator Bentsen	Senator Jackson
Senator Boren	Senator Javits
Senator Boschwitz	Senator Jepsen
Senator Bradley	Senator Johnston
Senator Bumpers	Senator Kassebaum
Senator Burdick	Senator Levin
Senator Cannon	Senator Magnuson
Senator Chafee	Senator Mathias
Senator Chiles	Senator Matsunaga
Senator Church	Senator McClure
Senator Cohen	Senator Melcher
Senator Cranston	Senator Metzenbaum
Senator Domenici	Senator Moynihan
Senator Durenberger	Senator Nelson
Senator Durkin	Senator Nunn
Senator Garn	Senator Pell
Senator Glenn	Senator Percy
Senator Hart	Senator Pressler
Senator Hatch	Senator Pryor
Senator Hayakawa	Senator Randolph
	Senator Ribicoff
	Senator Riegle
	Senator Roth
	Senator Sarbanes
	Senator Sasser
	Senator Schmitt
	Senator Schweiker
	Senator Stennis
	Senator Stevens
	Senator Stevenson
	Senator Stewart
	Senator Tsongas
	Senator Zorinsky

HOUSE

Congressman Barnes  
Congressman Bingham  
Congressman Bonker  
Congressman Brademas  
Congressman Brodhead  
Congressman Conte  
Congressman Derwinski  
Congressman Emery  
Congressman Fountain  
Congressman Giaimo  
Congressman Gilman  
Congressman Goodling  
Congressman Gray  
Congressman Hall  
Congressman McHugh  
Congressman Mica  
Congressman Nelson  
Congressman O'Neill  
Congressman Obey  
Congressman Panetta  
Congressman Pease  
Congressman Simon  
Congressman Smith  
Congressman Snowe  
Congressman Stokes  
Congressman Wilson  
Congressman Winn  
Congressman Wirth  
Congressman Wright  
Congressman Yates

Muskie Friends and Staff

For 200 years our nation has not only endured, it has prevailed. Our national heritage is one of a strong people who view challenges as opportunities for success; who overcome obstacles as a means of accomplishing goals and who meet responsibilities with a keen sense of duty. Ed Muskie personifies our great national heritage. He is a man of courage and tenacity; of character and integrity; of strength and compassion.

He is a man of the people and one who has dedicated his life to public service -- first as a governor of his beloved state of Maine -- and throughout his career in the United States Senate. He has put his full personal resources of vision, reason and conscience and will into building democratic institutions which can achieve help for our people and a democratic society which offers hope for the world.

Tonight he assumes a position of responsibility for which he is uniquely suited.

His former colleagues in the Senate share my faith in his ability and determination to forge a vital link between the executive and legislative branches. I am proud to have Ed Muskie as a member of my cabinet; our nation is fortunate to have him as its Secretary of State. Above all else, Ed Muskie is a patriot who seeks peace. We welcome him to this new chapter of service to his country.

THE WHITE HOUSE

WASHINGTON

9

May 9, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: ANNE WEXLER *AW*  
AL MCDONALD *AM*

SUBJECT: INFLATION ACTIVITIES --- WEEK OF MAY 5, 1980

Attached for your information are this week's summary of activities and Inflation Report.

## SUMMARY OF ANTI-INFLATION ACTIVITIES

Week of May 5, 1980

### Congressional

House - The House finished action this week on the First Budget Resolution. The revenue and expenditure figures are close to the Administration's proposals.

Senate - The Senate began consideration of the First Budget Resolution on May 7. The Nelson-Javits amendment, which would have restored many of the cuts in social programs and reduced increases in defense spending beyond the Administration's proposals, was defeated. The Senate passed the Bradley-Kassenbaum amendment restoring \$700 million of the state portion of revenue sharing which the Administration proposed to be deleted. The Senate is scheduled to complete action early next week.

### Outreach

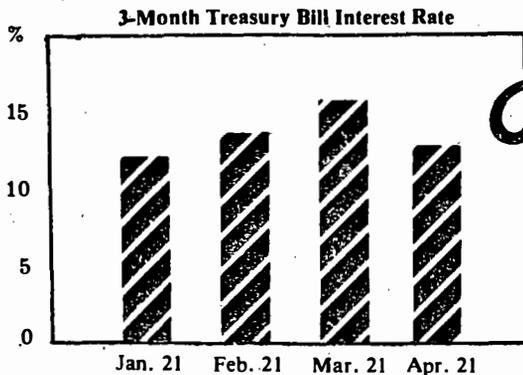
Briefings - Anti-inflation actions were included in most White House briefings -- 7 briefings, covering approximately 450 people, 3 with Presidential participation. The President also spoke to the League of Women Voters and met with officers of Reynolds and Kaiser, two aluminum companies which announced price rollbacks after the earlier metals industry meeting with the President.

### Continuing Actions

Farm Inputs Industries - The President participated in a Fred Kahn meeting with representatives of fertilizer producers and farm machinery manufacturers. This was the fourth in a series of jawboning/consultative meetings with problem industries.

Price Standard - The Council on Wage and Price Stability announced that it would adopt a set of principles proposed by the Price Advisory Committee on April 16. However, the Council will not accept the proposed blanket relaxation of the price standard.

COWPS Reauthorization - Both the House and the Senate Banking Committees approved this week the reauthorization of the Council on Wage and Price Stability, along with an expansion of its staff. The expansion follows the proposal by the President on March 14, to enable COWPS to intensify and increase the coverage of its price monitoring operations.



# Inflation Report

No. 3

The White House Press Office

May 8, 1980

## Interest Rates Continue to Drop

**Prime Bank Lending Rate Falls to 17.5%**

The prime bank lending rate, which is the interest rate at which banks lend money to their most credit-worthy customers, has been reduced in a series of steps down to 17.5%. In the first half of April, the prime rate stood at 20%.

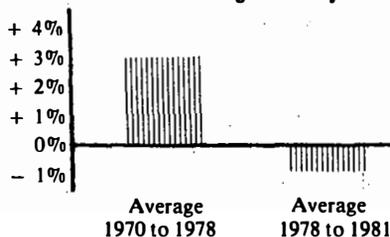
During recent weeks, other interest rates have continued to decline. Treasury bill rates, which have led the downward spiral, dropped by another 3 percentage points during the past two weeks to fall below 9%.

Other short-term rates, which had not fallen as quickly as had the rate for Treasury bills, have declined by 6 to 9 percentage points since the middle of April.

In addition, long-term rates continue to fall. Corporate bond rates dropped by about 1 percentage point and long-term Treasury rates fell somewhat more.

The cumulative drop in market rates since the middle of March has left most market rates near or below the level which prevailed during the first week of October—just before the Federal Reserve began its recent series of tightening moves. The prime rate and mortgage rates are, however, still above their early-October levels.

**Average Annual Rates of Change in Real Federal Budget Outlays**



**The Growth in Federal Spending has Declined:** According to the Office of Management and Budget, between 1970 and 1978, Federal government spending after inflation increased at an average annual rate of 3%. Between 1978 and 1981, the average annual change in Federal spending after inflation was -0.6%.

## Administration's Plan Endorsed by Bankers

The 400-member Leadership Conference of the American Bankers Association has endorsed the President's anti-inflation program.

In addition, the ABA's select task force on inflation has gone on record to support strongly spending discipline in the 1981 Federal budget and to support the President's authority to impose an oil import fee designed to reduce gasoline consumption in the nation.

The budget and gasoline conservation fee are measures now before the Congress.

*See Bankers Endorse Plan next page*

## House Approves Balanced Budget

**Action Is in Line with President's Plan**

The House of Representatives by a 225 to 193 margin yesterday approved a balanced budget resolution. Its major provisions are closely in line with the President's balanced budget proposal.

The resolution puts spending for Fiscal Year 1981 at \$611.8 billion and revenues at \$613.8 billion, leaving a \$2 billion surplus. These numbers do not include the \$10.3 billion in anticipated receipts from the gasoline conservation fee.

The House budget allocates \$147.9 billion for defense outlays.

However the resolution does not provide the \$500 million to fund the President's proposal to provide a Transitional Assistance Program to aid local governments, as an offset to the loss of the State share of General Revenue Sharing.

The resolution for the first time sets enforceable spending ceilings. It requires that eight committees cut \$9 billion from current spending projects.

In the past, Congress approved its first budget resolution setting guidelines for Congressional spending. It approved a second budget resolution later in the year to set enforceable spending ceilings.

This year, however, the first budget resolution contains a reconciliation requirement instructing authorizing committees to report changes in substantive law to achieve specific levels of savings.

The Senate continues to work toward likely passage of a balanced budget resolution which may be higher in defense outlays and lower in spending levels for social programs. The differences between the two resolutions then would be resolved in conference.

Once a compromise budget resolution has been approved by both houses, they will begin considering appropriation bills within the overall ceilings set by the resolution.

## Holding the Line, et Cetera...

The President met Tuesday with David Reynolds of Reynolds Metals Company and Ira Davidson of Kaiser Aluminum about their companies' actions this week to roll back prices on some of their products.

Reynolds and Kaiser took action to assure compliance with recently tightened price increase limitations.

Reynolds said its rollbacks will affect a range of fabricated products and will offset previously announced increases for these products which were effective April 1.

The Council on Wage and Price Stability

tightened its price standards after Reynolds and Kaiser had announced many of their price increases.

Kaiser will offer a discount of 1¢ a pound on all ingot and billet products and a discount of 5¢ a pound on selected fabricated products.

The President two weeks ago met with leaders from the nonferrous metals and metal producers industries to discuss ways in which government and the industries can work together to keep prices down.

*See Holding the Line... next page*

Electrostatic Copy Made for Preservation Purposes

# Administration Declines to Increase Price Standards

The Administration yesterday accepted the underlying principles but declined to accept a recommendation by the Price Advisory Committee that the price standards be raised.

On April 16, the Committee suggested the price standards be relaxed in view of the Administration's approval of a new

## Expanded Program to Monitor Firms Gets Approval

The House Banking Committee yesterday voted to approve the Administration's request for funds to expand the Council on Wage and Price Stability's anti-inflation monitoring program.

On March 14, the President ordered the Council to monitor price and profits for companies with annual sales of \$100 million or more, or about 2,900 firms. Before that, the Council monitored only companies with \$250 million in annual sales or more. The Administration wants these companies to keep their pay and price increases voluntarily within anti-inflation standards.

To enable the Council to increase its monitoring, it has asked Congress for money for about 400 additional staff members.

Earlier this week, the Senate Banking Committee approved the Administration's request.

## Two Aluminum Firms Agree to Roll Back Prices

*Holding the Line...  
from Page 1*

The President is scheduled to meet today with about 20 leaders from major agricultural production industries to discuss ways to reduce inflation in those industries.

The major agricultural production industries include farm machinery and equipment, fertilizers, and pesticides.

Today's meeting is one of a series the President has held with leaders of various industries where inflation is high. He already has met with executives from the health care, industrial chemicals, and nonferrous metals industries in an effort to reduce the inflation rate.

A driver efficiency teach-in was held in Washington, D.C., yesterday to introduce representatives from State and local governments and business to fuel efficient driving and approaches to teaching others about driver techniques which can save fuel.

The Administration hopes to improve fuel economy by 10% to 20% by getting Americans to drive more efficiently.

The teach-in is one aspect of the Administration's initiative to get Americans to rideshare, use public transit, and drive efficiently to cut gasoline consumption.

The President has set a goal to reduce gasoline consumption by 5.5% this year

pay standard ranging from 7.5% to 9.5%.

In a letter to Committee Chairman Albert Sommers, inflation adviser Alfred Kahn said while the Administration accepts "the general spirit of your recommendation...we have difficulty" with the Committee's suggested blanket relaxation of the price standards.

Kahn said there was no data by which the Administration could determine whether the blanket relaxation was necessary because of the relaxed pay standard. And he said it was not clear whether relaxing the price standard would produce

## Bankers Endorse Plan

*from Page 1*

At its October 1979 annual convention, the ABA—an organization of commercial bankers—authorized its president C.C. Hope to appoint a select task force on inflation.

"Like all citizens, they (ABA) observe its (inflation's) burdens and its extreme inequities, but they are especially concerned with this undesirable long-range impact on the society," it said recently.

"Inflation discourages savings, is a disincentive to investment, and consequently retards that gain in productivity which is the only way that our people can live better in successive generations."

Chairman for the task force is Gaylord Freeman, honorary chairman of The First National Bank of Chicago.

and oil imports by one-half by 1990. High payments for oil imports contribute to the inflation problem, weaken the economy, and account for increases in the trade deficit.

Teach-ins will be held in ten cities through October 22. The goal is to instruct representatives of 3,000 firms who, in turn, can teach drivers in their companies.

The next teach-in is scheduled to be held in San Francisco, California, next Wednesday.

• • •

Three additional suppliers or manufacturers of drug, health and beauty aids voluntarily have put price ceilings on many of their products for 90 days.

They are William Rorer, Inc.; Purepac Pharmaceutical Co.; and Knoll Pharmaceutical Company.

The Administration has urged food and drug suppliers and manufacturers to voluntarily hold down price increases. The three companies bring to 19 the number of manufacturers or suppliers of drug, health and beauty aids which have agreed to participate in the program. In addition, 10 food manufacturers or suppliers have put price ceilings on hundreds of their products.

greater restraint by encouraging compliance or by discouraging companies from resorting to the profit limitation.

Kahn also expressed concern about changing the price standards in the middle of the program year.

At the same time, the Administration said the Council on Wage and Price Stability will be "very receptive" to requests by individual companies or industries for adjustments to their own price limitations because of the relaxed pay standard.

Under the price standard, companies are asked to hold down price increases during the two years ending next September 30 to the rate of price increase during 1976-1977. For the current program year, that works out to an average price increase of about 6.34%. The Committee suggested raising the price standard to 7.5%.

## Unemployment Rate Increases in April

The unemployment rate rose last month from 6.2% in March to 7.0%.

After some months during which unemployment remained lower than expected, April's increase was larger than expected and reflected two factors: a decline in employment and an increase in the labor force.

While these figures confirm that the economy is in a recession, the Administration has cited several developments now underway which will help to moderate the recession:

- During the past several weeks, interest rates have begun to decline, in some cases, quite steeply;
- Growth in energy prices has begun to slow significantly;
- And the overall rate of inflation is likely to fall sharply during the second half of 1980.

These developments should increase consumer buying power and make possible further interest rate reductions, including those for home mortgages.

The House Committee on Education and Labor has approved the education component of the Administration's youth initiative. As reported, this legislation would authorize \$2 billion to expand training and education for the most underprivileged youth.

The Administration's overall proposal has two key components: through the Department of Education, teaching basic skills to low-achieving students in junior and senior high schools located in low-income communities, providing work experience and training after school; and through the Department of Labor, providing extended work experience and training programs for out-of-school youth.

If Congress approves the measure, it would bring to \$6 billion the amount committed for Federal youth unemployment programs in 1982.

THE WHITE HOUSE  
WASHINGTON

May 12, 1980

Hamilton Jordan  
Al McDonald

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

Rick Hutcheson

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND
NO DEADLINE
FOR APPROPRIATE HANDLING
LAST DAY FOR ACTION

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

ACTION  
FYI

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

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

THE WHITE HOUSE  
WASHINGTON

May 9, 1980

MEMORANDUM FOR THE PRESIDENT

FROM : HAMILTON JORDAN *H.J.*  
AL MCDONALD *AM*

Following through on your discussion earlier this week with Alfred Kahn, we would like your approval to launch an intensified search for a full time COWPS Chairman with sufficient standing and proven ability to manage this expanded program effectively.

We suggest that the issue of the COWPS Chairmanship be separated from the question of whether Fred Kahn goes or stays as your Special Advisor on Inflation. After a new Chairman is found and the parameters of the job are agreed, we can then assess whether you feel Fred's separate activities are still required or whether he would be free to return to his academic post at a mutually convenient time. Fred is in accord with this approach.

We have already started working more closely with Bob Russell who is cooperating well and doing a conscientious job with the COWPS staff. He is committed to staying at least until January if you so desire. We believe his direct leadership within COWPS is needed over this period even under a new Chairman to provide continuity for your program. We do not believe there is any opposition to a search for a new Chairman, but Stu has indicated he favors Fred staying on.

\_\_\_\_\_  
Approve launching search for full time  
COWPS Chairman

✓  
\_\_\_\_\_  
Wish to discuss

No copies  
w/ other weekly  
Rpts.

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND
NO DEADLINE
FOR APPROPRIATE HANDLING
LAST DAY FOR ACTION

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SECRET
EYES ONLY

ACTION  
FYI

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

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



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

9  
1

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre, Jr. 

SUBJECT: Status Report on Food Stamps and PHS Physician Bonuses

1980 Food Stamp Cost Increase

On May 9, Secretary Bergland advised me that FY 1980 food stamp funding may need to be increased \$400-800 million over the \$8.7 billion level requested in March. This increase is in anticipation of higher program participation associated with higher unemployment rates which USDA estimates at 7.5-8.5 percent in September. The FY 81 impact of such a change would be about \$2 billion.

Since unemployment affects many other programs (unemployment insurance, TAA, welfare, etc.,) we plan to deal with all of these costs concurrently and at a time when the economic outlook through September is clearer. As you know, we normally review our economic forecast in July, during the Mid-Session Review. Although unemployment has increased, it has not yet been reflected in higher unemployment insurance outlays or food stamp participation.

I have instructed my staff to analyze the request and review the back-up data from USDA.

In addition, we are examining other alternatives together with USDA to deal with the current 1980 problem. This will take several days to complete.

I have discussed this process with Secretary Bergland. He and I agree that this is a reasonable way to proceed. I will also try to discuss the problem with Senator Eagleton who is pressing for immediate resolution of this issue.

ADMINISTRATIVELY CONFIDENTIAL

Mental Health Systems Act/PHS Physicians Bonus

The House Health Subcommittee (chaired by Henry Waxman), has amended the Mental Health Systems Act to require that the Administration pay PHS Commissioned Corps physicians at the same increased bonus rate we have agreed to for military physicians.

As you recall, you vetoed a similar bill on physicians' pay recently because of such a PHS provision. We have convinced the Armed Services Committees to keep their pay bonus limited to military physicians.

Former Congressman Paul Rogers, who has been retained by the Commissioned Corps, succeeded in tying the extra bonus for PHS physicians to one of our highest legislative priorities. We have already sounded out the full Committee and found little support for removing this amendment. The Senate earlier passed the Mental Health Systems Act without the pay bonus amendment. I do not know whether we will have any chance of assistance from the Senate in eliminating this provision.

My staff assures me that the situation for the PHS is quite different from that in the military. Both recruitment and retention are much better, and large numbers of medical graduates obligated for PHS (National Health Service Corps) service are available in the next year and following years. Furthermore, Stu Eizenstat recently wrote Secretary Harris opposing her request for reconsideration of your veto and requesting that HHS (like VA) institute a policy analysis of their parallel tracks of Civil Service (General Schedule) and special authority (PHS and Title 38) salaries for physicians.

THE WHITE HOUSE  
WASHINGTON

12 May 80

Jack Watson  
Arnie Miller

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

Rick Hutcheson

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*  
ARNIE MILLER *AM*

SUBJECT: Chairman of the Administrative  
Conference of the United States (ACUS)

We recommend that you nominate Reuben B. Robertson, of the District of Columbia, as Chairman of ACUS. Lloyd Cutler, Stu Eizenstat, Jim McIntyre and Fred Kahn concur.

ACUS is responsible for developing improvements in the legal procedures by which Federal agencies administer regulatory, benefit and other government programs. It has a budget of approximately \$1.1 million, and a staff of 20 supporting the work of the ACUS membership, which is comprised of representatives from the government and administrative law experts from the private sector.

Reuben B. Robertson, 40, is currently Director of the Civil Aeronautics Board's Consumer Protection Bureau. He has extensive experience in regulatory matters and is well-known as an advocate for consumer interests in transportation and other areas. Robertson has also been active on administrative law committees of the American Bar Association and the D. C. Bar Association. He is supportive of this administration's interest in reducing unnecessary restrictions in the regulatory process, and his appointment will enhance ACUS' role in fostering re-evaluation of the regulatory process in the legal community.

While Lloyd concurs, he also believes it prudent to anticipate some adverse reactions in the business community because Robertson worked for Ralph Nader in the past. Lloyd has volunteered to help us identify and recommend to you additional ACUS members from the business sector. Such appointments, Lloyd feels, will ameliorate whatever apprehensions the business community might initially have concerning Robertson's past association with Nader.

RECOMMENDATION:

Nominate Reuben B. Robertson, of the District of Columbia, to be Chairman of the Administrative Conference of the United States.

APPROVE

DISAPPROVE

REUBEN B. ROBERTSON  
District of Columbia

EXPERIENCE:

1978 - Present	Director, Bureau of Consumer Protection, Civil Aeronautics Board.
1978	Consultant, Office of Rail Public Counsel, Washington, D. C.
1973 - 1978	Senior Attorney, Public Citizen Litigation Group, Washington, D. C.
1971 - 1978	Legal Director, Aviation Consumer Action Project, Washington, D. C.
1969 - 1973	Attorney, Center for Study of Responsive Law, Washington, D. C.
1968 - 1969	Special Assistant to the Chief Counsel, Federal Highway Administration, Department of Transportation.
1966 - 1968	Associate Attorney, Covington & Burling, Washington, D. C.

EDUCATION:

1964	LL.B., Yale Law School.
1961	B.A., Yale College.

PERSONAL:

White Male  
Age 40  
Democrat

THE WHITE HOUSE  
WASHINGTON

12 May 80

Jack Watson  
Arnie Miller

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

Rick Hutcheson

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON *Jack*  
ARNIE MILLER *AM*

SUBJECT:

Assistant Secretary of Defense: Comptroller (PAS)

We join Secretary Brown in recommending the appointment of Jack Borsting to be the Assistant Secretary of Defense: Comptroller, to replace Fred Wacker, who has resigned.

Dr. Borsting is Provost and Academic Dean at the Naval Postgraduate School in Monterrey, California. He has held a number of academic posts at the Naval Postgraduate School, the University of Colorado and Oregon State University. In the mid 50's, he served with the Air Force as a Nuclear Weapons Project Officer. He is a Past President of the Operations Research Society of America and of the Military Operations Research Society.

Borsting is a recognized expert in operations analysis and needs little introduction to defense weapons systems and to DOD programs. Secretary Brown feels this technical capability is essential if the new Comptroller is to play a useful role in the budget process this summer. Borsting is regarded as an effective manager, whose expertise, maturity and tough-mindedness will enable him to provide options to Secretary Brown during the budget process.

Jim McIntyre and John White have interviewed Dr. Borsting and concur in our recommendation.

RECOMMENDATION

That you approve the nomination of Jack Borsting, of California, to be Assistant Secretary of Defense: Comptroller, vice Fred Wacker, resigned.

approve

disapprove

JACK BORSTING  
California

EXPERIENCE

1959 - Date Naval Postgraduate School  
Monterrey, California

1974 - Date Provost and Academic Dean  
1959 - 1974 Professor, later Chairman of the  
Department of Operations Research  
and Administrative Sciences

1956 - 1959 Educator  
Mathematics Department  
University of Oregon

Summers of  
1967, 69, 71 Educator  
Engineering Economic Systems  
University of Colorado

1954 - 1955 Military Tour of Duty  
U. S. Air Force

1953 - 1954 Educator  
Mathematics Department  
Western Washington College  
Bellingham, Washington

1950 - 1953 Educator  
Mathematics Department  
University of Oregon

1949 - 1950 Educator  
Mathematics Department  
University of Oregon  
Corvallis, Oregon

EDUCATION

1956 University of Oregon, Ph.D.  
1950 University of Oregon, M.A.  
1947 Oregon State College, B.A.

PERSONAL

White Male  
Age 51  
Republican

OFFICE OF THE DEPUTY  
SECRETARY OF STATE

May 1, 1980  
10:00 a.m.

Mr. President:

Attached are the papers I have asked to be prepared for the meetings with Ed Muskie. They will be brief.

I will add any topics you might wish.

*Warren.*

Warren Christopher

PAPERS TASKED BY WARREN CHRISTOPHER  
FOR CONVERSATIONS WITH SENATOR MUSKIE

*Susan  
Ask Warren  
when I have  
these papers  
J*

- I. Personnel/Organization
  - a. Organizational chart with list of senior officials (Assistant Secretaries and above)
  - b. Upcoming personnel decisions
- II. Schedule of International Events in Washington and abroad which may involve the Secretary of State
- III. Decision Making: How the decision making process works in the Department. Groundrules for clearance/coordination with the NSC and DOD.
- IV. The Various Roles of the Secretary: in the Department, in Washington, abroad.
- V. Institutional Issues
  - a. State/NSC
  - b. The role of the National Security Adviser
  - c. State role in Covert Operations and Intelligence Collection
  - d. State/DOD
  - e. State/IDCA-AID
  - f. State/ICA
  - g. State/ACDA
- VI. Policy Issues: Short papers on principal policy issues; status, upcoming developments and decisions. (Briefings for Secretary-designate)
- VII. The Foreign Service.
- VIII. The Confirmation Process: Statement, Qs and As.
- IX. The State Department Press Corps: Description. Handling.

*ll 72  
5/2/70*

12:25 PM

THE WHITE HOUSE

WASHINGTON

May 9, 1980

ANNOUNCEMENT OF NATIONAL TRANSPORTATION WEEK AND ENERGY CONSERVATION DAYS

Monday, May 12, 1980

12:25 p.m.

The Cabinet Room

FROM: ANNE WEXLER *Ann*

I. PURPOSE

To announce National Transportation Week (May 11-17) and to call attention to your efforts to encourage energy efficiency in the transportation sector.

II. BACKGROUND

National Transportation Week and National Defense Transportation Day (May 16) have been annual events since 1962 and 1957 respectively, although you have never met with the organizers (Traffic Clubs International). This year you have also designated May 12 as National Public Transit Day, May 13 as National Drive 55 Day, May 14 as National Drive Efficiency Day, and May 15 as National Ridesharing Day to reinforce your spring - summer transportation energy conservation initiative. The Department of Transportation has planned a week of activities to highlight National Transportation Week (a copy of upcoming activities is attached.)

III. PARTICIPANTS, PRESS PLAN AND AGENDA

- A. Participants: A list of participants is attached.
- B. Press Plan: White House photographer and White House press corps.
- C. Agenda: As you have already signed both proclamations, I am enclosing copies for press pictures only. Althea Erickson of Traffic Clubs International will also present you with a poster illustrating the energy conservation efforts of transportation clubs across the country.

IV. TALKING POINTS

- Our transportation systems comprise a great national asset. Transportation is vital to our commerce and an essential part of our economy. Our transportation systems afford us the freedom to travel where we please, when we please. Transportation gives us access to the workplace and the marketplace. It is important to our leisure and our recreation.
- We set aside the third week of May as National Transportation Week each year, in order to acknowledge the significance of transportation in our national life and its contributions to our society, for these reasons.
- Two weeks ago in the East Room of the White House I asked American business and labor leaders to join in a program to make more efficient their use of energy in transportation. I asked them to commit to specific goals and to make greater use of ridesharing, public transit, driver training, and vehicle maintenance.
- This is part of an intensified national energy conservation program. Transportation is our first focus. But, we will extend the program to buildings and agriculture.
- Transportation is our first priority not by accident, but because gasoline accounts for approximately 50 percent of all the oil that we use in this country. Less driving and better driving are simply commonsense ways to save money and to help our own country.
- In the days and months ahead, I will be urging every American -- every employee, every commuter, every citizen -- to make a conscious and deliberate effort to eliminate the waste and improve the efficiency fo the transportation services we use. We can do that -- easily and without sacrifice -- by driving our cars more efficiently, by observing the speed limit, by taking public transit whenever possible and by joining carpools and vanpools. We have been doing well in our efforts to save energy, but we can and must do much more.
- National Transportation Week is a good time to commit ourselves to conservation. It is the best means we have of reducing our dependence on foreign oil, and it need not necessarily reduce our mobility. In fact, by using

our fuels more efficiently, we can continue to enjoy all the transportation services we need for a growing nation.

- Today I am pleased to announce the celebration of National Transportation Week and the National Energy Conservation Days.

12:25

THE WHITE HOUSE

WASHINGTON

May 12, 1980

PARTICIPANTS FOR ANNOUNCEMENT OF  
NATIONAL TRANSPORTATION WEEK  
AND ENERGY CONSERVATION DAYS

The Honorable Charles Duncan  
Secretary  
Department of Energy

William Johnston  
Assistant Secretary  
Policy and International Affairs  
Department of Transportation

James E. Bartley  
Executive Vice President  
National Industrial Traffic League

R. Stanley Chapman  
General Editor  
Traffic World

Gerry Collins  
President  
National Defense Transportation Association

J. B. Creal  
President  
American Automobile Association

Norman Darwick  
Executive Director  
International Association of  
Chiefs of Police

Althea Erickson  
Traffic Club International

Welby Frantz  
National Defense Transportation Association

Stanley Hopkins  
National Vice President  
National Transportation Week

Helen Collins  
Secretary/Treasurer  
National Defense Transportation Association

Mariann Humphries  
American Association of State Highway  
Transportation Officers

John M. Kane, Jr.  
Delta Nu Alpha  
NSTS Corporation

Dan V. Maroney  
International President  
Amalgamated Transit Union

Frank Pecquex, Political Liaison  
Seafarers International Union

Ralph Percival  
International Chairman  
National Transportation Week

James R. Skiles  
National Chairman  
National Transportation Week

Paul Tierney  
President  
Transportation Association of America

Department of Energy

Richard Cotton  
Les Daley  
Kathy Frazer  
Joan Moschello  
Deanne Siemer  
Omi Walden  
Bernie Wrubel

Department of Transportation

Alinda Burke  
Joan Claybrook  
Roy Coughlin  
General Benjamin O. Davis, Jr.  
John S. Hassell  
Lillian Liburdy  
Don Marion  
Doug Wright



THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

National Transportation Week  
May 11-15, 1980

Events and Exhibits on the  
Department of Transportation Plaza

During National Transportation Week, the U.S. Department of Transportation (DOT) will sponsor three days of events highlighting the President's Energy Efficiency Campaign.

On Tuesday and Wednesday, May 13 and 14, from 9:00 a.m. to 4:00 p.m. an Energy Conservation Fair will be held with exhibits, displays, and demonstrations relating to energy conservation measures for drivers. Included will be a dynamometer and diagnostic center from Champion Spark Plugs which will check cars on a pre-scheduled basis for economical performance, energy-efficient cars and computer displays from Department of Energy, demonstrations on fuel-efficient driving by ARCO and the Maryland State Police, and exhibits by AAA, the Motor Vehicle Manufacturers Association, and several agencies in DOT.

On Thursday, May 15 from 11:00 a.m. to 2:00 p.m. there will be a ridesharing "Pool Party". This festive and practical gathering will be the most important federal event ever conducted to promote ride-sharing among federal employees. It will be highlighted by a news event at 12:00 noon to be attended by Secretary Goldschmidt, Secretary Duncan, representatives from all other participating agencies and members of Congress. White House representation is being sought.

Residential areas in 19 counties surrounding Washington, D.C., will be represented by tables at which those interested in forming carpools or vanpools can fill out ridesharing forms and meet potential ridesharers from their own areas. At these tables attendees can sign up for carpools or vanpools and meet other federal employees from their home areas. COG, Metro, AMTRAK, vanpool organizations, and private bus companies will also participate. Information on van leasing and insurance, Metro schedules, and private bus companies will also be available.

Employees of all federal government agencies and the U.S. Postal Service in Southwest Washington have been invited to participate in these events. Publicity posters and flyers are being widely circulated.

Major local and national coverage is anticipated, especially for the "Pool Party" news event.

THE WHITE HOUSE

WASHINGTON

May 12, 1980

①

MEMORANDUM FOR THE PRESIDENT

FROM: Frank Moore *FM/JS*

Senator Hollings' motion to table the Metzenbaum-Dole oil import fee amendment was defeated 21-72. The Metzenbaum-Dole amendment was subsequently passed by a vote of 75-19.

**Electrostatic Copy Made  
for Preservation Purposes**

## THE WHITE HOUSE

WASHINGTON

May 9, 1980

MEETING WITH MARK A. SMITH, JR., PRESIDENT OF KIWANIS INTERNATIONAL

Monday, May 12, 1980

12:20 p.m. (3 minutes)

The Oval Office

FROM: ANNE WEXLER *Anne*I. PURPOSE

Brief meeting and photo with Mark Smith of Atlanta, Georgia, President of Kiwanis International.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

Background: Kiwanis International was established in Detroit, Michigan in 1915. There are over 7,500 Kiwanis clubs located in the United States, Canada and overseas with a membership of over 300,000, 90% of which live in the United States. Kiwanis is a service organization whose members take part in the responsibilities of community leadership. Their major program, "Hand in Hand with Youth" permits Kiwanians to supplement the traditional role of the family in teaching the basics to young people aimed at helping make their future lives more successful and rewarding. Kiwanis International sponsors Key Club and Circle K International which are high school and college service organizations whose Presidents Wayne Sharp and Mark Musso met with you on March 24. It has been traditional for the President of the United States to meet with the President of Kiwanis International each year. Last year you met with Hilmar L. Solberg.

Mark Smith, a self-employed general contractor is this year's President of Kiwanis International. As President he serves as their primary spokesman. Mark's father served as Kiwanis President in 1940-41; their service marks the first presidential father and son team. He is a member of the Atlanta Chamber of Commerce, the Community Chest, former president and director of the Atlanta Classic Foundation, past president of the Georgia Easter Seal Society and member of the Board of Directors of the National Easter Seal Society. He is a former treasurer of the Georgia Branch of the Associated General Contractors of America, an elder of the Presbyterian Church, a Mason and Shriner, and Colonel in the Army Reserves.

Mark is strongly supporting your re-election. He thinks you are doing a great job and often receive "bum raps". Kiwanis International was also very supportive of the Iran hostage rescue attempt.

Participants: Mr. Mark Smith, Jr., President, Kiwanis International  
Mrs. Lurline Smith, Wife  
Mr. Mark Smith, III, Son  
Mrs. Angie Smith, Wife  
Alan Smith, Grandson  
Mrs. Leila Doll, Daughter  
Mr. Richard Doll, Husband  
  
Mr. Richard Reiman, Staff

Press Plan: White House photographer.

III. TALKING POINTS

1. Mark will present you with a painting by John Kollock of Gainsville, Georgia titled "Rosalynn's Haunted House". This is the house you lived in when you returned to Plains after your military service.
2. He will also present you with a Georgia sand dollar with a painting of the Plains Baptist Church for Mrs. Carter.
3. Thank Mark for inviting you to the Kiwanis International Prayer Breakfast which was held this morning.
4. Mark will ask you to speak to the Kiwanis International Convention on June 22 - 25 in Anaheim, California. (The Scheduling Office has already received your formal invitation.)
5. Mark sent you a very supportive telegram on behalf of the 300,000 Kiwanians after the Iran rescue attempt. (You sent him a personal letter of thanks in response.) You may want to thank him again for that support.
6. You will want to thank Mark for his support of your re-election.

12:15 PM

THE WHITE HOUSE

WASHINGTON

MEETING WITH PROFESSOR CARROLL L. WILSON  
AND AMERICAN MEMBERS OF WORLD COAL STUDY

Monday, May 12, 1980  
12:15 p.m. (3 minutes)  
The Oval Office

From: Hedley Donovan

- I. PURPOSE: Brief meeting and photo with Professor Carroll L. Wilson and American members of the World Coal Study (WOCOL) on occasion of the release of the study in 16 participating countries.
- II. BACKGROUND: The report was produced by 38 prominent people from 16 countries working over a period of 18 months. Their conclusions were unanimous.
- The report will be released at a press conference at the Washington Hilton at 11:00 A.M., May 12.
- The study is very supportive of the President's energy policy in general and his emphasis on coal expansion in particular. It shows that the U.S. can be the world's chief exporter of coal and thus a mainstay for the energy needs of our allies. Within 20 years, coal can surpass grain as our number one earner of foreign exchange.
- Since there is considerable advance interest by the media, the study should receive wide attention.
- III. PARTICIPANTS: List attached.
- IV. PRESS COVERAGE: White House as well as AP and UPI photographers.
- V. TALKING POINTS: Carroll Wilson is an engineer, was once general manager of the Atomic Energy Commission, has directed a number of studies in the energy field, is also something of an authority on global environmental problems, climate and oceanography.

**Electrostatic Copy Made  
for Preservation Purposes**

Monday, May 12, 1980

List of Participants

American Members of the World Coal Study (WOCOL)

Professor Carroll L. Wilson, Director, World Coal Study  
(and Mitsui Professor in Problems of Contemporary  
Technology, Emeritus), M.I.T.

Mr. W. Kenneth Davis, Vice President, Bechtel Power Corporation

Dr. Robert C. Seamans, Jr., Dean, School of Engineering, M.I.T.  
(former Administrator, Energy Research and Development  
Administration (ERDA))

Mr. Russell E. Train, President, World Wildlife Fund - U. S.  
(former Administrator, Environmental Protection Agency  
(EPA))

Mr. Gordon R. Corey, Vice Chairman, Retired, Commonwealth  
Edison Company

Mr. Frank Moore

1 pm  
5/13/80

THE WHITE HOUSE  
WASHINGTON

SCHEDULE PROPOSAL  
DATE: May 8, 1980  
FROM: Zbigniew Brzezinski  
VIA: Phil Wise *ZS*  
*Phil*

MEETING: Call on you by five Hostage Family members of the Family Liaison Action Group. (List attached)

DATE: An early date.

PURPOSE: Four members of the Family Liaison Action Group (F.L.A.G.) have just returned from a visit to Europe where they saw President Giscard, Prime Minister Thatcher, Chancellor Schmidt, and the Pope. They would like to report very briefly to the President on their trip.

FORMAT: Oval Office, 15 minutes.

CABINET PARTICIPATION: State and Dr. Brzezinski. *C*

SPEECH MATERIAL: Briefing material will be provided.

PRESS COVERAGE: Photo opportunity. Meeting to be announced.

STAFF: Dr. Brzezinski

RECOMMEND: State and Dr. Brzezinski.

OPPOSED: None.

PREVIOUS PARTICIPATION: None.

BACKGROUND: They would wish to tell the President that, like the Europeans with whom they met, they believe that until there is an established leadership in Iran it will be impossible to negotiate the release of the hostages. They, therefore, plan to impress upon the hostage families that, while the President should maintain all options, the families should adjust to the situation and continue to show patience and restraint. A brief visit with the President which would be reported to other families through the F.L.A.G. Newsletter would be the most important single gesture that might be made right now.

Approve  \_\_\_\_\_ Disapprove  \_\_\_\_\_



267p

ATTACHMENT

The five Hostage Family members of the Family Liaison Action Group who would like to meet with the President are:

- Katherine Keough, who is President of F.L.A.G. but did not travel with the group since she was chairing regional meetings of F.L.A.G. members in Chicago and Houston.
- Louisa Kennedy, spokeswoman for the group, who visited Paris, London, Luxembourg, and Rome and wife of Economic Officer Moorhead Kennedy.
- Barbara Rosen, wife of Barry Rosen, USICA Press Attache.
- Pearl Golacinski, mother of Alan B. Golacinski, Security Officer.
- Mrs. Harold Queen, mother of Richard I. Queen, Consular Officer.

THE WHITE HOUSE  
WASHINGTON

5/12/80

Director Campbell

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

The signed statement has been given to Tom Jones.

Rick Hutcheson

cc: Tom Jones

2673

United States of America  
**Office of  
Personnel Management**

Washington, D.C. 20415

April 24, 1980

Your Reference:

In Reply Refer To:

cc Scotty  
Phil  
J

MEMORANDUM FOR THE PRESIDENT

FROM: Alan K. Campbell  
Director

SUBJECT: Presidential Help With Implementing  
Civil Service Reform

I very much appreciated your comments on my report on the first year of civil service reform. Your offer to help is most generous in view of the impossible demands on your time.

Recognizing those constraints, there are three opportunities over the next few months in which your participation would significantly aid our efforts to implement the Civil Service Reform Act and which would give recognition to your efforts to improve management of the Federal Government.

I. Issuance of a Presidential Statement Noting CSRA  
Implementation Progress

The General Accounting Office soon will issue its evaluation of the first year of civil service reform. Although there will be some minor specific criticisms in the report, on the whole it is very favorable. For example, the report states:

"Although it will take several years for the central features of civil service reform to be in place, the Office of Personnel Management (OPM) has made good progress in the first year. It has issued regulations and guidance on major reforms, conducted an extensive education and information program, and laid a foundation for extensive evaluation. OPM sees its role as leadership in all phases of personnel management in the Executive Branch, in integrating personnel management with line management of agency programs, and in promoting productivity and better management in all types of Government programs.

**Electrostatic Copy Made  
for Preservation Purposes**

I think it would be very useful for you to help focus attention where it properly belongs on the positive achievements and progress we are making in implementing the Reform Act, and thereby preclude detractors from magnifying minor criticisms. This could be accomplished through a statement from you marking issuance of the report or, if your time permitted, I would recommend inviting Elmer Staats to come by the Oval Office to present the GAO report to you. This would afford our regular civil service press a photo opportunity to accompany your statement on the report.



Accept



Reject



Let's Discuss

## II. Presentation of Presidential Cash Awards to SES Members

Awarding bonuses to top Federal managers on the basis of performance is one of the keystones of the Civil Service Reform Act. The most significant of these bonuses are the Presidential Distinguished and Meritorious Awards. One percent (up to a maximum of 70) of the members of the Senior Executive Service are eligible for the "Distinguished Presidential Award" and five percent are eligible for a "Meritorious Presidential Award." These awards consist of cash bonuses of \$20,000 and \$10,000 respectively. OPM is now in the process of reviewing award nominations from the Departments and agencies. We are making a very careful effort to see that these bonuses go to only the most deserving, and have enlisted a distinguished group of civilians outside the Government to serve as a review board for the nominations. Our final recommendations for award winners will be submitted to you for approval in early June. Since the purpose of the bonuses is to reward those managers who have done the most to fulfill your commitment to increase Government efficiency, I believe it would be appropriate for you to present these first awards to a representative group of winners at a brief White House ceremony.



Accept



Reject



Let's Discuss

## III. Hosting a White House Reception for Presidential Management Interns

In 1977, you established by Executive Order the Presidential Management Intern Program, which annually brings 250 top public management graduate degree winners from across the country into the Federal Government. Without this program most of these young men and women would not be in Government today. Upon completion of a two year internship, those who perform satisfactorily move into the career service.

By any measure, this program has been an outstanding success. It already has had a very positive impact on the Federal work force. The Departments and agencies who have had interns compete vigorously for new appointees, and the enthusiasm of these talented young men and women is really remarkable. I think it would be beneficial to identify you more closely with the program. The interns are well aware that you personally established this program and they are very supportive of your leadership in bringing excitement and better performance to the Federal bureaucracy. A symposium conducted by the National Association of Schools of Public Affairs and Administration (an organization of over 180 member universities) will be held in Washington on July 15 to commemorate the second year of the PMI program and the graduation of the first interns into the career service.

I recommend the White House host a reception for the interns at the end of the July 15 symposium. The number of people attending the symposium will be approximately 1,000, including representatives from nearly 200 universities across the country, as well as their Federal supervisors and mentors. This would be a very positive occasion on which to express your concerns for the Federal Government. I believe you could count on a very warm and positive reception, as this audience is very supportive of your efforts to improve the management of the Federal Government.

Accept

Reject

Let's Discuss

*Too much  
J*

## STATEMENT BY THE PRESIDENT

I am pleased to receive Comptroller General Elmer Staats' first annual evaluation of the Federal Government's success in implementing the Civil Service Reform Act. I am pleased, too, that this independent study required by the Congress reveals that excellent progress is being made, and that implementation is on schedule.

During the past eighteen months, the Office of Personnel Management, under the leadership of Director Alan K. Campbell, has worked vigorously with Federal Departments and agencies to make the provisions of the Reform Act permanent features of the Federal Service. As the Comptroller General points out, "It will take several years for all the central features of civil service reform to be in place." But he also notes the excellent achievements that have already been made.

The Senior Executive Service is operating successfully. Over 98% of eligible Federal officials have accepted membership voluntarily. New performance appraisal and merit pay systems are in place or under design throughout the Government. Women and minorities are achieving measurable gains in Federal employment. The Office of Personnel Management is undertaking its new leadership role to help us conquer inflation by improving public sector productivity and management at all jurisdictional levels.

While the overall report is very favorable, it also properly alerts us to potential problems embodied in the reforms. I have asked Scotty Campbell to examine these areas of concern and, specifically, to take a hard look at the values and costs of the expanded early retirement options in the legislation. I am confident that OPM will continue its efforts to decentralize personnel management authority to meet the needs of individual agencies, while maintaining vigorous oversight to ensure that agencies do not use this authority in violation of the prohibited personnel practices enumerated in the Act.

I want to thank Mr. Staats and the staff of the General Accounting Office for this objective, comprehensive and insightful report. It is most helpful to me, as I am sure it is to the Congress and the rest of the Federal Government. I also want to thank the thousands of men and women throughout the Government who worked so hard in 1979 to make good on the promise of civil service reform.

On introducing this legislation, I pledged that civil service reform would be the centerpiece of my efforts to make the Federal Government more efficient, more effective, and more responsive to the American people. On the basis of this fine report, I am convinced that these goals are being achieved.

*Jimmy Carter*

Mr. President:  
This is the first step toward setting  
Kennedy out of the race and consolidating  
the traditional Democratic coalition.  
May 6, 1980

I believe you can move Lane in a  
personal meeting. I would do sooner  
as opposed to later.

MEMORANDUM TO PHIL WISE

FROM: LONDON BUTLER 

SUBJECT: PRESIDENTIAL MEETING WITH LANE KIRKLAND

N.P.  
cc: Phil Wise  
Lester

I recommend that the President hold a private meeting  
(preferably lunch) with Lane Kirkland sometime in the near  
future. My reasons are as follows:

- Kirkland is moving the AFL-CIO to a unified position  
behind the President. His press remarks last week (see  
attached) left no doubt that the AFL-CIO would support  
Carter/Mondale in the Fall; further, AFL-CIO operatives,  
led by Al Barkan, are actively attempting to shift the  
focus of labor's attention to the Reagan threat. A meeting  
at this time would strengthen Lane's hand.
- Although interest rates are coming down and the prospects  
for a decline in the inflation rate are good, the rise  
in unemployment will continue to place a strain on the  
National Accord. Kirkland has met with Secretary Miller  
privately on this subject, and we have also held a  
larger "Accord" meeting with the Vice President, Secretary  
Miller, Secretary Marshall, Stu Eizenstat, Jim McIntyre,  
and others to discuss the Administration's response to  
rising unemployment. A private meeting between the President  
and Kirkland at this time would serve to underscore our  
willingness to work hand-in-hand with the labor movement  
as we prepare our response to the recession.
- Finally, Kirkland has some excellent ideas on the subject  
of the "re-industrialization of America". These ideas are  
fully compatible with a number of efforts which are  
already underway within the Administration. Labor's  
support for our initiatives in coal, transportation,  
steel, autos, and other sectors would be a major area  
of common ground which would have important implications  
both economically and politically.

If possible, the meeting should take place on or before May 14  
(when I have requested a White House reception with a  
Presidential drop-by for the Industrial Union Department  
of the AFL-CIO).

Secretary Miller, Secretary Marshall and Stu all agree with  
this recommendation.

THE WHITE HOUSE  
WASHINGTON

12 May 80

Lloyd Cutler

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

Rick Hutcheson

cc: Zbig Brzezinski

Phil Wise  
Fran Voorde

2672

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND
NO DEADLINE
FOR APPROPRIATE HANDLING
LAST DAY FOR ACTION

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

ACTION  
FYI

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

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

THE WHITE HOUSE  
WASHINGTON

May 12, 1980

Lloyd  
J

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: LLOYD CUTLER *Lnc*  
RE: Olympics/Meeting with Lord Killanin

I met with Lord Killanin in Dublin on Saturday. He and the IOC Executive Director, Mme. Berlioux, met with Brezhnev in Moscow on Wednesday, May 7. As you know they would like to meet with you at the White House on Friday, May 16.

Killanin now accepts the fact of the boycott. Of the 100+ Olympic committees, he now estimates that not more than 50 will attend the Moscow games. He proposed a one-year postponement to Brezhnev but did not receive any encouragement. While he believes the Soviets may change their mind if most of Western Europe joins the boycott, his best guess is that they will insist in holding the games this year in any event.

The purpose of the meeting would be two-fold:

- (a) to confirm U.S. support of the Olympic movement, including the 1984 Los Angeles games, along the lines of your message to Killanin dated April 18 (attached).
- (b) to confirm that if the IOC decides on a one-year postponement without changing the site, the U.S. will go along, reserving its freedom to renew the boycott if the Soviets have not corrected the situation in Afghanistan.

Killanin says that at the IOC meetings during the last week of May, the Soviets and perhaps others may attempt to censure or suspend the USOC because it accepted the government's recommendation to boycott. He is very much opposed to any such move and believes it will not pass. At the meeting you may want to say that future U.S. support of the IOC would be seriously affected by any such step.

Killanin and other Western IOC officials are very much concerned about future Soviet bloc domination of the IOC if the United States withdraws future participation and support. This is another main reason why he wants the meeting.

Killanin is agreeable to minimal publicity. We will arrange for him and Mme. Berlioux to enter and leave by the Southwest Gate to avoid press and TV interviews.

I recommend the meeting as helpful to our boycott effort and to maintaining Western influence in the IOC movement. Phil Wise says your schedule Friday can accommodate it.

Approve

Disapprove

A handwritten signature, possibly 'J', is written in the space between the 'Approve' and 'Disapprove' options.

F. Don Miller  
Hotel Continental  
Lausanne, Switzerland  
telex 24878  
telephone: 20-15-51

Following is the text of the telex sent today to

Lord Killanin:

"The position of the United States in opposition to sending a team to the Twenty-Second Olympiad in Moscow results solely from the adverse impact of the Soviet invasion of Afghanistan on the standards of international law, and on the preservation of human rights, and on the national security of the United States and many other free world nations. As we advised the United States Olympic Committee, the position of the United States Government rests squarely on these grounds.

This position does not detract in any way from our belief in the value of the Olympic movement, our support for the International and National Olympic Committees, and our adherence to the principle that national and international amateur sports should be administered by private bodies and not by governments. We shall continue to oppose the efforts of other governments to establish UNESCO games, and we shall welcome the IOC and athletes from all eligible Olympic nations at Los Angeles, as we did at Lake Placid."

Jimmy Carter  
The White House  
Washington, D.C.