

5/16/80

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
cable w/att	American Embassy Madrid to Secretary of State. Re: Meeting at the Kremlin. (13 pp.) <i>opened per RAC NLC-126-21-27-1-8 12/17/13</i>	5/13/80	A
memo w/att:	Peter Tarnoff to Zbigniew Brzezinski. Re: Call on President by former Egyptian Prime Minister Mustafa Khalil. (2 pp.) <i>opened per RAC NLC-126-21-27-1-8 12/17/13</i>	5/16/80	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of Staff Sec.-
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THE WHITE HOUSE

WASHINGTON

May 15, 1980

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON *Jack*

SUBJECT:

Cuban Refugees -- Status Report #4

Yesterday, 5,601 persons seeking asylum from Cuba arrived in Key West; it was largest single-day's total to date. 3 deaths, from carbon monoxide poisoning, were reported among the arrivals. All 3 occurred on one overloaded boat. 10 people have now died in the exodus over the last three weeks.

As of 6:00 p.m. today, 2,618 persons had arrived, bringing the cumulative total to about 46,000. The Coast Guard reports that there are 32 vessels northbound carrying approximately 1,250 persons. Only 8 southbound vessels have been sighted today. Although it is too early to reach any firm conclusions about the effects of your announcement yesterday, this southbound figure is considerably less than the average daily southbound flow in the past week, which was 76.

The FBI reported this morning that there are still about 1400 vessels in Mariel Harbor and approximately 10,000 people awaiting transportation to the United States.

Gene Eidenberg, who is in Miami, reported to me late this afternoon that there is a "continuing and steady" improvement in the reaction of the Cuban/American community to yesterday's announcement. Gene will stay in Miami tonight and tomorrow morning and then go to Tallahassee to meet with Governor Graham tomorrow afternoon.

Since yesterday's announcements:

- The Family Registration Office opened in Miami today. Several thousand people came to register their family members still in Cuba. (Estimates of the number of people range from 8 - 10 thousand.) We are placing simple forms to be filled out with relevant information in local newspapers and Cuban shopping areas to alleviate the crush at the Registry Offices. The forms (in both English and Spanish) are to be mailed to a P. O. Box in Miami.

- A boat to begin the sealift has been contracted for FEMA's use and will arrive in Key West tonight prepared to leave immediately.
- The Coast Guard also reports that, although the Cuban Government is apparently attempting to jam the marine frequency radio communication advising boats in Mariel to return to the United States without passengers, reports from persons returning to Key West indicate that the message is getting through on commercial channels. There are unconfirmed reports that the Cuban government is not permitting vessels to leave Mariel without refugees.
- Customs officials seized 47 boats between 10:00 p.m. last night and 4:00 p.m. this afternoon.
- Gene, in Florida, and I, from Washington, have been doing an extensive amount of press briefing (print, radio and television) explaining your decisions of yesterday and how they are being executed. As you know, the public information aspect of this whole effort is crucial.
- I have asked Benjamin Civiletti to assume responsibility for coordinating the overall law enforcement effort, including not only Justice Department agencies, but Customs and Coast Guard as well. I've asked Ben to hold conference calls early each morning and late each afternoon with the appropriate headquarters and operations personnel to ensure the necessary levels of information-exchange and coordination of effort. Ben is reporting the results of those calls to me each morning and afternoon. There have been extensive briefings of the operational people in the field regarding your instructions, and all reports so far indicate proper execution.

Resettlement is moving slowly. We have resettled approximately 19,000 people out of the 46,000 who have arrived. I met this morning with Victor Palmieri and the career Foreign Service Officer who is coordinating our resettlement efforts with the Voluntary Agencies. When I have the information I requested this morning, I shall give you a separate memorandum on the resettlement problems, including my best estimates of our overall resettlement prospects and time frames.

Fort Chaffee will probably reach its capacity this weekend or early next week. Fort Indiantown Gap in Pennsylvania is the next facility to be brought on-line with a capacity of 20,000.* I already have the joint recommendation of DoD, GSA, and FEMA regarding the next most suitable site, but have not yet given the order to begin bringing that site on-line. Since under even the most favorable scenario, we will need additional processing space, I expect to have to give that order within the next couple of days in order to give DoD the necessary preparation time. (The next likely site is Fort McCoy in Wisconsin with a capacity of 15,000.)

* Fort Indiantown Gap will be ready to receive its first refugees on Saturday.

16 May 80

Lloyd Cutler
Hugh Carter

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

Rick Hutcheson

cc: The First Lady

THE WHITE HOUSE
WASHINGTON

May 16, 1980

Mr. President:

The First Lady concurs with
the recommendation.

Rick/Patti

THE WHITE HOUSE
WASHINGTON

May 14, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: LLOYD CUTLER *LNC*
HUGH CARTER *HC*

SUBJECT: Official Expense Allowance

The Executive Office Appropriation Act of 1979 changed the manner of handling your \$50,000 official expense allowance. In the past, funds not used could be retained by you and were counted as taxable income. Under the new system none of the \$50,000 is taxable as income and the unspent balance is returned to the Treasury at the end of the fiscal year.

GAO and Treasury have continued to disburse the \$50,000 in monthly installments. Absent direct instructions to the contrary, they assumed that the only difference between this year and prior years is in the treatment of the remainder.

Jim McIntyre has recommended that the monthly disbursements procedure be stopped and that funds be held by Treasury until charges are incurred. We agree.

In consideration of this, we recommend administering this account as follows:

- 1) Maintain the expense account at Treasury and administer it as all other accounts are administered.
- 2) Discontinue automatic monthly disbursements of the expense allowance and return all funds disbursed to date to the Treasury.
- 3) Delegate to Hugh Carter authority to approve charges to this account in accordance with Counsel's guidelines.

Approved

Disapproved

Electrostatic Copy Made
for Preservation Purposes

Date: 14 May 1980

MEMORANDUM

FOR ACTION:

The First Lady

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

Memo from Lloyd Cutler and Hugh Carter
RE: Official Expense Allowance

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 pm

DAY: Friday

DATE: 16May 80

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

THE WHITE HOUSE

WASHINGTON

May 14, 1980

MEMORANDUM FOR THE PRESIDENT

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HUGH CARTER *de*

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- 3) Delegate to Hugh Carter authority to approve charges to this account in accordance with Counsel's guidelines.

X Approved

_____ Disapproved

R

THE WHITE HOUSE
WASHINGTON

16 May 80

Lloyd Cutler
Landon Butler

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

Rick Hutcheson

cc: Frank Moore

THE WHITE HOUSE

WASHINGTON

May 13, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: LLOYD CUTLER *LC*

SUBJECT: Grants of Executive Clemency

I.

The Deputy Attorney General has forwarded a report (Tab A) recommending that you deny the pardon application of Cyrus T. Anderson, a Washington, D.C. lobbyist who was sentenced to 18 months imprisonment and fined \$10,000 following a conviction in 1972 for bribery of a U.S. Senator while representing the Spiegel mail order company. After serving only about six weeks in prison, the Court reduced the sentence to time served because of his ill-health.

A number of major medical problems, including an incurable brain tumor, have caused Anderson's physical condition to deteriorate to the point where he is reportedly unconscious. In light of his present condition, Secretary Marshall sent you a memorandum dated April 29 (Tab B) requesting that you grant Anderson a pardon for humanitarian reasons. Others who have recommended clemency include Lane Kirkland, Tip O'Neill, Peter Rodino, Arthur Goldberg, and Henry Fowler.

The Deputy Attorney General believes that humanitarian considerations are outweighed by the seriousness of Anderson's offense--a crime which undermines the legislative process and destroys the public confidence in its elected officials, and by Anderson's refusal to acknowledge that he committed the crime by claiming that the funds involved were given as political contributions. This is a very difficult case, but I agree with the Deputy Attorney General's views and recommend that you not grant Anderson a pardon.

Decision

DENY ANDERSON'S PARDON APPLICATION (Cutler, DOJ recommend) (1) *J*

GRANT ANDERSON'S PARDON APPLICATION (Secretary Marshall recommends) (CL and Landon Butler) (2)

THE WHITE HOUSE
WASHINGTON
May 16, 1980

Mr. President:

Frank Moore comments that Cy Anderson is highly recommended by many members of Congress. The leadership feels that Justice and the FBI are openly anti-labor; Brilab, in the South, and Abscam targeting on labor leaders. Anderson is an old labor friend who is sick and probably dying. The granting of a pardon would be viewed as a humane gesture that would moot some of the overt anti-labor sentiment, or at worst, not add another arrow to the anti-labor quiver.

Landon Butler concurs with the Marshall recommendation also. He adds that Lloyd Hackler has also been very active in developing support for Anderson's pardon request.

Rick/Patti

II.

In addition, the summary of cases at Tab C lists forty-eight (48) other persons whom the Deputy Attorney General recommends for Executive clemency. We have reviewed and concur with the Justice reports on these applications and recommend that you grant clemency in each case.

- A. If you decide to grant clemency in these 48 cases and to deny Cyrus Anderson a pardon, please sign the Master Warrant at Tab D.
- B. If you decide to grant clemency in these 48 cases and to also grant Cyrus Anderson a pardon, please sign the Master Warrant at Tab E, which includes his name.

THE WHITE HOUSE
WASHINGTON

16 May 80

Lloyd Cutler

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

Rick Hutcheson

Given to Cutler because
of comment made on
page 1 of Job B.

11:30 AM

THE WHITE HOUSE

WASHINGTON

9
—

MEETING WITH LORD KILLANIN

FRIDAY, MAY 16, 1980
Oval Office
11:30 a.m.

FROM: LLOYD CUTLER
JOE ONEK

LMC

I. PURPOSE

To reassure Lord Killanin about future American support for the Olympic movement, and to reaffirm the irrevocable nature of the USOC decision not to send a team to Moscow this summer.

II. BACKGROUND

At its last Executive Committee meeting, the International Olympic Committee (IOC), requested Lord Killanin to meet with President Brezhnev and you to discuss the Olympics. Killanin met with Brezhnev on May 7. (A detailed description of their conversation is attached (Tab A). It was supplied to our Embassy in Madrid by the Spanish Government, which received it from the Spanish Ambassador in Moscow (Samaranch) who is also Vice Chairman of the IOC and a possible successor to Killanin. The source may be either Mme. Berlioux, Director of the IOC, or Smirnov, the Soviet Vice Chairman of the IOC, both of whom attended the meeting.)

A memo of my conversation with Killanin in Dublin on May 10 is attached as Tab B. Killanin is by now resigned to the fact that there will be a large-scale boycott of the Games. Killanin's primary purpose in seeking this meeting is to obtain reassurance about future American support for the Olympic movement. Talking Points which provide that reassurance are attached (Tab C).

I believe it is worthwhile to broach the possibility of an IOC decision to order a one-year postponement of the Games. The USOC and several important IOC members have endorsed such a postponement. Neither Killanin nor the Soviets will probably take it seriously until they see the full extent of the boycott on May 24, but it may be useful to test Killanin's reaction now.

III. PARTICIPANTS

Killanin is an endless talker, and you will have to interrupt his monologue to move the meeting along. He is decent, single-minded but ineffective. He will be accompanied by Monique Berlioux, a native of France, who is the extremely powerful Director of the IOC. She is a former backstroke gold medalist, anti-Soviet and somewhat anti-American, very determined and very smart.

Administration participants will be Zbig Brzezinski, Lloyd Cutler and Joe Onek.

IV. PRESS PLAN

There will be no press coverage. Killanin is agreeable to leaving without a sidewalk interview. I have attached a draft announcement (Tab D) to be issued following the meeting.

PRIORITY
STUC94
DE RUEFMD #7568/01 1341735
P 131726Z MAY 80
FM AMEMBASSY MADRID

*L - Killanin
Brezhnev
meeting
Quite amusing*

TO SECSTATE WASHDC PRIORITY 0368

~~SECRET~~ SECTION 01 OF 01 MADRID 07568

NOIDB
E.O. 12065: RDS-4 65/13/2000 (BARBOUR, ROBERT E.) OR-M
TAGS: OEXEC, SCUL, UR, SP
SUBJECT: MEETING AT THE KREMLIN

1. (S) ENTIRE TEXT)

2. THE FOLLOWING NOTES WERE GIVEN TO US BY FOREIGN
MINISTRY MAY 12. ALTHOUGH SOURCE WAS DELIBERATELY
NOT IDENTIFIED, IT IS LIKELY TO HAVE BEEN
SPANISH AMBASSADOR TO USSR SAMARANCH, WHO WAS
IN MOSCOW FOR BREZHNEV-KILLANIN MEETING, WHO IS
VICE PRESIDENT OF IOC, AND WHO IS NOW IN MADRID.
THE TEXT IS VERBATIM AS GIVEN TO US WITH
MINOR CORRECTIONS FOR CLARITY. PARTICIPANTS
INCLUDED: PRESIDENT LEONID BREZHNEV; AN ASSISTANT;
AN INTERPRETER; IGNATI NOVIKOV; VITALY SMIRNOV;
LORD KILLANIN AND MONIQUE BERLIOUX.

3. BEGIN TEXT: PRESIDENT BREZHNEV EXTENDS GREETINGS
TO LORD KILLANIN. BEGINS READING: "SOVIET
PEOPLE KNOW YOU WELL HERE. LET ME BE FRANK I AM
PLEASED TO MEET WITH THE MAN WHO DOES SO MUCH TO
ENSURE THE SUCCESS OF THE GAMES. I DEEPLY
RESPECT THE TRADITION OF THE OLYMPIC GAMES.
IN THE FIELD OF THE ORGANIZATION THERE WILL
BE NO DIFFICULTIES, THE DOORS OF THE SOVIET
UNION ARE WIDE OPEN FOR THE PARTICIPANTS AND
THE GUESTS."
POINTS OUT STRONGLY THAT THE GAMES ARE A FESTIVAL
OF WORLD WIDE NATURE AND MUST NOT BE THE
EXCLUSIVITY OF A COUNTRY. IT MUST BE ALSO STRESSED
THAT SOVIET UNION HAS NEVER USED SPORT AS A POLITICAL
WEAPON.

***** WSR COMMENT *****

RR
FOR: BLOOM, DEAL, THORN, BREM, RENT, LARR, BLACK

PSN: 231072

PAGE 01

TOR: 135/07137Z

DTG: 131726Z MAY 80

~~SECRET~~

***** COPY

DECLASSIFIED

Per: Rac Project

ESDN: NLC-126-21-27-1-8

BY 125 NARA DATE 12/17/13

BY CALLING FOR A BOYCOTT U.S.A. ARE NOT PUNISHING ONLY SOVIET UNION BUT THE OTHER COUNTRIES. THEREFORE, WE CANNOT ACCEPT THIS PRACTICE. PARTICIPATION IN THE GAMES HAS NEVER BEEN VIEWED AS THE RECOGNITION OF THE POLICY OF A COUNTRY. ONE EXAMPLE: THE SOVIET ATHLETES TOOK PART IN THE GAMES IN LAKE PLACID MUST NOT BE CONSIDERED AS THE RECOGNITION OF THE AMERICAN POLICY. THE PRETEXT TAKEN WAS THE EVENTS OF AFGHANISTAN. "LET ME SAY THAT IT WAS ONLY AFTER REPEATING AND PRESSING REQUESTS THAT WE MOVED TO AFGHANISTAN. MOREOVER THIS WAS DONE IN FULL COMPLIANCE WITH RULES OF UNITED NATIONS AND OUR TREATY WITH AFGHANISTAN. WE ARE IN FAVOR OF A POLITICAL SETTLEMENT TO PUT AN END TO THIS SITUATION AS SOON AS THERE IS NO LONGER OUTSIDE INFLUENCE PREVENTING IT. I CAN ASSURE THAT THE SOVIET PEOPLE WILL CREATE THE FAVORABLE CONDITIONS TO STAGE THE GAMES. ALSO YOU CAN BE ASSURED OF ALL FINANCIAL AID NECESSARY. AS FOR THE PROCEDURES THIS CAN BE EASILY WORKED OUT BY THE OCOG. WE WANT THE OLYMPIC GAMES TO BE MARKED WITH BEST SPORT EVER AND HIGH PERFORMANCES LEADING TO WORLD RECORDS."

(END OF WRITTEN SPEECH)

TODAY THE SITUATION HAS BEEN AGGRAVATED. CARTER WANTS TO PREVENT THE GAMES FROM BEING HELD AND BRINGS PRESSURE TO BEAR ON ALL HIS ALLIES. "HE IS A HOPELESS CASE", BUT IT IS IMPORTANT FOR OTHER NATIONS, F.R.G., REP. OF GERMANY, FRANCE, ITALY AND SPAIN TO TAKE PART. IF F.R.G. OF GERMANY PARTICIPATES, THE OTHER COUNTRIES WILL FOLLOW.

I WANT TO HELP YOU, AND TO HELP THE OLYMPIC MOVEMENT AND THE GAMES. WE ARE LEAVING FOR YUGOSLAVIA IN THE AFTERNOON, CHANCELLOR SCHMIDT WILL BE THERE. HE IS INDEBTED TO OUR COUNTRY. I WILL MEET WITH HIM AND TELL HIM A FEW THINGS.

(PRESIDENT BREZHNEV THEN READ A PREPARED DOCUMENT) I WILL STATE: YOUR GOVERNMENT HAS DECIDED TO APPEAL FOR A BOYCOTT OF THE GAMES. YOUR PARLIAMENT ALSO. BUT I HOPE THE F.R.G. WILL NOT BRING PRESSURE AT

PRIORITY

UT8392

DE RUEHMD #7568/02 1341751

P 131725Z MAY 80 ZFF#4

FM ANEMBASSY MADRID

TO SECSTATE WASHDC PRIORITY 6967

~~SECRET~~ SECTION 02 OF 04 MADRID 07568

NODIS

TO BEAR ON THE NOC AND LET THE ATHLETES TAKE PART IN THE GAMES.

LORD KILLANIN THANKS (BREZHNEV) FOR THE SPEECH.

EXPLAINS THAT HE WANTED TO PUT HIMSELF AT ANYONE'S DISPOSAL. WANTS TO MAKE CLEAR FROM THE BEGINNING THAT WHATEVER HIS PERSONAL FEELINGS MAY BE HE IS THE PRESIDENT OF THE IOC, THEREFORE NEUTRAL AND ABOVE POLITICS.

PAYS TRIBUTE TO TREMENDOUS WORK DONE BY NOVIKOV AND SMIRNOV.

STRESSES HIS CONCERN THAT GAMES ARE USED FOR POLITICAL PURPOSES.

EXPLAINS THAT HE WROTE TO PRESIDENT BREZHNEV ON FEB. 13TH (NOTES PARAGRAPH OF LETTER) AND ASKED THAT GAMES SHOULD BE HELD IN THE RIGHT ATMOSPHERE. THEN QUOTES LETTER OF PRESIDENT BREZHNEV TO MR. NOVIKOV.

EXPLAINS THAT HE WAS NOT GOING TO MENTION AFGHANISTAN BUT AS PRESIDENT BREZHNEV GAVE HIM AN OPENING, LORD KILLANIN WONDERS IF PRESIDENT BREZHNEV COULD MAKE A STATEMENT IN EARLY FUTURE IN ORDER TO RELIEVE THE ACTUAL TENSION.

THEN LORD KILLANIN EXPLAINS THAT ONE OF THE THINGS USED WAS THE BOOK OF PARTY ACTIVITIES PUBLISHED WELL BEFORE THE PROBLEMS OF AFGHANISTAN STARTED. HE QUOTES A PARAGRAPH OF IT.

PRESIDENT BREZHNEV: INTERRUPTING "WHAT'S WRONG WITH THAT."

LORD KILLANIN: EXPLAINS THAT THE REASON FOR AWARDED THE GAMES TO MOSCOW WAS NOT ON POLITICAL GROUNDS BUT FOR THE ABILITY OF MOSCOW TO STAGE THEM IN THE PROPER WAY.

NOW THE BOOK HAS BEEN USED BY THEIR ENEMIES.

NOVIKOV: STRESSES THAT BOOKLET IS AN INTERNAL DOCUMENT FOR THEIR OWN WORK INSIDE THE PARTY. MR. NOVIKOV REAFFIRMS THAT HE HAS NEVER SET EYES ON THIS BOOKLET AND THAT IT IS A MINOR PROBLEM.

PRESIDENT BREZHNEV: ASKS LORD KILLANIN IF HE WOULD AGREE TO THE WORDS HE INTENDS TO ATE TO CHANCELLOR SCHMIDT.

LORD KILLANIN: REPLIES THAT THIS WAS EXACTLY WHAT HE WANTED TO ASK HIM. THEN EXPRESSES THE WISH TO TELL PRESIDENT BREZHNEV HOW HE SEES THE SITUATION. THE KEY LIES WITH F.R.G. AND WHAT THEY SAY OR DO ACTUALLY HAS TREMENDOUS REPERCUSSIONS ON THE NOC OF ALL COUNTRIES.

AT THE MEETING IN ROME ON MAY 3RD. 18 NOCS FROM WESTERN EUROPE MADE SUGGESTIONS WHICH ARE POSITIVE. MOST OF THE NOCS WISH TO TAKE PART. IT SHOULD ALSO BE POINTED OUT THAT CERTAIN NOCS ARE INDEPENDENT OF THEIR GOVERNMENT AND FEEL IT IS THEIR DUTY TO ENABLE THEIR ATHLETES TO TAKE PART IN THE GAMES ANYWHERE IN THE WORLD. THERE IS A BIG DANGER IF F.R.G. SAYS NO THAT IT WILL SNOWBALL.

POINTS OUT THAT IN THE AFTERNOON HE WILL HOLD DISCUSSION WITH MR. NOVIKOV REGARDING DETAILS BUT MUST INSIST THAT SOME NATIONAL FEDERATIONS HAVE ALREADY DECIDED NOT TO TAKE PART, AND THIS IS OVERWHELMING IN EQUESTRIAN AND POSSIBLY SAME IN YACHTING.

IN OTHER SPORTS, COMPETITIONS MIGHT NOT BE OF A HIGH ENOUGH STANDARD.

ACTUALLY THE SITUATION IS CRITICAL.

REMINDS THAT WHEN IOC AWARDED THE GAMES,

THIS WAS WELCOMED 99 PERCENT AROUND THE WORLD.

IT WAS TIME AND SIGN OF DETENTE. NOW IT IS AGAIN

THE COLD WAR.

ASKS PRESIDENT BREZHNEV TO DO EVERYTHING IN HIS POWER TO HELP THE GAMES, IN THE INTEREST OF SPORT, OF THE ORGANIZING COMMITTEE WHICH WORKED SO HARD, OF SPORTSMEN.

FINALLY, HE APPEALS TO PRESIDENT BREZHNEV WHO IS THE MOST IMPORTANT MAN IN THE WORLD TO DO SOMETHING RE AFGHANISTAN AND IN THE INTEREST OF ALL TO AVOID POLITICAL DISRUPTION.

HE STATES THAT THE WERE FACT ALL ARE AROUND THE TABLE

BT

PRIORITY

UT9395

DE RUEHND #7565/03 1341757

P 131720Z MAY 80 ZFF-4

FM AMEMBASSY MADRID

TO SECSTATE WASHDC PRIORITY 6366

SECRET SECTION 03 OF 03 MADRID 07568

NOTES:

TO DISCUSS HAS BEEN MADE POSSIBLE THANKS TO THE OLYMPIC MOVEMENT. MANY PEOPLE ARE ABLE TO MEET UNDER THE OLYMPIC GAMES, WITH VARIOUS IDEAS AND IDEOLOGIES. THIS IS WHY HE FEELS THE OLYMPIC MOVEMENT IS WORTH SAVING. HE EXTENDED MANY THANKS ON BEHALF OF THE WHOLE IOC.

PRESIDENT BREZHNEV: FULLY AGREED WITH LORD KILLANIN'S VIEWS AND THE STATEMENT MADE THAT THE OLYMPIC MOVEMENT IS COMPOSED OF VARIOUS PEOPLE. PROMISED TO DO HIS VERY BEST SO THAT THE ATMOSPHERE IMPROVES.

SOVIET UNION WILL GIVE ALL ITS PRESTIGE TO HELP THIS CAUSE.

THANKED LORD KILLANIN FOR ELUCIDATING THE PROBLEM. LORD KILLANIN REFERRED TO THEIR MEETING IN 1962. FOLLOWED BRIEF PERSONAL REMEMBRANCES.

PRESIDENT BREZHNEV: EXPLAINED THEY HAD PREPARED A PRESS RELEASE AND READ IT.

LORD KILLANIN: WARNED THAT IOC WOULD ISSUE A STATEMENT FROM LAUSANNE. END TEXT. BARBOUR

BT

TAB B

THE WHITE HOUSE

WASHINGTON

May 12, 1980

Lloyd
J

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: LLOYD CUTLER *etc*

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.

not in minutes of meeting

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



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.

TAB C

TALKING POINTS FOR MEETING WITH LORD KILLANIN

- As I wrote you last month, the United States position on the Moscow Games results solely from the Soviet invasion of Afghanistan. Our position does not detract in any way from our support of the Olympic movement. We look forward to the 1984 Games in Sarajevo and Los Angeles and will do our best to help heal any scars created by this year's events. Within this country, we are taking steps to increase financial support for the USOC so that the Committee and American athletes can continue to remain a vibrant force in the Olympic Movement.

- Our support for the international Olympic movement would be seriously affected if the IOC should decide to impose sanctions or a vote of censure against the USOC for its decision not to attend the Moscow Games. The USOC acted on the Government's advice that to send a team would harm our national security, and no Olympic Committee should be criticized for acting in accordance with its Government's view of the national security.

- We are going to continue to press as hard as we can to convince Olympic Committees, individual federations and individual athletes not to go to Moscow. As you know, the Soviets have not paid the slightest heed to the request by the IOC and others to improve the atmosphere in the world by withdrawing from Afghanistan. Participation under these circumstances is absolutely unacceptable even if there is a reduction in the use of national flags and anthems.

- As we advised the USOC last February, we continue to believe that postponement of the Games for a year would make sense if the IOC believes this is a preferable alternative. It would give the Soviets more time to take actions to restore the neutrality of Afghanistan that would permit the nations of the world to go to Moscow. If the Soviets do not take appropriate action, the IOC could seek to move the Games or, if necessary, hold the same kind of Spartakiad Games in Moscow in '81 that would be held in Moscow in '80.

The President today met with Lord Killanin, the President of the International Olympic Committee, and Mme. Monique Berlioux, its Director, at their request. The President reaffirmed that the position of the United States in opposition to sending a team to the Moscow Olympic Games results solely from the Soviet invasion of Afghanistan and our belief that it was not appropriate to attend the Games in a host nation that was invading its neighbor.

The President made clear that this position does not detract in any way from our support of the international Olympic movement, and that we will welcome athletes from any eligible Olympic nation at the Los Angeles Games in 1984. The President reaffirmed that the United States will continue to urge other governments and Olympic Committees to oppose participation in the Moscow Games this summer. He noted that more than forty National Olympic Committees, including those of the United States, West Germany, Canada, China, Norway, Kenya, Argentina and numerous Moslem nations, have already decided not to attend the Moscow Games. More major national committees are expected to take the same position during the next two weeks.



DEPARTMENT OF STATE

Washington, D.C. 20520

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LIBRARY STAFF

May 16, 1980

MEMORANDUM FOR DR. ZBIGNIEW BRZEZINSKI
THE WHITE HOUSESubject: Call on the President by Former Egyptian
Prime Minister Mustafa Khalil

Former Prime Minister Mustafa Khalil will visit Boston May 18-20 and Washington May 20-24 for medical consultation and treatment. Khalil has requested appointments with the President, Secretary Muskie and Ambassador Linowitz during the May 20-24 period he will be in Washington.

Although Khalil is no longer Prime Minister and Foreign Minister, he remains close to President Sadat and will continue to play an important role in Egyptian foreign policy. As Vice Chairman of the National Democratic Party, he will have special responsibility for foreign policy matters. More importantly, he will have Sadat's latest thinking on the future of the autonomy negotiations; he will meet with Sadat, Mubarak, Kamal Hassan Ali, and Boutros Ghali before he leaves Cairo. Ambassador Atherton surmises that Khalil may indeed carry a message from Sadat to the President as arising from Egyptian negotiating strategy meeting.

The Department recommends that thirty minutes be reserved on the President's calendar on May 21, 22, or 23 to permit him to receive Khalil. As well, we will seek an appointment with Secretary Muskie during Khalil's stay in Washington.

Peter Tarnoff
Peter Tarnoff
Executive Secretary

~~CONFIDENTIAL~~

GDS 5/14/86

DECLASSIFIED

Per, Rac Project

ESDN: NLG-126-21-27-1-8

BY KS NARA DATE 12/17/13

LES DENEND--The President asked if
he is seeing Khalil, if he still
needs to see Hosni Mubarak. The
answer is yes, since Mubarak will be
bringing a personal message .

Get Les to send memo to President _____
outlining above.

Not necessary _____

THE WHITE HOUSE
WASHINGTON

Jesse Jackson

Food stamps / for housing
"Invisibility"

JR - Corp. Sep 27

Mobile decisions

Sen Hollings

Sen Stromaker - sharp & son

Pat support = hope, not hostage

Haiti - Cuba

All Best people in France, in France

Black colleges

News

Electrostatic Copy Made
For Preservation Purposes

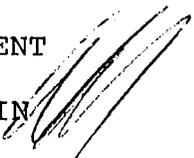
THE WHITE HOUSE

WASHINGTON

May 15, 1980

MEMORANDUM FOR THE PRESIDENT

FROM:

LOUIS MARTIN 

SUBJECT:

MEETING WITH THE LEADERS OF THE MAY 17th
MARCH ON WASHINGTON, CABINET ROOM, FRIDAY,
MAY 16, 1980, 1:00 P.M.

I. PURPOSE

To hear the concerns and respond to the leaders of the March on Washington.

II. BACKGROUND, PARTICIPANTS, AND PRESS

A. Background

Reverend Jesse Jackson is organizing a march on Washington, D. C., to dramatize the plight of the poor and unemployed, especially the young unemployed. Mayor Hatcher is chairman of the March. They are expecting 25,000 people to participate. Reverend Jackson and Mayor Hatcher claim that the March is not an anti-administration rally. Among the issues that are likely to be raised are the Haitian boat people, jobs, and food stamps.

B. Participants

Approximately 15 national and community leaders will attend the meeting. A list is attached.

C. Talking Points

Talking points will be supplied by David Rubenstein.

D. Press

White House Press Pool and photo opportunity.

LIST OF ATTENDEES - MAY 16, 1980

Mona Bailey
President, Delta Sigma Theta

Bishop H. H. Brookins
President Elect, AME Bishops Council

Manuel Bustello
Puerto Rican Forum

Reverend Jesse L. Jackson
President, Operation PUSH

Reverend William A. Jones, Jr.
President, Progressive National Baptist
Convention

Ruiz Pedro Garza
Mexican American Community

Mayor Richard Gordon Hatcher
Gary, Indiana

Ms. Dorothy Height
President, National Council of Negro Women

Reverend E. V. Hill
Chairman, California Baptist Association

Reverend Otis Moss
Vice Chairman of the Board
Operation PUSH

Ms. Barbara Phillips
President, Alpha Kappa Alpha

Mr. Mark Stepp
Vice President
United Auto Workers

Mr. Stevie Wonder
Artist

Mr. Raul Yzaguirre
La Raza

David Cortright
SANE

THE CARTER ADMINISTRATION AND YOUTH EMPLOYMENT

The Problem

- Youth are one-fourth of labor force, but are one-half of the unemployed
- About four million 16-24 year olds will have trouble completing the transition from school to work
- While the total number of all young people will fall in the 1980's, the numbers of youth with greatest needs (i.e., economically disadvantaged, dropouts, minorities, and youth with special needs) will not decline.
- While the white youth unemployment rate has remained about the same over the last 25 years, the minority youth unemployment rate of over 30 percent is nearly twice what it was 25 years ago.
- Jobs for youth without high school diplomas are vanishing. In 1950, one out of three jobs were available to young people without a high school diploma. In 1980, it will be less than one out of ten.

The Record - 1977-1980

1977

- Sought and secured passage of the Youth Employment and Demonstration Projects Act (YEDPA), landmark youth legislation which added \$1 billion and four new experimental programs to the Nation's attack on the problems of high youth unemployment.
- Increased the summer program of part-time jobs to 1 million and began expansion of the Job Corps to double its previous size to 44,000 slots.

1978

- Sought and secured passage of Targeted Jobs Tax Credit and the Private Sector Initiative aimed at providing private sector employment to low-income youth.

1979

- Launched Vice President Mondale's Task Force on Youth Employment to analyze youth employment programs and policies, in time for the 1980 reauthorization.
- Successfully mounted the most intensive monitoring and assessment effort ever to improve the quality of the summer program.
- Doubled Job Corps training allowances - the first increase since the program started in the mid-1960's.

1980

- Proposed a \$2 billion youth education and employment initiative to begin in 1981, for a total commitment of \$6 billion to youth jobs and training.
- Will carry out a summer program of one million jobs.
- Continue Job Corps expansion (end of April 1980: 37,500 on board)

The Results

Since 1977, when the YEDPA initiative was undertaken, the unemployment rate for youth ages 16-21, both white and non-white, has fallen steadily -- while the proportion of youth with jobs has risen steadily.

Youth Ages 16-21

	<u>Unemployment Rate</u>		<u>Proportion of Youth w/Jobs</u>	
	<u>White</u>	<u>Non-White</u>	<u>White</u>	<u>Non-White</u>
1977	13.5	33.7	53.9	29.2
1979	12.0	28.9	56.7	32.9

In addition the Carter Administration:

- Tripled spending in Labor Department youth programs, from \$177 million in 1977 to \$2.3 billion in 1980.
- Increased years of service to young people by almost 150%
- from 175,000 in 1977 to 425,000 in 1980.
- Provided jobs equal to one in seven for black 16-19 year olds, and one in ten for Hispanics.

The Future - 1981 and beyond

On January 10th the President announced his comprehensive \$2 billion Youth Education and Employment Initiative designed to prepare the nation's young people for the labor market of the 1980's.

When fully implemented in 1982 the new initiative plus current programs will help provide education, work experience and training to an estimated 3 million young people.

The Administration's proposal, currently before the Congress, authorizes programs to be carried out by the Departments of Labor and Education.

The Labor Department's Youth Employment Program, when fully implemented, will provide education, work experience, training, labor market information and other services to more than 500,000 additional young people. The new resources, when added to current programs, will serve over 2.5 million 14- to 21-year-olds.

The new program emphasizes:

- Additional training and jobs for older and out-of-school youth;
- Stringent performance standards for participants and program operators;
- Financial incentives to encourage greater cooperation between CETA sponsors, local employers, school systems and community based organizations;
- Consolidation of three of the existing CETA youth programs and closer coordination with the summer program to simplify local administration and reduce paperwork.

The Education Department's Basic Education and Skill Training Program, when fully implemented, will provide basic education and employment skills to approximately 1 million low-achieving junior and senior high school students in poorest urban and rural school districts around the country.

The new program emphasizes:

- Basic skills for low-achieving youngsters, including help for students with limited ability in English;
- School-wide planning with the active involvement of teachers, parents, employers, and community-based organizations;
- Using the link between work and classroom-learning as a way to motivate students to stay in school; and
- A major role for vocational education in preparing young people for work.

The Youth Act is one of President Carter's top domestic priorities. This new initiative builds on the experience gained over the last 2-1/2 years under the CETA Youth program and the work of the Vice President's Task Force.

The President has clearly stated that even the critical need to balance the Federal budget cannot be an excuse for condemning a generation of disadvantaged young Americans to an endless cycle of poverty and lost opportunity.

CARTER ADMINISTRATION BUDGET RECORD

FISCAL YEAR 1981 BUDGET

The following programs were not cut in the revised FY 1981 budget; every one of these programs was not only spared from cuts but was increased in funding above the previous year's level:

Social Security
AFDC
Medicare
Medicaid (basic program)

Summer Jobs
Youth Employment
Job Corps
Private Sector Initiatives

Head Start
Basic Skills
Education for the Handicapped
Rehabilitation Services
Bilingual Education
Indian Education
Black Colleges
Graduate Educational Opportunities Program

UDAG
Fair Housing Assistance Grants

Minority Business Assistance
Women's Business Assistance

Subsidized Housing Programs

BUDGET CHANGES 78-81

Set forth below are selected examples of the increase in funding contained in the President's FY 1981 budget, as revised in March, compared to the budget that he inherited three years ago:

		<u>Outlays, In</u> <u>(Millions \$)</u>	
	Percentage Change <u>(3-year)</u>	1978 Ford <u>Budget</u>	1981 In March <u>Revision</u>
<u>Education *</u>			
Head Start	73	475	820
Basic Skills	233	12	40
Education for Disadvantaged	55	2,285	3,536
<u>Bilingual-Indian Education</u>	117	138	299
Bilingual Education	113	90	192
Bilingual Vocation Training	100	3	6
Indian Education	124	45	101
<u>Higher Education</u>			
College Work Study	120	250	550
Trio Programs	119	73	160
Black Colleges	27	110	140
<u>Youth Employment</u>			
Summer Jobs	66	525	872
Job Corps	159	213	579
<u>Total CETA</u>	115	4,141	8,884

* Note: The numbers shown for all education programs are in budget authority, not outlays.

	<u>Percentage Change (3-year)</u>	<u>1978 Ford Budget</u>	<u>1981 In March Revision</u>
<u>Health</u>			
Community Health	44	209	301
Family Planning	45	103	149
National Health Service Corps	179	29	81
Migrant Health	16	32	37
Indian Health	52	436	661
Health Prevention	43	549	788
<u>Economic Development</u>			
Community Development Block Grants	26	3,112	3,908
EDA Economic Development Assistance Grants	99	274	545
Minority Business Assistance	52	105	159
<u>Housing</u>			
Subsidized Housing Programs	78	3,084	5,485
<u>Income Security</u>			
Social Security	53	90,797	138,325
Food Stamps	99	4,712	9,386
Women, Infants & Children (WIC)	1,729	47	860
Child Nutrition	1,847	153	2,979
Special Milk Program	533	18	114



TALKING POINTS/BACKGROUND

(NOTE: The press will enter the room to hear the first 2-3 minutes of your remarks. The attached fact sheet on your Youth Employment Initiatives and your Budget Record will be given to all the participants in the meeting.)

1. INTRODUCTION

- o When I heard that Jesse Jackson and Mayor Hatcher would be leading a march on employment I immediately decided that I wanted to meet with them and the other march leaders.
- o I share your deep commitment to increasing employment and to doing everything possible to make certain that the employment barriers for minorities and youth are removed.
- o More blacks, Hispanics, and minority youth are employed than any time in our history. The minority youth unemployment rate is lower than any time in the past six years. But much more needs to be done. Unemployment rates are still too high among minorities, particularly those in our inner cities, and we can never be fully satisfied until we have met the goals of the Humphrey-Hawkins Full Employment Act.
- o I know that you share my concern, and I wanted to hear from you directly today about how we might lower unemployment among minorities and minority youth. Let me make a few other brief points first.

2. ADMINISTRATION'S RECORD

In major areas of your concern, our record over the past several years is significant. Again, we need to do more, and I am committed to that, but we should not minimize what has occurred:

- o Employment. We have created more than 9-1/2 million new jobs; nearly two million of those jobs are held by blacks and Hispanics. The minority unemployment rate is now 6% below what it was when I took office; the black teenage unemployment rate is now 14% below the 1976 figure level.
- o Appointments. More blacks and Hispanics are serving in senior government jobs than in any time in history. And more blacks and Hispanics have been appointed to federal judgeships in the last three years than in all of our prior history.

- o Budget. Over the past three years, we have had restrained budgets, and as a result, have reduced our deficit from \$66 billion to a proposed balance. But we have, through targeting resources to the areas of greatest need, drastically increased funding for programs that help poor people, blacks, Hispanics and other disadvantaged Americans:

Head Start	73%
Basic Skills	233%
Bilingual Education	113%
Job Corps	159%
CETA	115%
Minority Business Assistance	52%
Subsidized Housing	78%

I do not need to list more of these; they are contained in a fact sheet that Louis Martin has given to you.

- o Civil Rights. We have reorganized the federal civil rights agencies to ensure greater enforcement capability; and we have increased civil rights enforcement resources every year.

3. CURRENT LEGISLATIVE SITUATION

I want to use this year to build on the record of the past several years; and to have major legislative initiatives in place to preserve progress already made and to expand efforts in a number of vital areas. Unfortunately, Congress is not moving quickly enough and time is running out. I need your help, and I hope that you will mention each of these to the members you meet:

- o Youth Act of 1980. I have proposed a major restructuring of our Youth Employment Programs that will increase our commitment to youth employment by \$2 billion, bringing the overall youth budget to \$6 billion by FY 1982. We are making some progress in both Houses but your active support is needed to ensure prompt passage of the Youth Act.
- o Fair Housing Act Announcements. I have proposed legislation to remedy the major defect in the Fair Housing Act -- the lack of cease and desist authority for the Secretary of HUD in Fair Housing cases. The House will be voting on this legislation next week, and with your help, there is a realistic chance it could be passed.
- o Food Stamps. I have signed legislation today to enable us to avoid cutting off food stamps by June 1; that was a possibility because the Congress moved so slowly in funding this program for the remainder of this year. Your help will be needed as the Congress considers funding for FY 1981.
- o Budget. I know you have been concerned about my effort to balance the budget. First, it was necessary to stem the inflationary spiral which hurts the poor worse than anyone.

Second, my spending cuts were targeted to protect the poor and the disadvantaged. In my revised budget, I not only spared key programs from cuts, but increased them from the previous year's budget:

Social Security
AFDC
Medicare
Medicaid (Benefits)
Summer Jobs
Youth Employment
Job Corps

Head Start
Basic Skills
Bilingual Education
Black Colleges
Minority Business Assistance
Subsidized Housing
Fair Housing Assistance Grants

Third, I need your help to sustain these program levels, for Congress appears intent on significantly reducing key domestic programs. (The Senate has eliminated structural unemployment part (title VI) of CETA).

3. RECESSION

- o No one in this room is more concerned about the employment effects of the recession than I. I cannot tell you that unemployment will be decreasing over the next several months. But I can tell you that, based on the information we now have, the recession will be moderate and short-lived.
- o Consistent with our need to continue fighting inflation, we will do whatever we can to minimize the unemployment effect of the recession, particularly on minorities and youth. For instance, we will be funding summer jobs at 1 million slots this year.

4. REFUGEES

- o Two days ago, I announced a new program to deal with the serious Cuban Refugee problem. That program will help to regularize the enormous flow of Cuban refugees and will make clear to the world that the burden for this crisis lies solely with Fidel Castro.
- o As part of my announcement I said that we would treat the nearly 40,000 Haitian refugees now in South Florida equally. I have directed that all Haitian asylum applicants receive the same federal benefits as Cubans. These include work authorizations and food stamps, in addition to basic health services, free food supplies, and assistance from voluntary agencies. That will not mean that overnight all of their problems will be eliminated or a permanent solution found, but we are doing everything possible now to make certain that the Haitians' plight is dealt with fairly and equitably by the federal government.

THE WHITE HOUSE
WASHINGTON

16 May 80

Al McDonald
Rick Hertzberg

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

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

May 14, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: Al McDonald
Rick Hertzberg
Chris Matthews *Chris Matthews*

SUBJECT: Presidential Speech:
Fundraiser for Asian-
and Pacific-American
Democrats

Scheduled delivery:
Thur, May 22, Evening
Washington Hilton

Attached for your modification and approval is a suggested strategy for this speech.

PRESIDENTIAL SPEECH STRATEGY

ok
J

ASIAN/PACIFIC-AMERICAN DEMOCRATIC FUNDRAISER

(Group or Event)

Thursday, May 22, 1980

(Date)

Evening

(Time)

Washington Hilton

(Place)

Chris Matthews

(Speechwriter)

- ¶ Audience description: 1200 Asian- and Pacific-American Democrats and other Carter supporters.
- ¶ Purpose: To strengthen your ties with this influential group.
- ¶ Theme: America's historic strength is grounded in its cultural and ethnic diversity.

¶ Main topics:

Appreciation of their support.

Nature of America's strength: cultural diversity and unity of purpose.

US remains the land of refugees, the one nation that people struggle to reach.

America has faced serious challenges in the past and has prevailed.

We are facing our challenges today: security, energy, economy.

Strong basis for optimism: America's historic dynamism and unique national commitment to "pursuit of happiness."

- ¶ Tone: Optimistic, inspirational, a "Fourth-of-July Speech."
- ¶ Length: 12 minutes.

2:45 P.M.

THE WHITE HOUSE

WASHINGTON

May 15, 1980

WESTERN STATES ISSUES BRIEFING

Friday, May 16, 1980
2:45 P.M. (20 minutes)
The East Room

From: Sarah Weddington

I. PURPOSE

To promote among your guests, who are leaders from various Western states, a sense of identity with you and your Administration, a sense of a team working together, and a sense of urgency about actively supporting the Administration across the board.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

- A. Background: This is a meeting for civic and political leaders from the states.
- B. Participants: A cross section of civic, community, and political leaders (guest list attached).
- C. Press Plan: Press from the various states will be in attendance. They have been told that the briefing is on the record.

III. TALKING POINTS

Your standard presentation to state groups will be appropriate. We request that you do a receiving line with photos after your remarks.

Attachments:

Agenda
Guest List

**Electrostatic Copy Made
for Preservation Purposes**

AGENDA

FRIDAY, MAY 16, 1980

- 10:00 A. M. SARAH WEDDINGTON, Host
Assistant to the President
- 10:05 A. M. G. WILLIAM MILLER
Secretary of the Treasury
- 10:50 A. M. DR. ZBIGNIEW BRZEZINSKI
Assistant to the President for National
Security Affairs
- 11:30 A. M. Coffee Break
- 12:15 P. M. DR. JOHN SAWHILL
Deputy Secretary of Energy
- 1:00 P. M. Walk to the State Floor of The White House
for Buffet Luncheon
- 2:15 P. M. ALFRED KAHN
Advisor to the President on Inflation
- 2:45 P. M. PRESIDENT CARTER

ATTENDEES WESTERN STATES BRIEFING
May 16, 1980

Allen, Sid
Klamath Falls, OR

Alvarez, Luis
Deputy Administrator for Spanish Affairs
Oregon

Arps, Delores (Dee)
Worland, WY

Asher, Clarence
(former Wheeler County Judge)
Fossil, OR

Astorga, Tony
Nahrwold & Astorga
Phoenix, AZ

Ayers, Robert
Business Manager
IBEW, Local 125
Portland, OR

Bales, Wilson
Carlsbad City Councilman
President, Bales Leasing
Carlsbad, NM

Bates, Patricia
Carson City, NV

Beaverson, Tony
Executive Director
Oklahoma Education Association
Oklahoma City, OK

Belcher, Randy
Albuquerque, NM

Beverly, Trudy
Albuquerque, NM

Bishop, Charles A. (Bill)
Past President
Montana Wilderness Association
Montana

Bitar, William
Portland, OR

Blanchard, Paul
President
Blanchard Development & Construction
Albuquerque, NM

Bledsoe, Will
Silverton, OR

Bosh, Vicent
President
IUOE, Local 400
Helena, MT

Brown, James
Teacher
Tulsa, OK

Brown, Stephen
State Senator
Helena, MT

Butler, Johnny
County Supervisor
Navajo County
Winslow, AZ

Calderon, Jose
Production Control Supervisor
Hyster Company
Chairman of the Board
Spanish Speaking People of Oregon
Oregon

Calderon, Juliana
Teacher
Oregon

Capps, Doug
Portland, OR

Chesler, Harold
President
Theater Candy Distributing Company
Board Member, Utah Travel Council
Bloomington, UT

Cohen, Brenda
(friend of Sarah Weddington)

Cole, Hugh Knox
John Day, OR

Cole, Marjorie
John Day, OR

Christiaens, Bernard (Chris)
Great Falls, MT

Colley, Richard
Area Manager for Capital Journal
Toledo, OR

Conkling, Gary
Administrative Assistant to
Representative Les AuCoin
Washington, DC

Courtney, Roger
(real estate)
Torrington, WY

Curtis, Kathryne
Council Bluffs, IA

Damrell, Frank
Attorney
Modesto, CA

D'Arcy, Colleen
Anaconda, MT

Davitt, Phillip
St. Charles, IA

Detsch, Norton
President
Norton Detsch Advertising
Oregon

Deyette, Donalee
Del Crest, OK

Dickman, David
Salt Lake City, UT

Diebold, Lawrence
Executive Secretary
Montana Education Association
Helena, MT

Dmitrich, Mike
Representative
Price, UT

Dodge, Mary
Henryetta, OK

Domenic, Charlotte
Tillamook, OR

Eckstrom, Daniel
South Tucson, AZ

Fahden, Nancy
Chairwoman
Board of Supervisors
Contra Costa County
Martinez, CA

Franklin, Nick
Albuquerque, NM

Franklin, Susan
Albuquerque, NM

French, Anna M.
Milton Freewater, OR

French, Norman
Milton Freewater, OR

Garcia, Rosemary
Albuquerque, NM

Garr, John M.
Representative
East Carbon City, UT

Garrett, Sandra
Muskogee, OK

Gary, Joe F.
Sponer Petroleum Company
Durant, OK

Gordon, Helen
Albuquerque, NM

Ha, Joseph M.
Portland, OR

Haller, Ken
Reno, NV

Ham, Richard
State Director of Bureau of
Alcohol and Drug Abuse
Carson City, NV

Hanlon, Charles
State Senator
Cornelius, OR

Heath, Marilyn Assistant to
Executive Director of Cystic Fibrosis Foundation of Idaho
Boise, ID

Henry, Maxine
Teacher, New Virginia, IA

Hill, James
Executive Director
Albina Action Center
Portland, OR

Hultman, Bertha
Klamath Falls, OR

Jarratt, Charlotte
Ruidoso, NM

Jensen, Sue Ellen
Teacher
Dubuque, IA

Johnson, Robert
Rock Springs, WY

Johnson, Helen
(Mrs. Robert Johnson)
Rock Springs, WY

Johnson, Terry
Congressional Affairs Coordinator
Solar Research Institute
Golden, CO

Jones, Clara

Judson, Rhonda
Far West Savings & Loan
(Mrs. Donald Judson)
Salem, OR

Judson, Donald
Banker
Commercial Bank
Salem, OR

Kaplan, Richard
Beverly Hills, CA

Kendrick, Dr. Bert
Physician
Idabel, OR

Kendrick, Dr. Jone
Idabel, OK

Knudsen, Ike
Glasgow, MT

Kortge, K.C.
Representative of Oregon Wheat League
The Dalles, OR

Kress, Stan
Director
Disabilities Determination
Social Security
Boise, ID

Ladd, Jim
Property Manager
Brickrow
Chula Vista, CA

Lambird, Gene
Professional Placement Specialist
Milwaukie, OR

Lampkin, Wendell
Farmer
Echo, OR

Lawrence, Larry
Owner
Hotel Del Coronado
San Diego, CA

Lawrence, Tiah
National Education Association
Director
The Dalles, OR

Lee, Arlo
Apache County Assessor
St. John, AZ

Lee, Chun Y.
Los Angeles, CA

Lester, Jack
President
Teamsters Local 206
Chairman
Joint Council of Teamsters #37
Portland, OR

Linhares, Tom
St. Helens, OR

Loving, James
Coordinator
King Neighborhood Facility
Portland, OR

Lucas, Kent
Architectural Designer
Portland, OR

Madrid, Patricia
Judge
District Court
Albuquerque, NM

Maggard, Charlotte
City Clerk
San Pablo, CA

Mantello, Frank
Vice President
Continental Airlines
Colorado

Mantello, Sharon
Colorado

Marble, Harriet
Chester, MT

Marquette, Florrie
Retired Schoolteacher
Colorado Springs, CO

Mayer, Lonny
President
V.T.D. Food & Commercial Workers
Local 991
Missoula, MT

McCobb, James
Attorney
Klamath Falls, OR

McKenna, Elener
Housewife
Durango, CO

Miller, Clyde
Salt Lake City, UT

Minne, Al
Denver, CO

Misener, Earl C.
Judge
Lagrande, OR

Munns, Boyd
Farmer/Rancher
Garland, UT

Nash, William
Tulsa, OK

Neal, John
Senator
North Las Vegas, NV

Neitzel, Angela (Angie)
Public Information Director
Idaho Office of Energy
Boise, ID

Noffisinger, George
Small Business/Railroad
Havre, MT

Omeg, Mel
The Dalles, OR

Pashek, Barbara
Nursery Co-owner
The Dalles, OR

Pastore, William "Bill"
Salt Lake City, UT

Pastore, Genevive (Cleo)
Salt Lake City, UT

Patterson, Chat
Denver, CO

Peck, Betty
Havre, MT

Peck, Ray
Havre, MT

Petersen, Arlene
Portland, OR

Rawson, Roger
State Representative
Cooper, UT

Rice, John Timothy
Director
Public Relations - Utah State AFL-CIO
Salt Lake City, UT

Rijken, Max
State Legislator
Newport, OR

Romano, Ann
Sales Representative KWJJ/KJIB Radio
Portland, OR

Ronka, Bob
City Councilman
Los Angeles, CA

Rosenfeld, Warren
with Secretary Goldschmidt

Russill, Sonora
with Secretary Goldschmidt

Saavedra, Jim
Director
Citizens Savings & Loan Association of San Francisco
Walnut Creek, CA

Sawyer, Grant
Attorney
Las Vegas, Nevada

Schindler, Barbara
Norman, OK

Schwabe, John
Portland, OR

Schwabe, Jean
Portland, OR

Sena, Arthur A.
President & Assistant Business Agent
Iron Workers Local #495
Albuquerque, NM

Senecal, Mary
Registered Nurse
Aloha, OR

Sevell, Ernie
County Judge
Vale, OR

Sexton, Dave
Director
Government Relations
Helena, MT

Sharratt, Bryan
Treasurer & Finance Chairman
Wyoming Democratic Party
Attorney
Wheatland, WY

Shields, James
Great Falls, MT

Sims, Jacquelyn
Teacher
Ashland, OR

Smith, Euna
Teacher
Tulsa, OK

Sorrell, Deobrah
Golden, CO

Sparkman, Dale
Shawnee, OK

Spaulding, Ruby J.
Communications Workers of America
Muskogee, OK

Stewart, Terry
Educator
Dubuque, IA

Storment, James C.
Insurance
Durant, OK

Stratton, Mike
Denver, CO

Strauss, Henry

Summerlin, Jim
Attorney
Claremore, OK

Swanson, Raymone
President
Swanson Brothers Lumber Company
Noti, OR

Sweeney, Michael
Attorney
Heppner, OR

Templin, Kayla
Colorado

Thompson, Helen
Home School Coordinator
Ardmore Public Schools
Ardmore, OK

Truax, Brad
Physician
San Diego, CA

Trujillo, Art
Mayor
Santa Fe, NM

Valentine, Jerald Allen
Las Cruces, NM

Walker, Rosemary

Washington, Gail
Oregon State Employees Association
Portland, OR

Wetzel, Margaret
Librarian
Albuquerque, NM

White, Ken, Jr.
Commodity Broker
Clovis, NM

Woolery, Jean
San Diego, CA

Yocum, Linda Lee
Tucson, AZ

Zander, Edward
Sales Manager
KOBI-TV
Medford, OR



11:00 AM

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THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

May 15, 1980

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*
Subject: The Economic Outlook

Working with OMB and Treasury we have prepared a new economic forecast through 1981. It will form the basis for the spring budget presentation. Tomorrow (Friday) at our bi-weekly meeting I will summarize it for you. This memo spells out the basis for our forecast.

1. Recent Developments

After a moderate decline in March, economic activity fell very sharply in April.

- o Employment fell by 480,000; aggregate hours worked in manufacturing dropped by 2-1/2 percent in April to a level 3-1/2 percent below the January peak.
- o Domestic auto sales fell by 21 percent, to 6 million units for the month as a whole, and have fallen to an even lower level in the past 20 days. (See Exhibit 1.)
- o The volume of other retail sales fell far less steeply; April sales were down only slightly from March, but were 2 percent below the first quarter average. (Exhibit 1.)
- o Industrial production in April fell by 1.9 percent and was 2-1/2 percent below the first quarter average; the April declines were widespread throughout virtually all industries.

Surprisingly, housing starts -- after a large decline over the six months between September and March -- declined very little further in April (from 1,041,000 to 1,019,000). I have some question about the validity of the data. Housing permits did fall steeply from 932,000 units to 800,000. Usually, when the housing start and permit data tell a different story, the permits are more likely to be correct.

A very rough calculation made by the Federal Reserve staff suggests that if retail sales, including autos, now level off and remain constant in May and June at the April level, total personal consumption expenditures will decline at an annual rate of 9 percent between the first and second quarters. Combined with our own estimate of changes in other sectors of the economy this would imply a drop in total GNP at an annual rate of about 8 percent in the second quarter. Other rough estimating techniques suggest a decline in the neighborhood of a 6 to 7 percent range. In any event, on the basis of statistics to date, the second quarter is likely to show a very sizable drop in GNP.

By virtually every sign, therefore, the economy is now in a sharp decline.

2. Some Moderating Factors

Two of the principal causes of the current recession either are now or shortly will be moderating.

A. Interest rates. (See Exhibits 2A through 2C.) The steep climb and unprecedented level of interest rates, combined with particular aspects of the March 14 credit control package, played a major role in speeding the pace of recession.

- o Housing. Flows into the thrift institutions dried up; such funds as they did get were very costly; mortgage interest rates rose to levels that choked off most would-be buyers; and the 22 percent cost of construction financing put builders in a vise.
- o Auto loan policies were made much more restrictive by many banks; faced with a very high cost of funds and a relatively unprofitable auto loan business, many banks elected to stay within their "voluntary" ceiling on total loan expansion by sharply curtailing their auto loans.
- o The exceedingly high cost of funds tended to push business firms into still more tight-fisted inventory policies, leading to a decline in orders to their suppliers.
- o We keep hearing stories about a substantial consumer withdrawal from the use of credit cards, beginning in April. While cash

purchases have been substituted for credit purchases, the fact that retail sales in April (outside of autos) were about the same as in March does not suggest that the overall effect on consumer purchases was large. (The advance data on retail sales are often revised, however, in subsequent months.)

The recent fall in interest rates, which has been proceeding at an unprecedented speed should ease these problems. (Special steps may be needed in the case of bank auto loans. This is being pursued with Volcker.)

There is no single good number on mortgage interest rates. They have also been falling, but the pattern has varied substantially, even within the same area. For conventional mortgages, the current level is probably in the 12-1/2 to 14 percent range. Large-scale mortgage lending at "acceptable" rates will occur after savings and loan institutions begin to attract funds and in some cases repair skimpy liquidity positions.

- B. Consumer purchasing power. In the past 18 months, the inflation in consumer prices has been substantially greater than the rise in wages, even when inflation is measured without the distortions introduced into the housing component of the CPI. (See Exhibit 3.) In the first half of this year, consumer price inflation (excluding housing) will run at an annual rate above 12 percent while wages will be climbing at about 9-1/2 percent. For reasons that you know, the rate of inflation is likely to drop significantly in the second half of the year. Measured "correctly" the decline in inflation will be less than the decline that will show up in the CPI, since the second half CPI inflation rate will give great weight to the fall in mortgage rates. Nevertheless, the current erosion of real purchasing power, while not fully eliminated, should slow substantially, and (we believe) almost disappear in 1981. One of the major forces tending to reduce consumer purchases should be markedly weakened.

3. Comparison with Other Recessions (See Exhibit 4.)

As the gloomy statistics for April poured in, some observers began to speculate that the 1980 recession could be as steep as the 1974-75 downturn. Should that be the case, unemployment could be expected to exceed 10 percent at the peak. There are, however, some major differences between now and 1974-75.

There have been six postwar recessions in the United States, not counting the present one. Three of those recessions were very mild -- the peak-to-trough declines in GNP ranged between $1/2$ and $1-1/2$ percent. These very mild recessions occurred in 1949, 1960-61, and 1969-70. Any change in GNP can be divided into two parts -- (i) the change in sales to final users (as consumer goods, business investment, exports, and government purchases) and (ii) the change in inventory investment. In the three mild recessions final sales actually rose; the GNP decline resulted solely from a fall in inventory investment. (See the first set of bars in Exhibit 4.)

Two recessions were medium sized (1954 and 1958). Final sales declined by about 1 to 2 percent and there were moderate declines in inventory investment. (Shown in the second set of bars in Exhibit 4.)

The 1974-75 recession was huge. What made it so was not the size of the decline in final sales -- they fell by 2.2 percent, only a little more than in the two medium-sized recessions. But there was a very large drop in inventory investment. At the peak of the boom in 4Q 1973, inventories were huge and were being accumulated at a massive rate; by the 1Q 1975 they were being liquidated at a very fast clip. This swing from inventory building to inventory liquidation added $3-1/2$ percentage points to the decline in GNP, and made that recession about twice as large as the prior medium-sized recessions.

The current recession was not preceded by an inventory buildup. In the last nine months, inventory investment has been quite small. There is likely to be some inventory liquidation as sales decline, but our economy does not enter this recession with an overhang of excessive inventories.

Moreover, the 1974-75 recession ended a simultaneous worldwide boom. All countries had been building inventories heavily in 1973. All crashed together. That is not the situation now. Cautious inventory policies have generally been followed worldwide, and the current outlook is for a leveling off, but not a significant decline, in the aggregate GNP for the rest of the OECD countries.

While a drastic fall in final sales could make up for the lack of inventory imbalance in the current situation, our view is that a recession of the depth of the 1974-75 experience is unlikely.

4. Some Question Marks

The size and duration of the current recession will be particularly dependent upon the answer to two key questions:

First, will businessmen stick fairly closely to their investment plans as formulated in late 1979 and early 1980, or will they reduce them sharply as the recession proceeds?

As reported in surveys early this year, business firms in the aggregate planned to keep investment about constant (adjusted for inflation) in 1980. The incoming flow of contracts and orders for plant and equipment in the first three months of the year would be roughly consistent with this outlook.

Historically, however, as a recession gathers momentum, business firms reduce their investment plans. The question is, by how much are they likely to do so? Our outlook assumes that they do so only moderately, so that business investment falls only 6-1/2 percent during the current recession -- a smaller decline than in four out of the six earlier postwar recessions. (See Exhibit 5.)

Second, will consumers -- who until recently appeared to be buying ahead to beat inflation -- pull in their horns sharply as they see layoffs mount and begin to worry about their own economic security? Should this occur, a very large reduction in retail sales and consumer goods production could take place. Our forecast allows for a slight rise in the consumer saving rate, from 3 percent in the first quarter to an average of just under 4 percent during late 1980 and all of 1981. But we have not based our forecast on the assumption of a large swing in consumer attitudes.

The April retail sales data do not seem to indicate a dramatic shift in consumer spending habits -- although they do suggest that the saving rate may already have risen to the 4 percent level that we have forecast for later.

5. The Forecast (See Exhibit 6.)

Putting all of this information together, making the judgments described above, and assuming the Congress passes your budget intact (including the import fee), we forecast a medium-sized recession, as follows:

	<u>1980</u>	<u>1981</u>
Change in GNP (4Q/4Q)	-2.5	1.1
Change in CPI (4Q/4Q)	12.6	9.9
Unemployment rate (4Q)	7.7	8.6

Output and Employment. The fall in GNP from its peak in the first quarter of 1980 to its trough in the first quarter of 1981 is 3.3 percent. This decline is slightly larger than the average for the two medium-sized postwar recessions (3 percent), but much smaller than the 5.7 percent decline in 1974-75.

The recovery is brought about principally by the lower interest rates, which turn housing and auto sales around, and by the lower inflation rate, which slows the erosion of consumer purchasing power.

The forecast recovery in 1981 is quite weak. Unemployment continues to rise, since GNP doesn't grow fast enough to absorb all of the new entrants to the labor force. The reasons for this weakness are principally two:

- A. Since we have forecast no major inventory liquidation during the recession, we get no boost from an inventory rebound in the recovery.
- B. With no tax cut of any kind throughout 1981, the Federal budget becomes extremely restrictive. The combination of the windfall profits tax, the increase in social security taxes on January 1, 1981, and the rising effective tax rates from inflation all tend to "fight" against recovery. If budget expenditures and revenues are calculated as they would be at a 6 percent unemployment rate, the swing toward budget restraint is shown to be unprecedented. (See Exhibit 7.) From the second half of 1979 to the latter half of 1980, the swing toward budget restraint is about \$30 billion -- a sizable but not massive shift. But in 1981, there is a further \$60 billion shift to restraint.

The magnitude of the budget restraint is partially masked in the actual budget by the weak recovery and the rise in unemployment, which tend to depress revenues and raise unemployment compensation outlays. Hence, the actual budget is barely in balance. But to balance the budget at an 8+ percent unemployment rate is, by any standard, a very restrictive policy. Nothing remotely approaching this has been done in the postwar period.

You will note in Exhibit 6 that our forecast for 1980 is about in line with other major forecasting groups (except Wharton). But in 1981 we, and the staff of the Federal Reserve, have a much weaker recovery than three outside groups. We have only had a chance to investigate the reason for the difference in the case of the DRI model. DRI assumes that by late 1981 the consumer saving rate falls further to 2.9 percent! We, on the other hand, have it rising a bit to about 3-3/4 percent. This difference in consumer behavior, plus a slightly more optimistic view of several other components of GNP, account for the larger recovery (3.3 percent) in the DRI forecast compared to our own (1.1 percent).

Inflation. We expect the inflation rate, as measured by the CPI, to drop slightly below 10 percent during 1981. It should go lower than that for awhile this fall as the decline in interest rates affects the index, but that can't persist. (We assume that OPEC oil prices rise 3 percent faster than inflation in 1981, while decontrol of domestic crude continues.) We see a small decrease in wage inflation in 1981 (about 1/2 percent). But, as far as employer costs are concerned, this is offset by the large increase in payroll taxes on January 1, 1981.

Final Notes

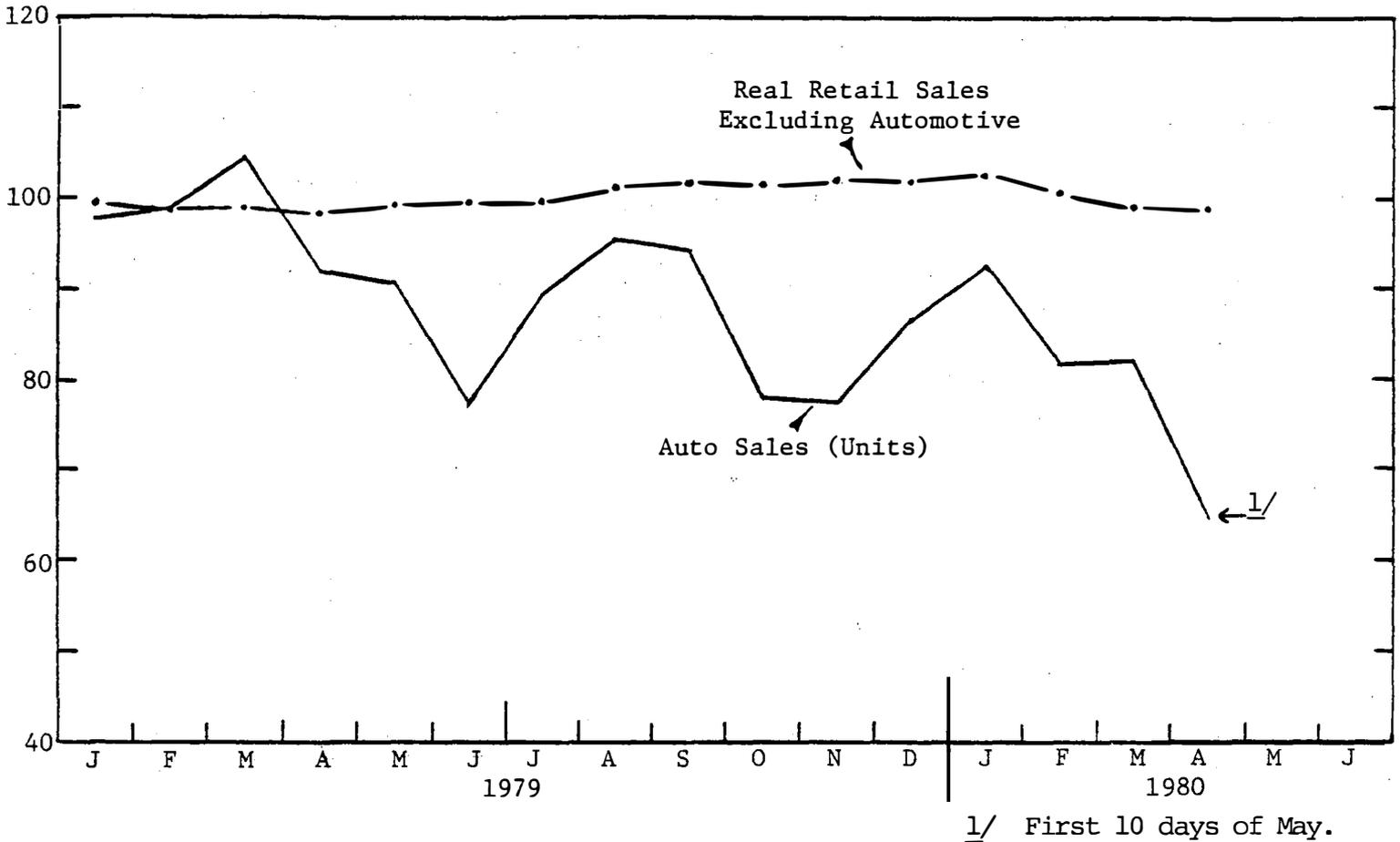
We began this forecast exercise about five weeks ago and completed it almost two weeks ago. It -- along with the other forecasts -- probably fails to take fully into account the most recent developments.

- A. The forecast probably understates the speed of the current recession; the decline in the second quarter will probably be much larger than the 4-1/2 percent rate now incorporated in our forecast.
- B. On the other hand, neither our forecast nor the other forecasts allows for the extremely rapid speed with which interest rates have already come down.

It is at least conceivable that we may have a recession that is, on the one hand, much steeper than our latest forecast. But the recession may also be shorter than we now forecast, with signs of recovery by late fall. It is too early to make a judgment, but we should keep this possibility in mind.

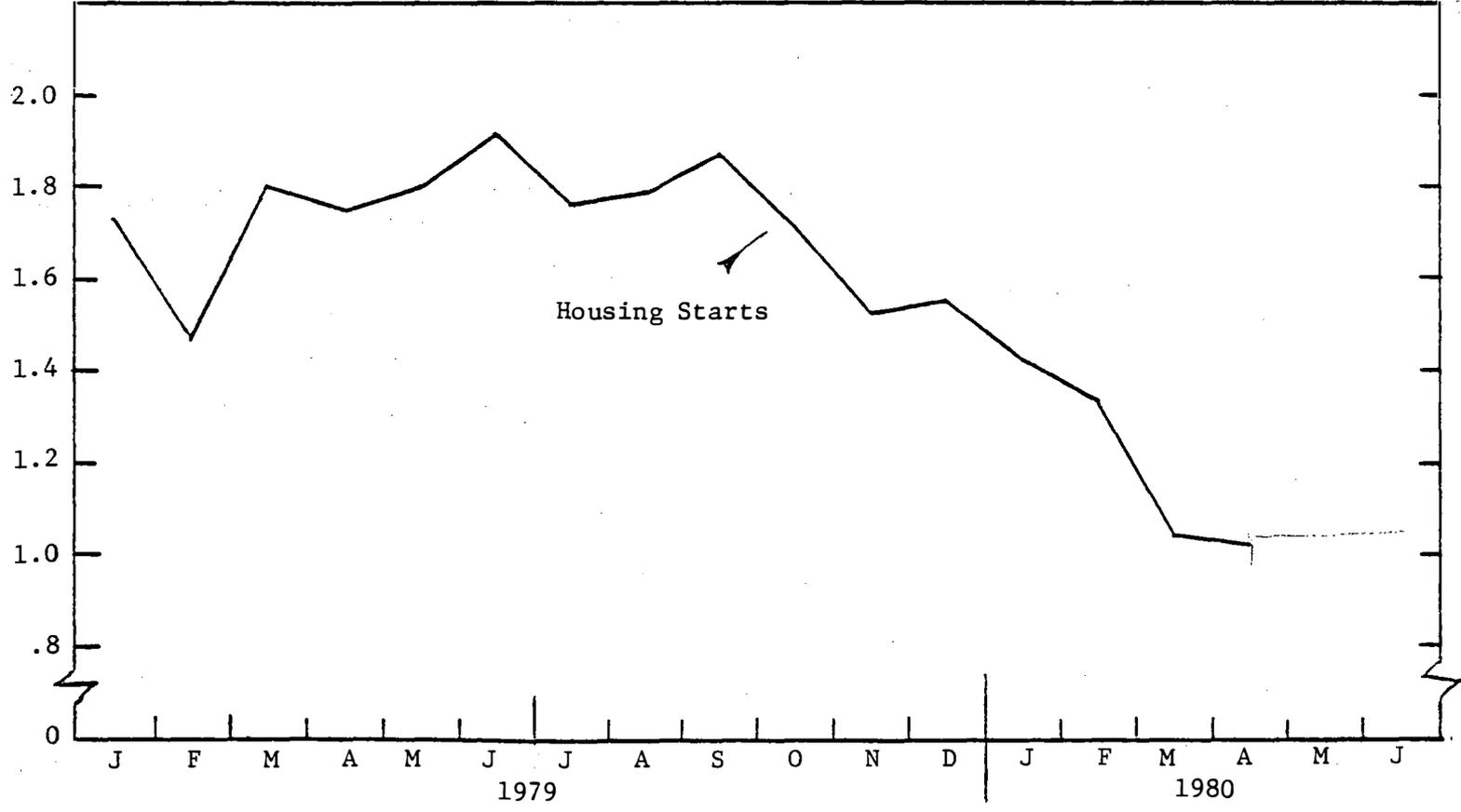
Attachments

1978 IV=100

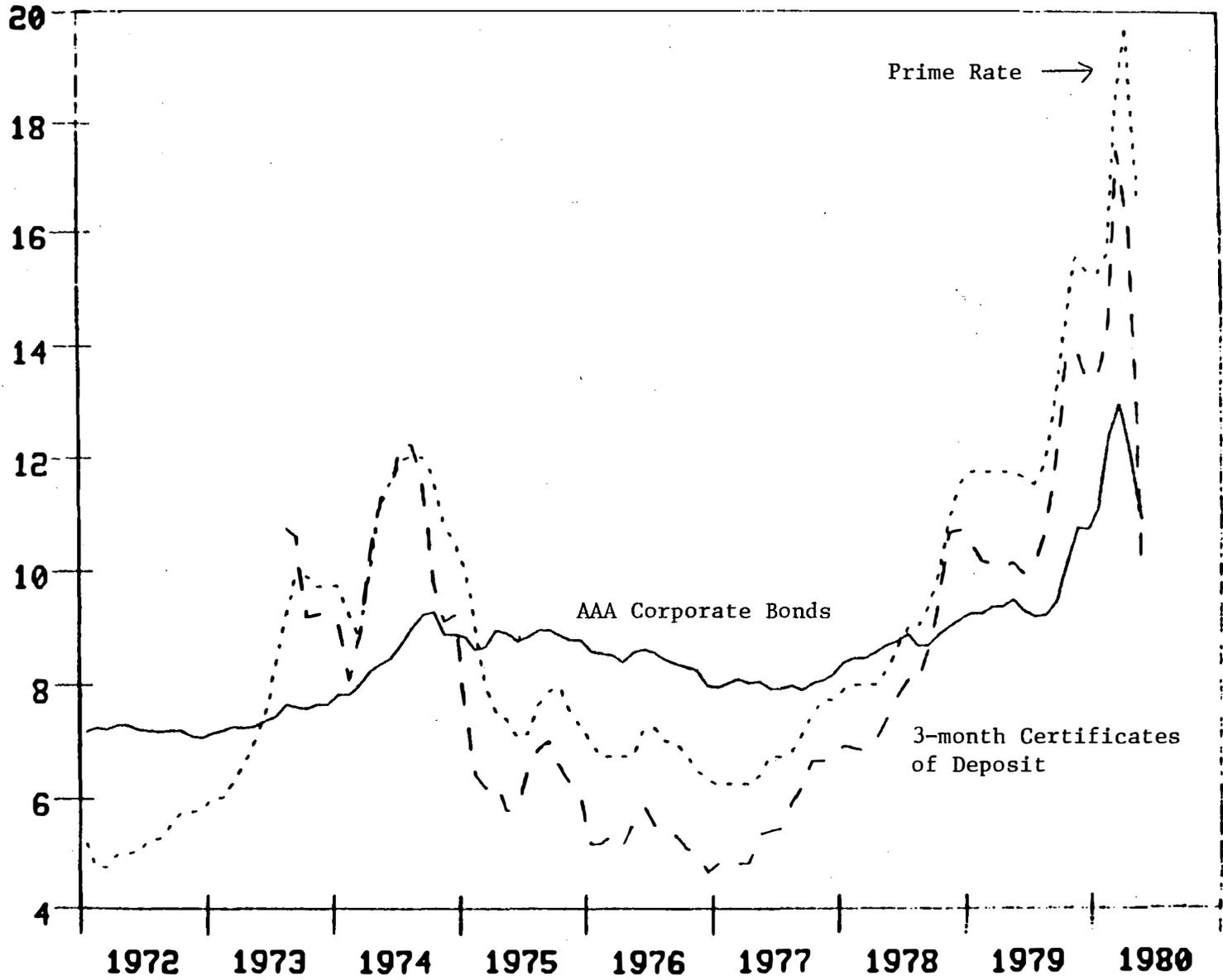


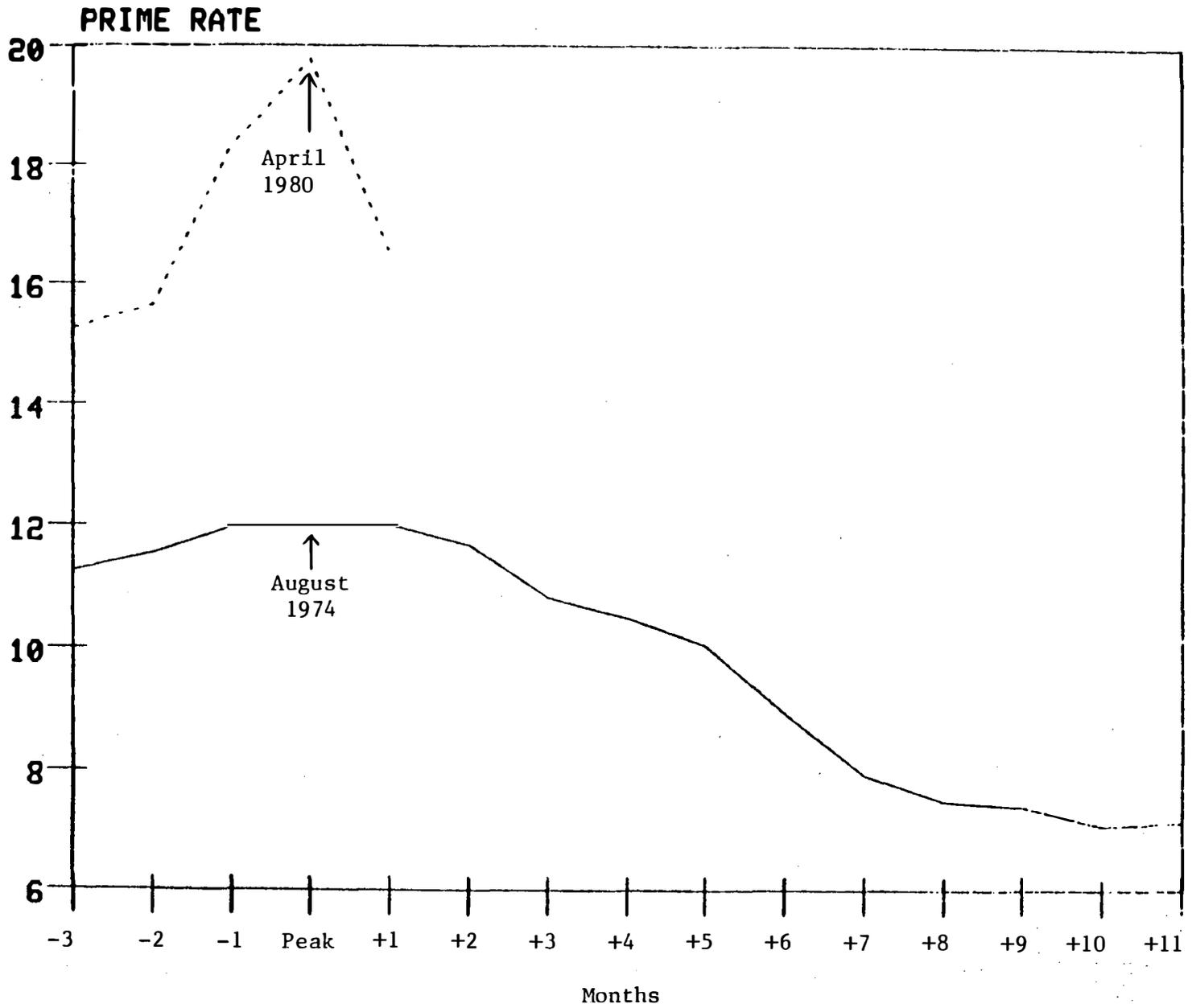
1/ First 10 days of May.

Millions of units (annual rate)

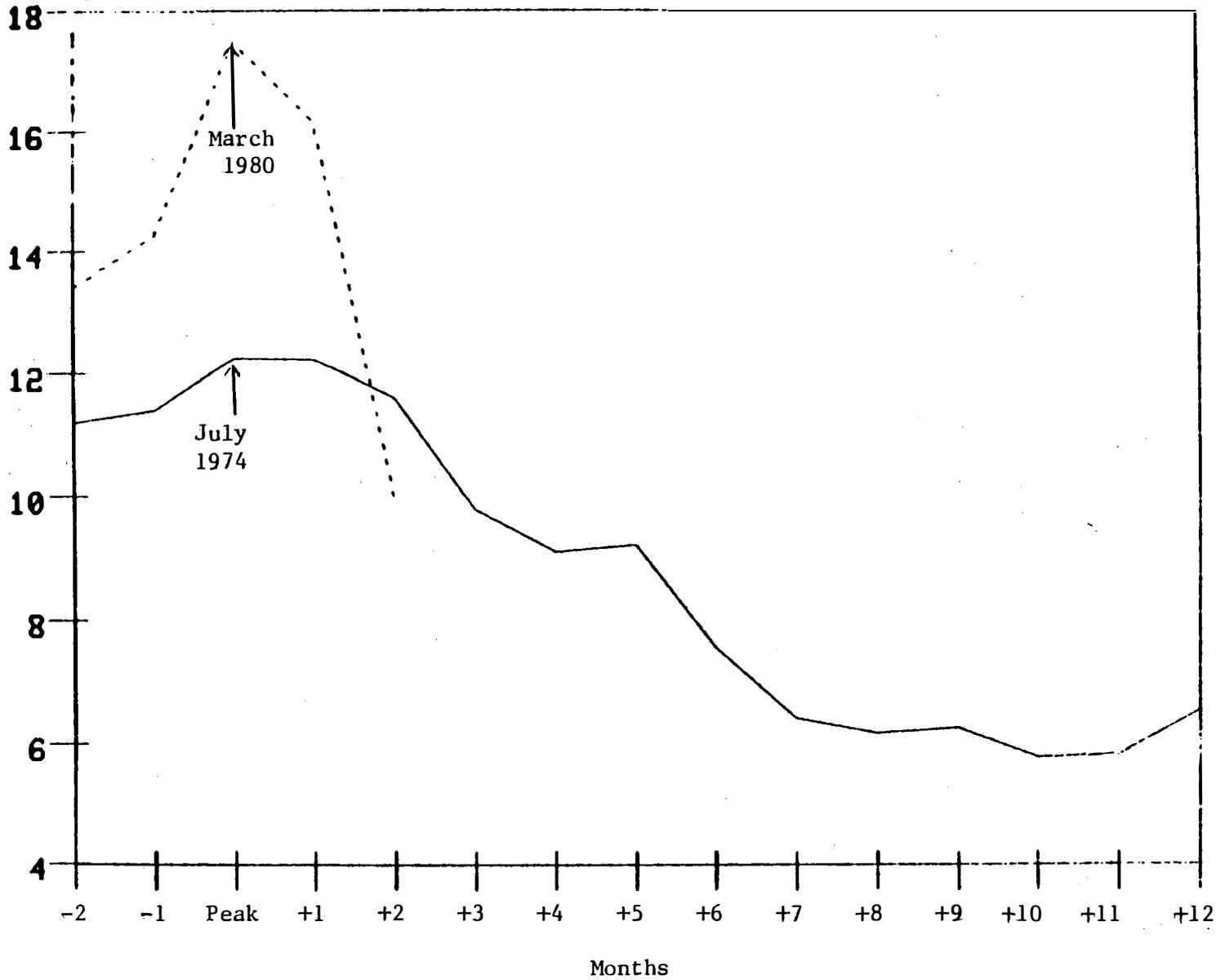


INTEREST RATES

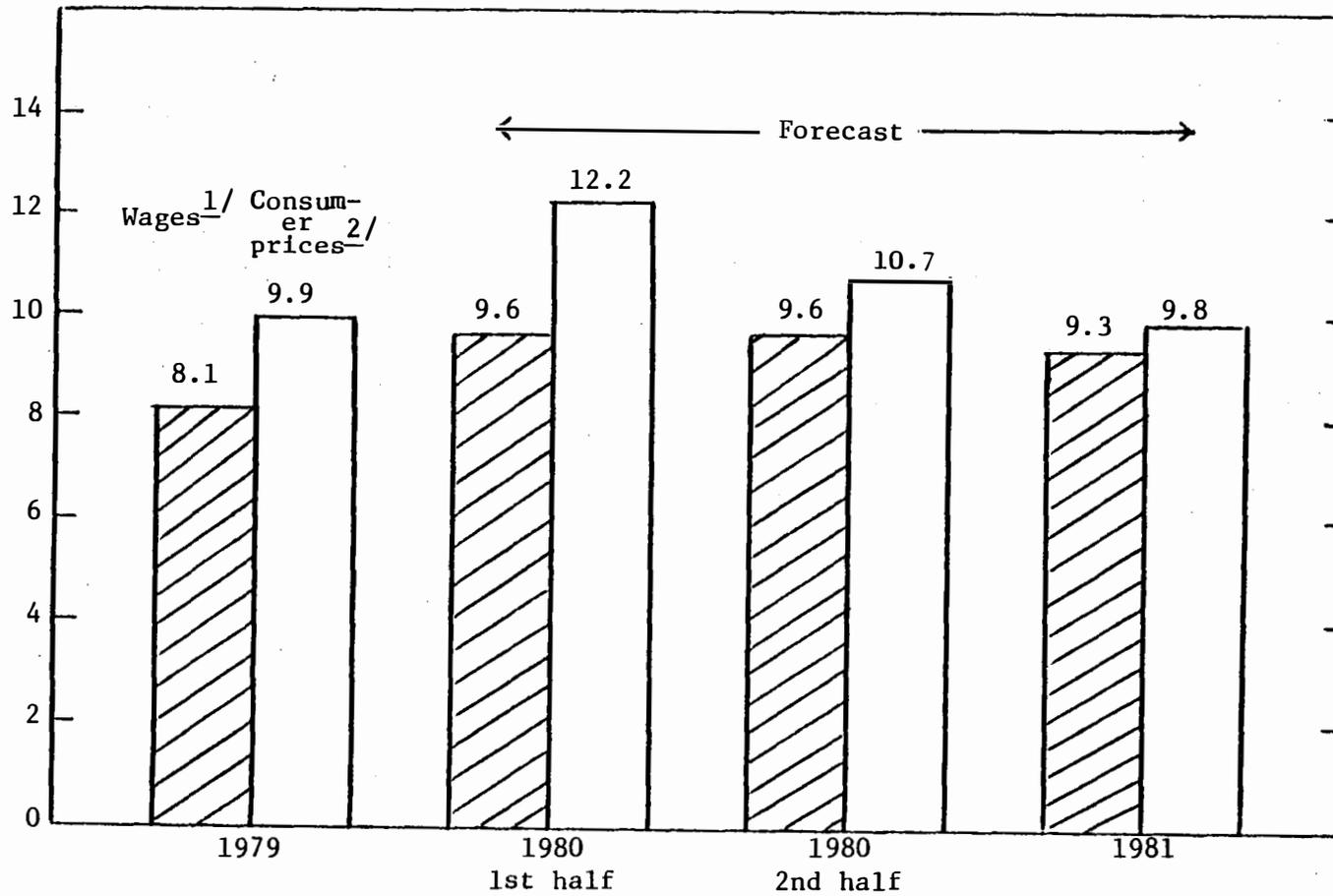




3-MONTH CERTIFICATES OF DEPOSIT



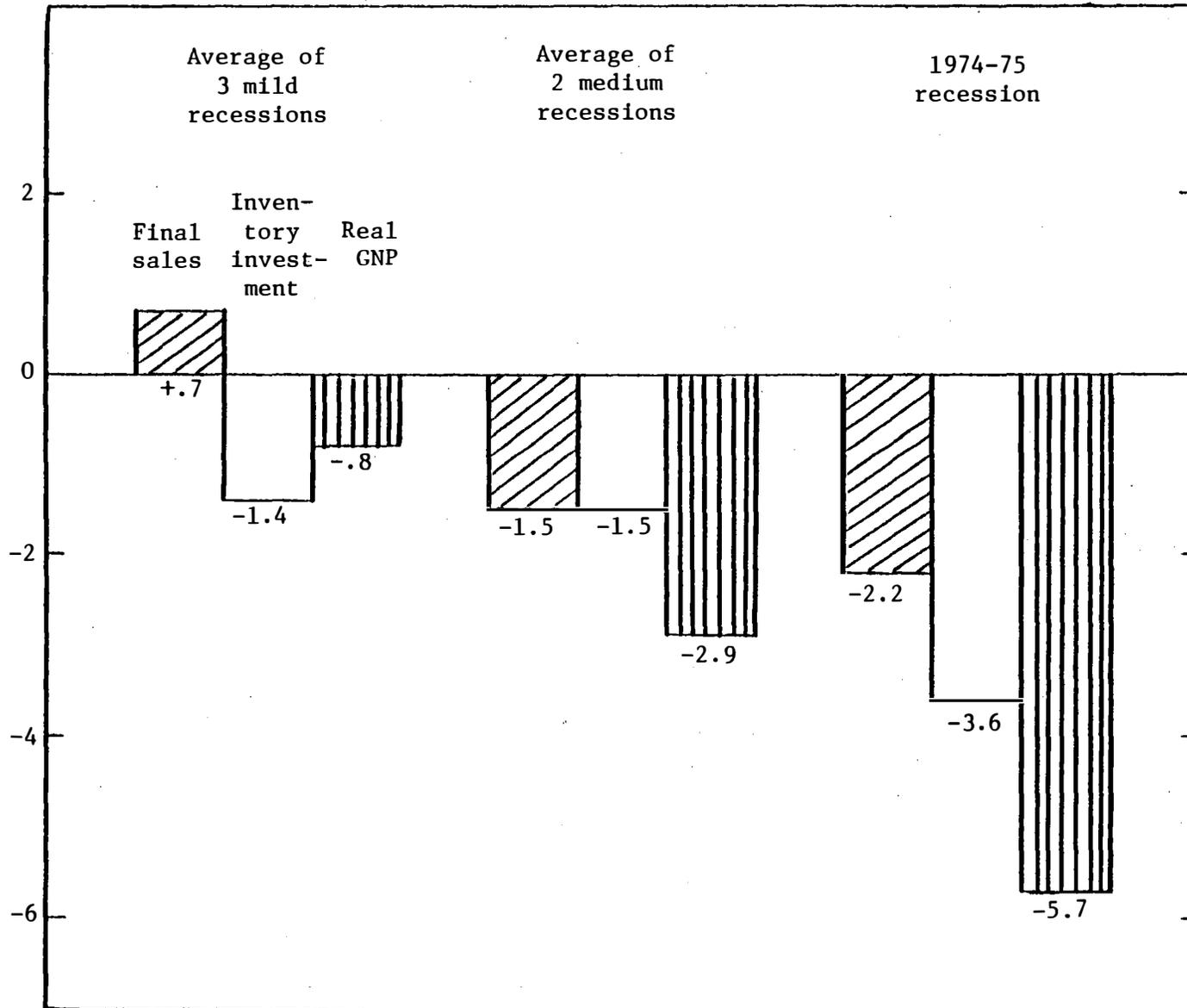
Percent change (annual rate)



1/ Adjusted hourly earnings index.

2/ Personal consumption expenditures deflator.

Percent change from peak to trough



Percent Changes in Real Business Fixed Investment
During Recessions

1948-49	-16.0
1953-54	-3.9
1957-58	-14.8
1960-61	-4.5
1969-70	-8.1
1974-75	-16.6
1980-81 (forecast)	-6.4

Note.--Based on specific peaks and troughs.
Data for 1969-70 adjusted to exclude autos,
trucks, and buses.

Comparative Forecasts

	1979	1980					1981				
	Actual	Admin. 5/2	FRB 5/14	DRI 4/25	Chase 3/24	WEFA 4/27	Admin. 5/2	FRB 5/14	DRI 4/25	Chase 3/24	WEFA 4/27
Percent change, Q ₄ /Q ₄											
Real GNP	1.0	-2.5	-3.3	-2.0	-3.5	-0.9	1.1	0.2	3.3	2.5	2.5
CPI	12.7	12.6	13.5	14.4	14.2	13.9	9.9	9.2	10.0	10.2	10.0
Level, Q ₄											
Unemployment rate (percent)	5.9	7.7	8.3	7.4	8.1	7.2	8.6	9.1	7.9	8.4	7.4

FRB = Federal Reserve Board Staff

DRI = Data Resources, Inc. (Otto Eckstein)

Chase = Chase Econometrics

WEFA = Wharton (Larry Klein)

Budget Receipts and Expenditures Calculated
at a Constant 6 Percent Unemployment Rate

(billions of dollars at annual rates)

	<u>Receipts</u>	<u>Expendi- tures</u>	<u>Surplus or Deficit</u>
1976 H ₁	339	369	-30
H ₂	355	379	-24
1977 H ₁	376	401	-25
H ₂	383	431	-48
1978 H ₁	412	447	-36
H ₂	445	471	-26
1979 H ₁	477	491	-14
H ₂	517	528	-11
1980 H ₁	559	563	-4
H ₂	611	592	19
1981 H ₁	690	614	76
H ₂	735	653	82

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THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

May 15, 1980

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CES*

Subject: Industrial Production in April

Tomorrow (Friday, May 16) at 9:30 a.m., the Federal Reserve Board will release its estimate of industrial production in April. The total was down 1.9 percent -- the third successive monthly decline, and the largest reduction since February 1975.

Reductions in industrial output were very widespread last month; among the major categories of output, only mining showed any increase. Declines were largest in autos (11 percent), steel (5 percent), and construction supplies (3-1/2 percent), reflecting the concentration of the recession in autos and homebuilding. Production of business equipment fell only 0.3 percent.

Monthly reductions of 2 percent are not uncommon in a period of recession. In the 1974-75 recession, industrial output fell for six successive months. Monthly declines averaged 2.5 percent during that half year; the largest decline was 4.5 percent. In that recession, a large part of the fall in industrial output reflected efforts by business to work down excess inventories. That should not be a problem this year, since inventories have been kept in reasonably good balance with sales. Nevertheless, fairly large declines in production will continue for at least a few months, since businesses will have to adjust production downward to the lower rate of consumer spending to avoid an undesired buildup of stocks.

**Electrostatic Copy Made
for Preservation Purposes**

CQ

CONGRESSIONAL QUARTERLY
Weekly Report

Vol. 38, No. 19

• Pages 1225-1304

• May 10, 1980

The Auto Crisis

Industry pleads for help (1262)

Fuel economy standards (1267)



Electrostatic Copy Made
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THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

May 15, 1980

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*

Subject: Gasoline Prices

In a memorandum dated May 5 containing background material for the May 6 Quadriad meeting, I included information on (wholesale) spot market prices for petroleum. That showed the following (with yesterday's prices added):

Petroleum	12/28/79	5/1/80	5/14/80
Saudi crude per barrel	\$24.00	\$26.00	\$28.00
Fuel oil, per gallon	.85	.77	.7725
Reg. gasoline, per gallon (N.Y. harbor)	1.16	.98	.995

The gasoline data do not reflect what has been happening to retail gasoline prices at the pump. They are wholesale, and like spot market prices for crude they fluctuate much more erratically than do refined petroleum prices to consumers. Consumer price index and agricultural price data indicate that consumer prices have been rising steadily.

Service Station Prices

	<u>CPI--All cities leaded regular</u>	<u>USDA estimate-- U.S. average unleaded</u>
	--\$/gallon--	
Dec. 1978	.659	.682
June 1979	.856	.864
Oct. 1979	1.006	1.01
Dec. 1979	1.018	1.04
Jan. 1980	1.086	1.11
Feb. 1980	1.159	1.18
March 1980	1.202	1.23
April 1980	n.a.	1.26

I should also point out, however, that the May 2 Lundberg Letter reports that their survey, taken between April 11 and April 25, indicates that retail gasoline prices across all grades may have fallen by \$.004 per gallon in late April.

THE WHITE HOUSE
WASHINGTON

5/15/80

Mr. President:

Bill Cable called to
say Simon amendment to delete
.5 bil of 1.7 bil MX program
defeated by 150-250 vote.

Phil



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

May 15, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre, Jr. *J. McIntyre*
SUBJECT: Your Administration's Budget Record

The attached table shows what has happened to the funding of many well-known domestic programs since you took office. I plan to circulate it to the members of your senior staff for their use in speeches or public appearances, but will not make it a public document. A longer, more comprehensive version of your budget record will be completed shortly, and it is intended to be available to the public.

Attachment

CHANGES IN SELECTED
FEDERAL PROGRAMS,
FY 1978 - FY 1981 (revised)

May 1980

	% Change (3-year)	Outlays (Millions \$) Unless Otherwise Noted			
		1978	1980	1981	1981
		Ford Budget	Most Recent Est.	(January)	(March)
<u>Education</u> (all education numbers are in budget authority)*					
<u>Basic Skills</u>	86	2,950	4,233	5,679	5,496
<u>Components:</u>					
Head Start	73	475	735	825	820
Follow Through	-2	45	44	59	44
Basic Skills	233	12	35	40	40
Education for the Disadvantaged	55	2,285	3,265	3,687	3,536
Youth Initiative	n.a.	---	---	900	900
Special Vocational programs for the Disadvantaged	17	133	154	168	156
<u>Education for the Handicapped</u>	57	1,320	1,980	2,066	2,066
<u>Components:</u>					
Education for the Handicapped	135	470	1,049	1,102	1,102
Rehabilitation Services	13	850	931	964	964
<u>Bilingual-Indian Education</u>	117	138	248	299	299
<u>Components:</u>					
Bilingual Education	113	90	167	192	192
Bilingual Vocation Training	100	3	5	6	6
Indian Education	124	45	76	101	101
<u>Higher Education</u>	49	2,277	3,450	3,543	3,393
<u>Components:</u>					
Basic Educational Opportunity Grants	17	1,844	2,262	2,309	2,159
Supplement Opportunity Grants	n.a.	---	370	370	370
College Work Study	120	250	550	550	550
Trio Programs	119	73	148	160	160
Developing Institutions	27	110	110	140	140
Graduate Educational Opportunities Program	n.a.	---	9	13	13
CLEO	n.a.	---	1	1	1

* For the majority of education programs, funds appropriated one year are spent by states and local governments and other recipients in the following year. Therefore, budget authority is a better measure of Administration policy than outlays, which tend to reflect the priorities of the previous year.

	% Change (3-year)	Outlays (Millions \$) Unless Otherwise Noted			
		1978	1980	1981	1981
		Ford Budget	Most Recent Est.	(January)	(March)
<u>CETA</u>					
<u>Youth</u>	234	738	2,306 ^{1/}	2,561 ^{1/}	2,461 ^{1/}
Components:					
Summer Jobs	66	525	794	872	872
Job Corps	159	213	489	579	579
Youth Adult Conservation Corps		--	232	277	171
Youth Incentive Entitlement Pilot		--	94		
Youth Employment and Training Program	n.a.	--	721	1,056 ^{2/}	1,056
Youth Conservation and Community Improvement Program		--	147		
<u>Public Service Employment</u> ^{3/}	273	1,400	3,768	4,415	3,828
Components:					
Title II-D	n.a.	--	2,024	2,437	2,350
Title VI	n.a.	--	1,744	1,978	1,478
<u>Private Sector Initiatives</u>	n.a.	--	164	309	309
<u>Total CETA</u>	115	<u>4,141</u>	<u>8,576</u>	<u>9,709</u>	<u>8,884</u>
<u>Other Employment & Training</u> ^{4/}	31	<u>1,208</u>	<u>1,465</u>	<u>1,590</u>	<u>1,577</u>
<u>Total, Employment & Training (function 504)</u>	96	5,349	10,053	11,299	10,458
<u>Health</u>					
<u>Health Care Financing</u>					
Medicare	54	24,297	33,547	37,349	37,433
Medicaid ^{6/}	32	<u>11,816</u> ^{5/}	<u>14,215</u>	<u>15,873</u>	<u>15,543</u>
<u>Health Services Categorical Programs</u>					
Community Health	44	209	311	312	301
Maternal & child health	-7	288	281	268	268
Family planning	45	103	136	154	149
National health service corps.	179	29	65	111	81
Migrant health	16	32	36	36	37
Indian health service	52	436	654	673	661
Adolescent health	n.a.		6	13	8
<u>Prevention of health problems</u>	44	549	763	858	788

		(Millions \$) Unless Otherwise Noted			
	% Change (3-year)	<u>1978</u> Ford Budget	<u>1980</u> Most Recent Est.	<u>1981</u> (January)	<u>1981</u> (March)
<u>Economic Development</u>					
Urban development action grants	n.a.	-	180	365	365
Community development block grants	26	3,112	3,779	3,805	3,908
Fair Housing assistance grants	n.a.	-	1	6	6
EDA Economic development assistance grants	99	274	481	776	545
HUD Neighborhood self-help development program	n.a.	-	9	10	7
Neighborhood reinvestment corporation	n.a.	-	12	13	13
Minority business assistance	51	105	132	159	159
Women's business assistance (excludes loans)	n.a.	-	2	14	14
<u>Mass Transit 7/</u>					
Mass transit capital assistance (obligations)	72	2,112	3,116	3,718	3,638
Mass transit operation expenses (obligations)	65	775	1,180	1,275	1,275
<u>Housing</u>					
Subsidized housing programs (housing assistance):					
Subsidized housing programs	78	3,084	4,372	5,494	5,485
Payments for operations of low income housing	45	560	773	811	811
Congregate services programs	n.a.	-	4	6	6
Troubled projects operating subsidy	n.a.	-	39	103	96
Total of above	<u>76</u>	<u>3,644</u>	<u>5,187</u>	<u>6,415</u>	<u>6,399</u>
Housing for the elderly or handicapped fund (Section 202)	-5	738	700	700	700
<u>Natural Resources and Environment</u>					
Pollution control and abatement construction grants	-20	5,160 ^{8/}	4,244	3,950	4,155
Other	53	753	1,014	1,157	1,150
Water resources	15	3,423 ^{9/}	4,203	4,121	3,923
Conservation & land management	60	1,370	2,114	2,245	2,186
Recreational resources	-11	1,381	1,340	1,499	1,232
Other natural resources	34	1,092	1,365	1,468	1,459

	Outlays (Millions \$)				
	Unless Otherwise Noted				
	% Change (3-year)	<u>1978</u> Ford Budget	<u>1980</u> Most Recent Est.	<u>1981</u> (January)	<u>1981</u> (March)
<u>Income Security</u>					
Social Security					
OASI	54	79,588	104,004	121,197	122,596
DI	36	12,786	15,339	17,266	17,322
Interfund	-1	-1,577	-1,477	-1,542	-1,593
Total Social Security	52	90,797	117,866	136,921	138,325
Public Assistance (mainly AFDC)	14	6,543	7,048	7,432	7,432
Low Income Energy Assistance	n.a.	-	1,660	2,400	2,200
Food Stamps	99	4,712	8,678	9,656	9,386
WIC	1,729	47	735	903	860
Child Nutrition	1,847	153	3,290	3,120	2,979
Spcecial milk	533	18	150	106	114
Child nutrition reform		2,000	-	-	-
Total of above ^{10/}	93	6,930	12,853	13,784	13,340
Unemployment Compensation	32	13,861	14,646	18,752	18,232
<u>Veterans Income Security</u> ^{11/}	41	9,195	11,565	13,034	12,955
Compensation	47	5,737	7,411	8,317	8,414
Pensions	21	3,185	3,617	4,032	3,856
<u>Veterans Education Training and Rehabilitation</u>	-42	3,328	2,259	1,943	1,943
<u>Hospital and medical care for veterans</u>					
Medical care and hospital services	25	4,693	5,926	6,069	5,873
Third Party Reimbursements (proposed)	-134	127	-9	-321	-297
Construction	-3	364	269	381	354
Medical administration, research, and other	30	205	225	242	267
Subtotal	21	5,135	6,411	6,370	6,197

Footnotes

- 1/ Total youth outlays are less than the sum of the individual programs to account for an outlay adjustment factor included to bring total outlay estimates closer in line with experience.
- 2/ In 1981 under the Administration's youth education, training, and employment initiative, several categorical youth programs are replaced by a new grant program emphasizing development of basic literacy and computational skills.
- 3/ The separation of public service employment programs in II-D and VI occurred with the October 1978 CETA amendments.
- 4/ Includes funding for the U.S. Employment Service, WIN, Title V of the Older Americans Act, and federal administrative costs in the Department of Labor.
- 5/ Ford budget estimate for medicaid under current law. Ford budget proposed to eliminate medicaid and various other programs and replace with a block grant totaling \$12,302 million.
- 6/ Grants plus administration. Includes CHAP. CHAP was zero prior to 1981. It was \$403 million in 1981 in the January budget and \$15 million in March.
- 7/ Includes UMTA, WMATA, and FAP energy.
- 8/ The Ford budget estimate was considerably overstated; while budget authority of \$4.5 billion was proposed and enacted, actual outlays in 1978 were \$3,187 million.
- 9/ Approximate; includes a rough adjustment for a functional reclassification.
- 10/ Ford budget proposed major changes in the food areas; the total above is comparable but the components are not.
- 11/ Compensation and pensions are the major components of veterans income security, but do not represent the total.

2:15 PM

THE WHITE HOUSE

WASHINGTON

ERA BRIEFING FOR BUSINESS EXECUTIVES ON ERA

May 15, 1980

2:15 p.m.

East Room

From: Sarah Weddington *SW*

I. PURPOSE

The briefing has been scheduled to solidify business support for the ERA. It has been planned in cooperation with the National Business Council for ERA and the League of Women Voters.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background

The participants will begin the day with luncheon in the State Dining Room. ~~After your remarks they will move to Room 450 OEOB~~ and the program which I will moderate is as follows:

2:45 - 2:50 Welcome
2:50 - 3:25 The importance of business to ERA
ratification
*Earle Angstadt, President
McCall Pattern Company
3:25 - 3:45 ERA - Legal Aspects
Lloyd Cutler
3:45 - 4:15 Panel discussion - Action by business
to win ERA

Madeline Appel, ERA Chair
League of Women Voters

*Alan Tripp, President
Product Resources International

*Jack Conway, Senior Fellow
The Aspen Institute

*Member of the Board of the National Business Council for ERA

B. Participants

The list of key participants is attached.

**Electrostatic Copy Made
for Preservation Purposes**

C. Press Plan

There will be a press opportunity for coverage of the President's remarks at 2:15. In addition, approximately 20 reporters who cover financial news and women's issues have been invited to attend the entire briefing. Included are representatives of business news services and newspaper chains with several papers in unratified states. Reporters will receive a special handout of information on the new goals for federal contract dollars to women-owned firms.

IV. Other Information

Information on the ERA vote in Illinois will be forwarded this evening when it is completed. The materials on ERA for the business briefing are attached.

V. Talking points have been provided by Achsah Nesmith.

Attendees for the ERA Briefing for Business Executives fall into four categories:

- 1. Chief Executive Officers of Corporations**
- 2. Presidents of National Women's Organizations**
- 3. State Presidents of League of Women Voters**
- 4. Women members of the National Finance Committee, Carter-Mondale Campaign**

The major corporate executives who have accepted are listed.

Business Participants

John Adams
President
Adams Industries

Vernon R. Alden
Chairman
Massachusetts Business and Development Council

Dr. Benjamin H. Alexander
President
Chicago State University

James F. Andrews
Editor and Chairman of the Board
Universal Press Syndicate

Earle K. Angstadt
President
McCall Pattern Company

Alex Bernhardt
President
Bernhardt Industries

Archie R. Boe
Chairman
Allstate Insurance Company

Sara B. Burnett
W. Linton Howard, Inc.

E. Laurence Chalmers
President
Art Institute of Chicago

Barbara Chicatelli
Director
Hemisphere Development Corporation

Merrell E. Clark, Jr.
President
The Association of the Bar of the City of New York

Maria Comdaris
Vice President
Comdaris Coffee Company

Jack T. Conway
Board of Directors
Atlantic Richfield Company

Marlowe Cook
(Former Senator)
Cook, Percell, Hansen and Henderson

Lawrence J. Coremier
Chief Executive Officer
Ebony Oil Corporation

Don W. Cornwell
Vice President
Goldman Sachs

Richard Cummings
President
Alliance Enterprise Corporation

A. D. Frazier
Senior Vice President
Citizens and Southern Bank

Arthur H. Fredston
Board of Directors
Winthrop, Stimson, Putnam and Roberts

Leroy M. Fykes
Leroy M. Fykes and Associates

Dorothy Gevinson
President
Women in Government Relations

Joel Goldberg
President
Rich's, Inc.

Melvin J. Gordon
Chairman of the Board and Chief Executive Officer
Tootsie Roll Industries, Inc.

Verna Elizabeth Gordon
President
Tootsie Roll Industries, Inc.

William A. Hewitt
Chairman and Chief Executive Officer
Deere and Company

James B. Horton
President
Hal Publications

- Richard Laster
Executive Vice President
General Foods Corporation
- Louise Quarles Lawson
President
Illinois Service Federal
- J. Bruce Llewellyn
Director
Overseas Private Investment Corporation
- Allen H. Neuharth
Chairman
Gannett Newspapers
- Fred Panzer
Vice President, Government Relations
Tobacco Institute
- Caroline Pezzullo
President
Caroline Pezzullo Associates
- James K. Polk
President
Management Manpower Associates
- Lee Sessions
Vice President
Citizens and Southern Bank
- Herbert J. Siegel
Chairman
Chris-Craft Industries, Inc.
- John Stevens
Senior Vice President
1st National Bank of Atlanta
- Jerome H. Stone
Chairman and Chief Executive Officer
Stone Container Corporation
- John Toups
President
Planning Research Corporation
- Marvin S. Traub
President
Bloomingdale Brothers
- Alan Tripp
President
Product Resources, International

Fred L. Turner
Chairman and Chief Executive Officer
McDonald's Corporation

Jeannette Wagner
Vice President
Este Lauder International

Robert Walling
Vice Chairman
Georgia Democratic Party

Julia M. Walsh
Chairman
Julia M. Walsh and Sons

Norman Weschler
President
I. Magnin

Lloyd Whitaker
President
Office Development Division
Cousins Mortgage Equity and Investment

Mort Zukerman
Chairman
Boston Properties, Inc.

PRESIDENTS OF NATIONAL WOMEN'S ORGANIZATIONS

May 15, 1980

American Association of University Women	Mary Boyette Representing President, Mary Grefe
Association of Junior Leagues	Margaret Graham President
B'Nai B'rith	Grace Day President
ERAmerica	Suone Cotner Executive Director
Federally Employed Women	Dorothy Nelms President
Girl Scouts of the USA	Mary Frances Peters Washington Representative
Girls' Clubs of America	Mary Jane Sprague President
League of Women Voters	Ruth Hinerfeld President
Mexican-American National Women's Association	Wilma Espinosa President
National Association of Commissions on Women	Patricia Hill Burnett President
National Association of Cuban-American Women	Ana Maria Perrera President
National Hook-Up of Black Women	Shirley Small-Rougeau Executive Director
National Conference of Puerto Rican Women	Angela Cabrera President
National Council of Jewish Women	Sheila Feldman Co-Vice Chair Women's Issues

National Council of
Negro Women

Dovey Roundtree
Counsel

National Federation of
Business and Professional
Women's Clubs, Inc.

Julie Arri
President

National Federation of
Democratic Women

Lorraine Kennedy
Washington Representative

National Women's Political
Caucus

Kathy Wilson
Vice President

President's Advisory Committee
for Women

Lynda Johnson Robb
Chair

Women's Equity Action
League

Carol Grossman
President

Cris Candela
Out-going President

Young Women's Christian
Association

Nancy Skallerup
Vice-President-at-Large

Office of Sarah Weddington
SUMMARY OF ERA
FOR BUSINESS EXECUTIVES

May 15, 1980

THE EQUAL RIGHTS AMENDMENT:

Despite considerable emotional debate over a period of years, the Equal Rights Amendment to the Constitution is a simple document:

Section 1: Equality of rights under the law shall not be denied or abridged by the United States or any State on account of sex.

Section 2. The Congress shall have the power to enforce, by appropriate legislation, the provisions of this article.

Section 3. This amendment shall take effect two years after the date of ratification.

THE STATUS OF RATIFICATION:

To become the 27th Amendment to the Constitution, ERA must be ratified by 38 states before 1982. Thirty-five states have ratified since the Amendment originally passed the Congress.

The States which have not ratified are:

Illinois
Missouri

Nevada
Arizona
Utah

Virginia
North Carolina
South Carolina
Georgia
Florida

Alabama
Mississippi
Arkansas
Louisiana
Oklahoma

THE REASONS FOR ERA:

Simple justice guaranteed by the Constitution

The Equal Rights Amendment would establish a single system of justice. The basic principle of the amendment is that sex is not a permissible factor in determining legal rights for anyone. ERA does not state that men and women are the same; it says that the law cannot treat them differently solely because of their gender.

Women do not currently enjoy the same Constitutional protection extended to men. Court decisions have declined to extend protection to women, even under the Fourteenth Amendment.

Repeal of discriminatory laws

Because of the movement toward equality and the ERA, many discriminatory laws have been repealed. However, this movement toward equality could move backwards if the ERA is rejected and discriminatory laws could again be passed in the future.

The U.S. Civil Rights Commission has shown there are 800 Federal laws alone where there is a difference in the treatment of men and women.

Women's rights currently vary from state to state; if a woman moves or crosses a state line, her rights change.

A matter of human rights

President Jimmy Carter, a strong supporter of ERA has termed passage of ERA a cornerstone of America's human rights policy. In a statement to National Magazines in 1979 he stated:

"Because the principle of equality between men and women could be changed easily to reduce current safeguards - The only way to achieve full legal equality for women is to ratify the Equal Rights Amendment...

It simply gives women the legal rights that every human being deserves and that American men now enjoy...

I do not believe my daughter should have fewer rights than my sons. Only an Amendment in our Constitution can guarantee women the same rights and opportunities."

A recognition of the changing role of American women

The ERA will protect the rights of homemakers and working women. Increasingly individual women fill both roles - in many cases at an economic disadvantage.

- o 51% of American women work outside the home - making 59¢ on the average for every \$1.00 men earn.
- o 25% of American families are headed by women while tax, insurance, inheritance and pension policies in many states place women heads of households at a disadvantage compared to men who head households.
- o Our economic welfare depends on using the maximum skills of our citizens through equality of opportunity, education and training - without regard to artificial barriers erected because of gender.

WHO SUPPORTS ERA?

The last six Presidents of the United States, both political parties, the Congress (reaffirmed ERA support through the extension of the deadline to 1982) women's

organizations, organized labor, civil rights groups, over 100 major professional associations, most major church denominations, and the National Business Council for ERA.

WHY HASN'T ERA PASSED?

- o There is misunderstanding of what the law is and what it does - some of this is deliberate confusion by opponents building upon fear.
- o Proponents have not spoken with a clear and single voice, allowing opponents to exaggerate peripheral issues at the expense of ratification.
- o The opponents have been better organized and funded.

WHAT CAN BUSINESS LEADERS DO TO SUPPORT ERA?

- o Personal leadership - the personal commitment of business leaders to ERA targets the debate to the issue, not to emotions.
- o Credibility with State Legislatures - Business is an important lobbying force in State Legislatures through corporation lobbyists, trade associations, the Chamber of Commerce, Associated Industries and other business groups. Silence on the issue by major business leaders has been interpreted on the local level as opposition to ERA.
- o Financial Support for Ratification - opponents have traditionally outspent proponents by a considerable margin.
- o Selling the Message - ERA is a human rights issue...not a solely woman's issue. The involvement of business is critical to building further public support. Recent Harris polls show that the public supports ERA - 56% - 36% with 8% undecided. In the South, Rockies, and Mid-west, the support declines.
- o Participate in the National Council for ERA in cooperation with the League of Women Voters.

Contact: Ellouise Schoettler, ERA Director
 League of Women Voters of the U.S.
 1730 M. Street, NW
 Washington, DC 20036
 (202) 296-1770

CAN ERA PASS?

Intensified support of business, churches, civil rights groups and labor has begun to change the dynamics of the ERA battle in the States. In addition to current Illinois activities, votes are expected in Missouri, North Carolina, Florida, Georgia, South Carolina and Oklahoma in 1981. Coalition efforts are underway to raise funds, develop grass-roots activities, support pro-ERA candidates and provide public education.