

**6/30/80 [1]**

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| <del>memo w/att</del> | <del>Charles W. Duncan, Jr. to the President.<br/>                     Re: Meeting with Zaki Yamani. (89pp.)</del><br><i>opened, 10/3/11, MR-04-023</i> | <del>6/27/80</del> | A           |

**FILE LOCATION**  
 Carter Presidential Papers- Staff Offices; Office of Staff Sec.-  
 Pres. Handwriting File, "6/30/80 [1]." Box 193

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THE WHITE HOUSE  
WASHINGTON  
30 Jun 80

Secretary Duncan

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

Rick Hutcheson

DECLASSIFIED

per 1316/10 State H.r.  
NLJC-04-023  
BY BAE NARA, DATE 9/4/11



~~TOP SECRET~~

THE SECRETARY OF ENERGY  
WASHINGTON, D.C. 20585

*ice Charles*  
*J*

27 June 1980

MEMORANDUM FOR: THE PRESIDENT  
FROM: Charles W. Duncan, Jr.  
SUBJECT: Meeting with Zaki Yamani

Attached you will find the complete Memorandum of Conversation from my meeting with Saudi Arabian Oil Minister Zaki Yamani earlier this week, following my departure from Venice. Following is a summary of the key points raised in the meeting:

1. Summit

Yamani expressed support for the energy accomplishments of the Summit following my summary of the communique. He then indicated that the French had advised him that you had proposed to make a vicious attack on all of OPEC and that the French had intervened to soften the language. I indicated that this was incorrect and that the words "some of" in the communique had been a U.S. initiative.

2. Domestic Politics

Yamani reiterated his previous observations that it was critical you be reelected and that Sen. Kennedy's continuing to seek the nomination was irresponsible. He noted the Saudis were deeply concerned about Reagan's repeated inaccurate statements on energy, mentioning his claim that there was as much oil in Alaska as in Saudi Arabia.

3. Price and Production

Yamani indicated that there would be no Saudi price increase now, but suggested that there could be one in the future for purposes of attaining price unity at the upcoming fall OPEC meeting. He noted again that the Crown Prince had approved the 9.5 million barrels per day production level "at least through the third quarter." He said that Saudi production capacity had now been increased to 10.5 million barrels per day on a sustainable basis, but that there was growing resistance within the government to continuing to the planned level of 12 million barrels per day. He suggested that it would be a great help in countering this resistance if you sent a letter to the Crown Prince urging that capacity be increased beyond the 12 million level for reasons of security and market stability. I have attached a draft letter for your review.

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NLS - 04 - 0223  
BY BAC - NARA DATE 9/11/11

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He then provided an analysis of the world oil market, stressing the importance of maintaining plentiful supplies throughout the summer so that pressure could be brought to bear on the OPEC price hawks to reduce their prices. He said it would be important for BP and Shell to resume purchases of Iranian oil at reasonable prices, in the range of \$32.30 per barrel. He felt the Iranians would eventually accept this price. He categorically stated that recent offers of \$35 and 33.50 were unacceptable.

He supported our policy of holding the line on Algerian gas prices. Without increased gas price revenues and with added production from Iran adding to overall supply, Algeria would be forced to maintain their current level of production to maintain necessary revenues and might be pressured to reduce prices.

4. SPR

Yamani indicated that he understood the Congressionally mandated SPR legislation, and I confirmed for him that we would be using NPR oil for the initial fill. It is my impression that we are now past the critical point with Saudi Arabia on this issue.

5. Iraq

Yamani cited the growing reasonableness of Iraq in the pursuit of moderate oil policies, which is increasingly helpful to Saudi Arabia, notwithstanding their past differences. He recommended a dialogue between me and the Iraqi Oil Minister, stating he would be willing to host an introductory dinner for the three of us. He would then withdraw, and any continuing dialogue would be bilateral. He suggested a propitious timing might be in September, following the Tri-partite meeting of OPEC Foreign, Finance, and Oil Ministers, though it should be in a different location. If for any reason you or Secretary Muskie feel I should decline this suggestion, please advise me.

ok -  
Good

6. Conclusion

Yamani was pleased with the energy results of the Summit, relaxed on the SPR question, and most productive in terms of his suggestions on both Iraq and Algeria. The meeting served to further the dialogue that seems to be developing as a result of this series of meetings.

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~~TOP SECRET~~

His Royal Highness  
Crown Prince Fahd ibn al-Aziz Al Saud  
Riyadh, Saudi Arabia

Your Royal Highness:

I would like to take this opportunity to advise you directly of the results of the recent Economic Summit meeting held in Venice, and some of its implications for the decade we face.

As you know, my colleagues and I reached agreement on an ambitious plan of action to break the link between economic growth and the consumption of oil over the next ten years. One of the central features of this plan is our intention to increase among the Summit countries the supply of non-oil resources by the equivalent of 15-20 million barrels per day over this period.

We have set this goal for ourselves in the realization that we must work in close cooperation with your country, and other responsible oil producers, to effect an orderly transition away from excessive dependence upon the petroleum resource base, which must be preserved for future generations.

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per 12/16/10 5746 Hrv.  
NLJC-04-023  
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I would like to reiterate my deep appreciation for the responsible policies of your government on petroleum matters. I am sensitive to the very real difficulties which sometimes beset those who advocate and pursue policies of moderation and prudence, in the face of conflicting demands.

As we face the 1980's, it is clear to me that our countries face a serious and growing challenge to our vital security concerns; I am confident that we can meet this challenge if we strengthen the sound policies that we have developed. In this connection, I would like you to draw your attention to the essential role which your country's installed production capacity will play in maintaining future market stability.

One of the stark lessons from the upheavals of 1979 is that in the interests of economic and political stability, the Free World needs a significant margin of production capacity to absorb sudden and unpredictable disruptions of petroleum supplies. In this regard, I would ask you to consider most carefully the notion of bringing your country's production capacity expeditiously to a level well beyond the 12 million barrels per day platform that has been discussed publicly. It is my firm conviction that the future margin of Saudi Arabian capacity over projected market needs, may very well be the Free World's margin between stability and serious disruption over the next ten years.

Sincerely,

~~TOP SECRET~~



~~TOP SECRET~~

Department of Energy  
Washington, D.C. 20585

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting between Secretary Duncan and Zaki Yamani on  
Wednesday, June 25, 1980.

Summit

The meeting began with a debrief on the Venice Summit by Secretary Duncan. Yamani stated that he understood President Carter had made a vicious attack on OPEC at the Summit and that the French had intervened to soften the President's proposed language. Yamani indicated that he had learned this from the French. Secretary Duncan stated that this simply was not true and provided Yamani with a copy of a Chicago Tribune article giving credit to the U.S. for differentiating between OPEC producers. Secretary Duncan indicated that he, in fact, had personally intervened on behalf of the U.S. to insert the words "some of" in the communique so as to distinguish between the OPEC moderates, such as Saudi Arabia, and the OPEC price hawks. Secretary Duncan concluded this part of the discussion by observing that the French supported us in this effort, but were not correct in suggesting that we had taken the lead in proposing language to attack all of OPEC.

Yamani also expressed general approval of the Venice energy commitments, particularly the new program for helping LDCs.

Domestic Politics

Yamani repeated his previous observations about the U.S. political scene. He could not understand why Kennedy was being so irresponsible. From the Saudi viewpoint, Reagan would be awful. His repeated inaccurate statements very much worried the Saudis. He cited the Reagan statement that Alaska had as much oil reserves as Saudi Arabia. Yamani stated that it was essential that President Carter be reelected; that he hoped the economy would soon improve; that Iran would release the hostages; and that Kennedy and Anderson would stop causing difficulties for the President.

Price and Production

With regard to an overall pricing strategy agreement, the earliest possible time he foresaw for meaningful discussions would be after the November OPEC meeting, at which he hoped pricing unity would be achieved.

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NLK-04-023  
BY BAE NARA, DATE 9/1/11

He confirmed that Saudi Arabia would maintain their 9.5 mmb/d production level "at least through the third quarter" and that Prince Fahd had personally approved this position. Yamani indicated that there would be no increase in the Saudi price for now, without indicating how long this would last. He left me with the clear impression that there may be increases later if, in fact, this could achieve pricing unity.

Yamani said success in the fall would depend upon keeping supply plentiful throughout the summer months. He noted that this was important so that pressure could be brought to bear on the upper tier OPEC producers (Kuwait, Libya, Algeria, and Iran) to bring their prices down. He then analyzed each of these countries separately:

Kuwait

He said Kuwait had already reduced their production from 2.1 mmb/d to 1.6 mmb/d and was comfortable at that level.

Libya

He indicated that Libya was unpredictable. Their expensive arms purchases, however, made the revenue declines associated with reduced production difficult.

Iran

He noted that it would be important to bring increased Iranian production into the market if that production was at reasonable prices. He said that if BP and Shell could be encouraged to go back into Iran at reasonable prices, the added supply would help increase pressure on the OPEC hawks to lower the price. He noted that the historical premium for Iranian crude over the Saudi marker price was 11 cents. Assuming a \$32.00 marker crude price, a price of \$32.30 for Iranian crude would be generous.

Algeria

This analysis then led to the most important of the swing producers - Algeria. The Algerians were considering lowering their production from 1.1 mmb/d to 950 mb/d. A lowering of oil production with no gas sales or a lower oil price would severely hurt Algeria economically. Therefore, Yamani concluded that we were taking the correct action in resisting Algerian demands to increase gas prices and that it was important that we continue to hold the line. The Secretary then informed Yamani of the extent of our efforts in this area through our consultations with current and potential consumers of Algerian

gas. Yamani concluded that if the Algerian gas price is kept reasonable and Iran comes back onto the market with 2 mmb/d of reasonably priced exports, the economic pressures on Algeria to maintain high levels of oil production would be great. Yamani added that he hoped we would read the OPEC Communique from Algeria with a creative sense of understanding in that OPEC as a whole was not at all serious about the reference in the communique to gas pricing equivalency with crude oil.

Yamani then turned to the question of production capacity. He said he had moved quietly to complete the Saudi's ability to sustain a production level of 10.5 mmbd and that this had now been achieved. He said he believed it was important to continue this effort up to the level of 12 mmbd in order to insure future market stability. Many of Yamani's colleagues in Saudi Arabia, however, were trying to halt this investment, arguing that it was an unwise and expensive effort at a time when Saudi Arabia should be considering cutbacks in production, not increases. In view of this concern, Yamani indicated that it would be difficult to maintain this policy of investment up to 12 mmbd capacity with the Crown Prince. He then stated that I had often asked what we could do to help. He proposed that, without making any reference to this conversation, it would be useful if President Carter wrote to Prince Fahd making the case that it would contribute to Western security and the stability of world oil supply and prices if Saudi Arabia raised their production capability to a level in excess of 12 mmbd. The U.S. request would help Yamani to insure that the Crown Prince would allow him to continue his production expansion policy.

#### SPR

Yamani indicated that it would be important for consumers to maintain stocks at or below current levels. He also indicated that he understood that the Congress had mandated the SPRO fill, that the U.S. would be using NPR oil initially, and that the actual fill wouldn't commence until October of 1980. Secretary Duncan confirmed these facts.

#### Iraq

Yamani then entered into a general discussion about the evolving role of Iraq. While Saudi Arabia and Iraq had their differences over the years, in recent times Iraq had been moving closer to Saudi Arabia and had been increasingly helpful at OPEC meetings. Maintenance of their production level at 3.4 mmbd was most important to maintaining the world oil balance. He then recommended a dialogue between me and the Iraqi Oil Minister, stating he would be willing to host an introductory dinner for the three of us.

~~TOP SECRET~~

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He would then withdraw, and any continuing dialogue would be bilateral. He suggested a propitious timing might be in September, following the Tri-partite meeting of OPEC Foreign, Finance, and Oil Ministers, though it should be in a different location.

~~TOP SECRET~~

THE WHITE HOUSE

WASHINGTON

June 30, 1980

MEMORANDUM TO: THE PRESIDENT  
FROM: GRETCHEN POSTON *GP*  
SUBJECT: SCENARIO FOR ENERGY BILL SIGNING CEREMONY,  
JUNE 30, 1980, 4:00 PM.

3:30 PM Guests arrive Southwest Gate and are escorted to seating on South Lawn.

Cabinet members, members of Congress, Senior staff members, Governors and Mayors arrive Northwest Gate and proceed to Blue Room via North Portico.

3:50 PM Special guests are escorted from Blue Room to Diplomatic Reception Room where they are joined by the PRESIDENT AND MRS. CARTER.

All except platform participants are escorted to South Lawn for reserved seating.

Platform participants are escorted in ranking order to South Lawn for seating on stage.

THE PRESIDENT AND MRS. CARTER proceed to South Lawn and are announced when they reach the last row of seats.

MRS. CARTER is escorted to reserved seat in first row.

4:00 PM THE PRESIDENT proceeds to podium on stage.

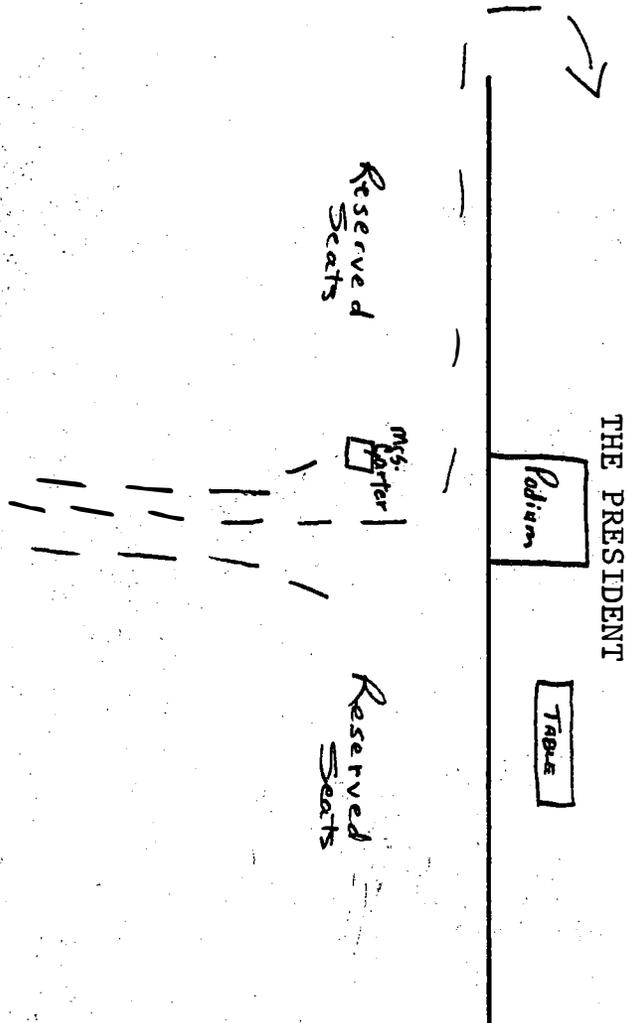
At conclusion of remarks, THE PRESIDENT is seated at table for Bill Signing. Platform participants step up behind him.

At conclusion of Bill Signing, THE PRESIDENT calls on Senator Robert Byrd who will make remarks.

Following these remarks, THE PRESIDENT calls on Congressman Jim Wright for remarks.

Guests are invited for reception after ceremony.

Schlesinger  
 Sec. of Energy  
 Gramm  
 Kramer  
 Murphy  
 Cavanaugh  
 Santini  
 Blanchard  
 C. Moorhead  
 Wydler  
 Wm. Moorhead  
 Staggers  
 Melcher  
 Riegle  
 Domenici  
 McClure  
 Hatfield  
 Senator Jackson  
 Senator Byrd *— THE PRESIDENT*  
 The Vice President  
 Congressman Wright  
 Senator Talmadge  
 Williams  
 Dole  
 Huddleston  
 Ford  
 Matsunaga  
 Tsongas  
 Dingell  
 Fuqua  
 Wylie  
 McKinney  
 Vento  
 Bedell  
 Neal  
 Sharp  
 Gore *— Edgar*  
 Sec. of Treasury



\*If the Vice President attends, he will enter immediately preceding the PRESIDENT and proceed to stage for seating.

ENERGY BILL SIGNING CEREMONY/RECEPTION ON JUNE 30, 1980

CABINET MEMBERS

Secretary Cecil Andrus  
Secretary Reubin Askew  
Attorney General and Mrs. Benjamin Civiletti  
Secretary and Mrs. Charles Duncan  
Secretary and Mrs. Neil Goldschmidt  
Secretary Hufstedler  
Mr. James McIntyre  
Secretary and Mrs. G. William Miller

GOVERNOR

Governor Jay Rockefeller

MAYORS

Mayor Paul Lattimore  
Mayor Donald Schaeffer

SENIOR STAFF

Dr. Zbigniew Brzezinski  
Lloyd Cutler  
Kit Dobbelle  
Hedley Donovan  
Stuart Eizenstat  
Alfred Kahn  
Al McDonald  
Mr. and Mrs. Frank Moore  
Charles Schultze  
Jack Watson  
Sarah Weddington  
Anne Wexler and Joe Duffey

SENATE

Senator Robert Dole  
Senator Pete Domenici  
Senator Wendell Ford  
Senator Mark Hatfield  
Senator Walter Huddleston  
Senator Henry Jackson  
Senator Spark Matsunaga  
Senator James McClure  
Senator John Melcher  
Senator Jennings Randolph  
Senator Donald Riegle  
Senator Herman Talmadge  
Senator Paul Tsongas  
Senator Harrison Williams

HOUSE

Cong. Berkley Bedell  
Cong. James Blanchard  
Cong. John Cavanaugh  
Cong. John Dingell  
Cong. Robert Edgar  
Cong. Don Fuqua  
Cong. Phil Gramm  
Cong. Al Gore  
Cong. Ken Kramer  
Cong. Stewart McKinney  
Cong. Carlos Moorhead  
Cong. William Moorhead  
Cong. Austin Murphy  
Cong. Steve Neal  
Cong. Jim Santini  
  
Cong. Philip Sharp  
Cong. Harley Staffers  
Cong. Bruce Vento  
Cong. Jim Wright  
Cong. John Wydler  
Cong. Chalmers Wylie

THE WHITE HOUSE

WASHINGTON

June 30, 1980

MEMORANDUM TO: THE PRESIDENT  
FROM: GRETCHEN POSTON *GP*  
SUBJECT: SCENARIO-RAIN PLAN-ENERGY BILL SIGNING CEREMONY, JUNE 30, 1980, 4:00 PM.

3:30 PM Guests arrive Southwest Gate and are directed to East Room via Diplomatic Reception Room.

Cabinet members, members of Congress, Senior staff members, Governors and Mayors arrive Northwest Gate and proceed to Blue Room via North Portico.

3:45 PM Special Guests are escorted from Blue Room to 450 EOB for seating except platform participants.

Platform participants are escorted to stage (see diagram).

4:00 PM THE PRESIDENT proceeds to podium on stage.

At conclusion of remarks, THE PRESIDENT is seated at table for Bill Signing. Platform participants step up behind him.

At conclusion of Bill Signing, THE PRESIDENT calls on Senator Robert Byrd who will make remarks.

Following these remarks, THE PRESIDENT calls on Congressman Jim Wright for remarks.

At the conclusion of this ceremony, the special guests and THE PRESIDENT return to the State Floor and East Room.

THE PRESIDENT proceeds to platform in East Room for brief remarks.

THE PRESIDENT departs State Floor.

Reception follows in State Dining Room.

1. MAJORITY LEADER BYRD,..MAJORITY LEADER WRIGHT,..MEMBERS OF CONGRESS,..
2. OTHER AMERICANS HERE WHO CARE DEEPLY ABOUT THE ENERGY SECURITY OF AMERICA:
3. THIS IS A PROUD DAY FOR AMERICA.
4. THE KEYSTONE OF OUR NATIONAL ENERGY POLICY IS AT LAST BEING PUT IN PLACE. /
5. OUR INTOLERABLE DEPENDENCE ON FOREIGN OIL
6. THREATENS OUR ECONOMIC SECURITY & OUR NATIONAL SECURITY.
7. AMERICA'S ENERGY SECURITY IS THE KEY TO BOTH,
8. FOR ALL 3 ARE LINKS IN THE SAME CHAIN. /
9. ~~FROM THE MOMENT OF ASSUMING OFFICE, I HAVE MAINTAINED THAT~~
10. THE ENERGY PROBLEM IS A CLEAR DANGER TO OUR LIVES & LIVELIHOOD --
11. AS INDIVIDUALS & AS A NATION. /

(=OVER=)

(JUST AS.....)

1. JUST AS FOREIGN OIL DRIVES OUR CARS,
2. ITS HIGH PRICE DRIVES OUR INFLATION.
3. WITH INFLATION COMES UNEMPLOYMENT
4. AND DECLINING PRODUCTIVITY IN OUR COUNTRY --
5. AND SCARCITY & POVERTY IN LESS DEVELOPED COUNTRIES. /
6. THESE ARE THE HARD FACTS & IT HAS BEEN HARD FOR US TO FACE THEM,
7. BUT DURING THE LAST 12 MONTHS
8. AMERICANS IN ALL WALKS OF LIFE & ALL LEVELS OF GOVERNMENT
9. HAVE SHOWN OUR DETERMINATION THAT THIS COUNTRY WILL
10. PRODUCE MORE,..DISCOVER MORE,..CREATE MORE,..& CONSERVE MORE ENERGY --
11. AND WE WILL USE AMERICAN RESOURCES,..AMERICAN KNOWLEDGE,..

& AMERICAN LABOR TO DO IT. /

(=NEW CARD=) (PASSAGE OF.....)

1. PASSAGE OF THE ENERGY SECURITY ACT IS THE HIGHLIGHT OF OUR EFFORTS TO
2. DEVELOP & IMPLEMENT A COMPREHENSIVE NATIONAL ENERGY POLICY: /
3. --A POLICY WHICH MEETS OUR ENERGY PROBLEMS; /
4. --A POLICY WHICH SETS OUT A PROGRAM FOR THE FUTURE; /
5. --A POLICY WHICH GIVES US THE WEAPONS TO WAGE & WIN THE ENERGY WAR. /
6. OUR LEGISLATIVE & EXECUTIVE ACCOMPLISHMENTS IN THIS AREA ARE UNPRECEDENTED,
7. AND OUR JOINT EFFORT IS ALREADY PRODUCING IMPRESSIVE RESULTS. /
8. WE HAVE CUT IMPORTS SINCE 1977 BY MORE THAN 1½ MILLION BARRELS A DAY.
9. SO FAR THIS YEAR IMPORTS ARE 12.9% LESS THAN THEY WERE A YEAR AGO,
10. GASOLINE CONSUMPTION IS DOWN 8%,
11. AND TOTAL OIL CONSUMPTION BY MORE THAN 9%.

HAS DROPPED (=OVER=) (WE HAVE.....)

1. WE HAVE REVERSED THE DECLINE IN DOMESTIC CRUDE OIL PRODUCTION,
2. AND MINING OF AMERICAN COAL -- OUR MOST ABUNDANT NATURAL RESOURCE --
3. IS UP 16% FOR THE 1st QUARTER OF THIS YEAR. ✓
4. THIS NEW ENERGY SECURITY ACT ✓
5. WILL HELP THE AMERICAN PEOPLE TO CONSERVE EVEN MORE
6. AND INDUSTRY TO PRODUCE MORE ENERGY. ✓
7. THIS LEGISLATION WILL HELP CREATE AT LEAST 70,000 JOBS A YEAR ✓
8. TO DESIGN, BUILD, OPERATE & SUPPLY RESOURCES ✓
9. FOR SYNTHETIC FUELS PLANTS & FOR PRODUCTION OF  
ALCOHOL & OTHER BIOMASS FUELS.
10. THOUSANDS OF OTHER JOBS WILL BE CREATED IN THE  
CONSERVATION & SOLAR ENERGY PROGRAMS,
11. AND INDIRECT EMPLOYMENT WILL BE GENERATED BY ALL THESE PROGRAMS. ✓

(=NEW CARD=) (THE BILL.....)

1. THE BILL ESTABLISHES A CORPORATION TO ENCOURAGE PRODUCTION ✓
2. OF 2 MILLION BARRELS A DAY OF SYNTHETIC FUELS BY 1992,
3. BY CONVERTING COAL TO SYNTHETIC LIQUIDS & GASES,
4. BY EXTRACTING OIL FROM SHALE & TAR SANDS, ... & BY OTHER MEANS. ✓
5. THE SOLAR ENERGY & ENERGY CONSERVATION BANKK WILL PROVIDE ✓
6. OVER \$3 BILLION IN DIRECT SUBSIDIES TO HOMES & BUSINESSES ✓
7. TO CONSERVE ENERGY & TO USE RENEWABLE RESOURCES --
8. HELPING US REACH OUR GOAL OF DERIVING 20% OF OUR ENERGY FROM THE SUN  
BY THE YEAR 2000. ✓
9. THIS ACT WILL ALSO PROVIDE OVER \$1 BILLION ✓
10. TO HELP PRODUCE BIOMASS ENERGY, SUCH AS GASOHOL.
11. THIS YEAR ALONE, WE WILL QUADRUPLE OUR CAPACITY TO PRODUCE GASOHOL. ✓

(=OVER=) (THE ACT.....)

1. THE ACT ALSO RECOGNIZES THAT ENERGY & ENVIRONMENTAL PROBLEMS  
ARE INTER-RELATED,
2. AND UNDER ITS PROVISIONS WE WILL COMPLETE ↗
3. A COMPREHENSIVE STUDY OF ACID RAIN ↗
4. AND OTHER IMPACTS OF FOSSIL FUEL COMBUSTION ON ↗
5. OUR ENVIRONMENT, ...OUR ECONOMY, ...& OUR SOCIETY. /
6. IN SUM, THE ENERGY SECURITY ACT WILL LAUNCH THIS DECADE ↗
7. WITH THE GREATEST OUTPOURING OF
8. CAPITAL INVESTMENT, ...TECHNOLOGY, ...MAN-POWER, ...& RESOURCES  
SINCE THE SPACE PROGRAM --
9. ITS SCOPE, IN FACT, WILL DWARF THE COMBINED PROGRAMS THAT
10. LED US TO THE MOON & BUILT OUR INTERSTATE HIGHWAY SYSTEM. /

(=NEW CARD=) (THIS TREMENDOUS.....)

1. THIS TREMENDOUS COMMITMENT WILL MAKE OF THE 1980s ↗
2. A TIME OF NATIONAL RESOLVE & BRAVE ACHIEVEMENT. /
3. IN THE PAST WHEN WE SWITCHED FROM WOOD TO COAL,  
AND THEN FROM COAL TO OIL,
4. THOSE CHANGES BROUGHT ONLY BETTER THINGS TO AMERICANS --
5. BETTER LIFESTYLE, ...MORE LEISURE TIME, ...ESSENTIALS LIKE ELECTRICITY & HEAT.
6. NOW, AS WE SWITCH FROM FOREIGN OIL TO AMERICAN FUELS,
7. AGAIN WE STAND ONLY TO GAIN --
8. FOR OUR ECONOMY, ...OUR SECURITY, ...& OUR CONFIDENCE. /

(=OVER=) (OUR ACCOMPLISHMENTS.....)

1. OUR ACCOMPLISHMENTS ARE HISTORIC,
2. BUT OUR WORK IS NOT YET COMPLETE.
3. LAST WEEK THE ENERGY MOBILIZATION BOARD WAS RECOMMITTED TO CONFERENCE.
4. I URGE LEADERS OF THE CONGRESS TO ↗
5. RECONVENE THE "EMB" CONFERENCE COMMITTEE ↗
6. & PRODUCE AN EFFECTIVE BOARD WHICH WILL
7. EXPEDITE THE PROCESS OF PROJECT APPROVAL
8. & WHICH RESPECTS ENVIRONMENTAL PROTECTIONS.
9. UTILITY OIL BACKOUT LEGISLATION IS ANOTHER IMPORTANT MEASURE  
WHICH SHOULD BE PASSED WITHOUT DELAY. /

(=NEW CARD=) (THE FIGHT.....)

1. THE FIGHT FOR ENERGY SECURITY IS NOT A PARTISAN FIGHT.
2. I ASK MEMBERS FROM BOTH PARTIES TO COMPLETE OUR ENERGY AGENDA
3. IN THE SAME SPIRIT OF COOPERATION THAT HAS BROUGHT US
4. THE SUCCESS WHICH WE ARE CELEBRATING TODAY. /
5. THE BATTLE FOR AMERICA'S ENERGY SECURITY HAS BEEN JOINED.
6. THERE WILL BE NO RETREAT.
7. WE MUST RECOGNIZE OUR ENERGY PROBLEM FOR WHAT IT TRULY IS --
8. OUR NATION'S GREATEST OPPORTUNITY IN OUR LIFETIME. /

(=OVER=) (WE ARE.....)

1. WE ARE THE SAME AMERICANS WHO JUST 10 YEARS AGO PUT A MAN ON THE MOON.
2. WE ARE THE GENERATION THAT DEDICATED OUR SOCIETY TO THE PURSUIT OF  
HUMAN RIGHTS, ... JUSTICE, ... & EQUALITY.
3. WE HAVE THE KNOWLEDGE, WISDOM, & SKILL ✓
4. DERIVED FROM MORE THAN TWO CENTURIES OF OVERCOMING OBSTACLES.
5. WE HAVE THE WILL & POWER OF A MATURE NATION
6. AND THE VISION & DETERMINATION OF A YOUNG PEOPLE. /
7. IN JUST A FEW DAYS WE WILL CELEBRATE THE BIRTHDAY OF
8. OUR DECLARATION OF POLITICAL INDEPENDENCE.

---

9. I CAN THINK OF NO MORE FITTING BIRTHDAY PRESENT
10. THAN THIS DECLARATION OF ENERGY SECURITY -- ENERGY INDEPENDENCE
11. WHICH I AM PROUD TO SIGN WITH YOU TODAY.

# # #

Energy Security Act Bill Signing

*Too wordy*



This is a proud day for America. The keystone of our National Energy Policy <sup>is</sup> ~~has~~ at last <sup>being</sup> ~~been~~ put in place.

~~It has been a long, hard three years since I first called the energy crisis "the moral equivalent of war." To all of you here today who have fought alongside me, I would like to say that if we had this effort to start over again, the first thing I'd do differently is leave out the part about the "moral equivalent" -- because the war is real.~~

Our intolerable dependence on foreign oil threatens our economic security and our national security. America's energy security is the key to both, for all three are links in the same chain.

From the moment of assuming office, I have maintained

that the energy problem is a clear ~~and present~~ danger to our lives and livelihood -- as individuals and as a Nation.

Our nation is at one end of a 12,000 mile supply line. On the other end of that supply line is danger, uncertainty, turmoil -- and nearly half the oil we use. Our dependence on imported oil this year will cost us \$90 billion. That is more than \$400 for every man, woman and child in this country, and it is more than the net income of all the Fortune 500 companies combined.

Just as foreign oil drives our cars, its high price drives our inflation. With inflation comes unemployment and declining productivity in our country -- and scarcity and poverty in less developed countries.

The inflation caused by foreign oil dependence affects the quality of our schools, health care, and other social services. It makes old age harder for the elderly and

growing up less hopeful for the young. It hurts all of us, not just by causing inconvenience, but by undermining our society itself.

These are the hard facts, and it has been hard for <sup>us</sup> ~~America~~ to face them, <sup>during the last twelve months</sup> But, Americans in all walks of life <sup>have shown our determination</sup> and all levels of government ~~are determined~~ that this country <sup>will</sup> ~~will~~ produce more, discover more, create more, and conserve more energy -- and we will use American resources, American knowledge, and American labor to do it.

~~This is also a proud day for me, for my Administration, for the Congress, and for all who work in the field of energy.~~ Passage of the Energy Security Act is the <sup>highlight</sup> ~~culmination~~ of our efforts ~~over the last 3 1/2 years~~ to develop and implement a comprehensive National Energy Policy:

¶ a policy which meets our energy problems;

I don't think you ought to condemn American people - This seemed to me a perfect time to follow up on "crises of confidence" speech - "We're joined together - united & now a positive result that I make a difference" etc. "We've come through some hard times together - now it's your help we're working toward solving problems"

¶ a policy which sets out a program for the future;

¶ a policy which gives us the weapons to wage and win the energy war.

Our ~~record~~ of legislative and executive accomplishments in this area <sup>are</sup> ~~is not merely remarkable, it is unprecedented, in the history of this nation.~~ <sup>and our joint effort</sup> That record <sup>is already</sup> producing impressive results.

*Source: [unclear] [unclear]*

We have <sup>cut</sup> ~~reduced~~ imports since 1977 by more than one and a half million barrels a day. So far this year imports are 12.9 percent less than they were a year ago, ~~We have~~ <sup>cut</sup> gasoline consumption in our country by <sup>15 down over</sup> ~~over 8%~~ and total oil consumption by <sup>more than 9%, so far this year</sup> ~~over 9%, through the first five months of the year.~~ ~~almost twice the target figure I had established.~~

*Statistics should be brief. We've cut imports 12% We've cut gas 9%*

We have [~~slowed the decline in domestic natural gas production, we have actually~~] reversed the decline in domestic crude oil production, and <sup>mining</sup> ~~our haul~~ of American coal -- our most

abundant natural resource -- is up 16% for the first quarter of this year.

The <sup>new</sup> Energy Security Act will <sup>help</sup> multiply the steps taken by the American people to conserve <sup>even</sup> more ~~and the efforts~~ of our industry to produce more <sup>energy</sup>.

As a result of <sup>help create</sup> this legislation we will be ~~creating an~~ average of at least 70,000 jobs a year ~~in direct employment~~ to design, build, operate and supply resources for synthetic fuels plants and for production of alcohol and other biomass fuels. <sup>of other jobs</sup> Many <sup>in</sup> thousands ~~more~~ will be created by the labor-<sup>and</sup> intensive conservation and solar energy programs, ~~not to~~ ~~mention~~ the indirect employment ~~that~~ will be generated by <sup>all</sup> these programs.

The bill establishes a ~~Synthetic Fuels~~ Corporation to encourage production of 2 million barrels a day of synthetic fuels by 1992, ~~This will be done through a wide variety~~

~~of technologies~~ by converting coal to synthetic liquids and gases, by extracting oil from shale and tar sands, and *by* other means.

The Solar Energy and Energy Conservation Bank will provide over 3 billion dollars in direct subsidies to homes and businesses <sup>to conserve</sup> ~~for~~ energy conservation efforts and <sup>to</sup> ~~use of~~ renewable resources, ~~This bank will be a major element in~~ helping us reach our goal of deriving 20% of our ~~nation's~~ energy from the sun by the year 2000 .

<sup>This</sup> ~~The Energy Security Act~~ will also <sup>provide</sup> ~~funnel~~ over \$1 billion <sup>help produce</sup> ~~to new government programs to encourage~~ biomass energy, such as gasohol. This year alone, we will quadruple our capacity to produce gasohol.

The Act also recognizes that ~~our~~ energy ~~problems~~ and ~~our~~ environmental problems are inter-related, <sup>and under its</sup> ~~and that we~~ ~~must protect the earth we live on and the air we breathe~~

*provisions we*

~~even while pursuing our goals of more energy production.~~

~~The Act will establish an <sup>acid</sup> Precipitation ~~task force~~~~

~~and direct the completion of a comprehensive study <sup>of acid rain and</sup> on ~~the~~~~

~~other~~  
~~impact, of fossil fuel combustion on our environment, our economy, and our society.~~

In sum, the Energy Security Act will launch this decade

with the greatest outpouring of capital investment, ~~the~~

~~technology, ~~the~~ most far-reaching mobilization of our nation's man-power~~

~~and resources, and the most intensive technological innovation~~

since the space program -- ~~and~~ <sup>in fact,</sup> ~~yet~~ its scope <sup>will dwarf</sup> ~~both~~

~~the project that led us to the moon and the program which~~

built our Interstate Highway System.

*This tremendous commitment*

~~Our goal is nothing less than to change the way America~~

~~produces, consumes, and considers energy. Working to meet~~

~~this goal~~ will make of the 1980's a time of national resolve and

brave achievement.

*Don't forget  
there's a  
simpler way  
to do it  
- Don't  
forget  
space program  
greatest generation  
(as on old world)  
larger than any  
space program*

In the past when we switched from wood to coal, and then from coal to oil, those changes brought only better things to Americans -- better lifestyles, more leisure time, essentials like electricity and heat. Now, as we switch from foreign oil to American fuels, <sup>again</sup> we stand only to gain -- for our economy, our security, and our confidence.

Only two years ago, we went to the International Economic Summit meeting in Bonn as a Nation that was not regarded as practicing what it preached. Our Allies, with far greater dependence on foreign oil, looked to us for leadership and example. Instead, they found an America that was still importing almost half the oil it used, an America where domestic production of most energy sources was declining, an America that wasted enough energy to light the rest of the world.

~~Now we have a declaration from the Venice Economic~~

Summit that clearly demonstrates America's leadership role in the Allied determination to break the link between rising energy consumption and economic growth. Because of our firm stand on energy, America stands proudly as ever as a leader of the free world's defense of the peace and struggle for global economic well-being.

~~We have achieved historic~~ <sup>Our</sup> accomplishments, <sup>are historic,</sup> but our work is not yet complete. Last week the Energy Mobilization Board was recommitted to a ~~House-Senate~~ Conference. I ~~am~~ <sup>urge</sup> today ~~urging~~ <sup>Congress</sup> leaders of the House and Senate to reconvene the EMB Conference Committee and produce an effective ~~Board~~ <sup>will</sup> Board which ~~truly~~ expedites the process of project approval ~~or disapproval~~ <sup>and</sup>, which respects environmental protections, ~~and which can pass the Congress.~~ <sup>Utility oil bailout legislation is another important measure which should be passed without delay.</sup>

The fight for energy security is not a partisan fight.

~~The victories we will achieve are not partisan victories.~~

I ask Members from both parties to ~~join in completing~~ <sup>complete</sup> our energy agenda in the same ~~magnificent~~ spirit of ~~bipartisan~~ cooperation that has brought us the success which we are celebrating today.

The battle for America's energy security has been ~~fully and finally~~ joined. There will be no retreat. ~~If we think positively, and let our vision lead us forward,~~ We <sup>must</sup> ~~can~~ recognize our energy problem for what it truly is -- our nation's greatest opportunity in our lifetime.

By welcoming this moment, we can renew our industry, our productivity, and our technology. The ripple effect of our century's fight for independence will carry us into the 1980's with the confidence and strength to seize control again of our common destiny as a people.

We are the same Americans who just 10 years ago put a man on the Moon. We are the generation that dedicated

our society to the pursuit of human rights, justice, and  
equality. We have the knowledge, wisdom, and skill, <sup>derived from</sup> ~~of~~ <sup>more</sup> ~~204~~  
~~than two centuries of~~  
~~years of success]~~ in overcoming obstacles. We have the  
will and power of a mature nation. <sup>and</sup> ~~We have~~ the vision and  
determination of a young people.

In just a few days we will celebrate ~~the 204 birthday~~  
~~of~~ our declaration of political independence. I can think  
of no ~~finer and~~ <sup>birthday</sup> more fitting ~~present~~ than this Declaration  
of Energy Security -- which I am proud to sign with you today.

# # #

THE WHITE HOUSE  
WASHINGTON

6/29/80

Mr. President:

I just received word  
from Jessie Hill that  
Andy Young's father died  
this morning. No funeral  
plans have been made yet.

Phil

*I called  
him  
J*

THE WHITE HOUSE  
WASHINGTON  
30 Jun 80

The Vice President  
Jack Watson  
Jody Powell  
Stu Eizenstat  
Sarah Weddington  
Anne WExler  
Lloyd Cutler  
Frank Moore  
Al McDonald  
Al Kahn  
Jim McIntyre  
Gene Eidenberg  
Hedley Donovan

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

Rick Hutcheson

ADMINISTRATIVELY CONFIDENTIAL

EYES ONLY

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Veterans  
Administration

June 27, 1980



TO : The President

THRU : Rick Hutcheson, Staff Secretary

FROM : Administrator of Veterans Affairs

VA Presidential Update

Lou Harris Survey - This firm has completed most comprehensive study ever undertaken re attitudes toward Vietnam Era veterans. On 10/10/78 you ordered the conduct of such a study. I will make the report public at a press conference on 7/2/80. Here are some of the findings:

"Pride rather than shame is the most common characteristic of the VEV. Most VEVs are glad they served - and would serve again if asked. However, a significant minority - particularly younger veterans and veterans of heavy combat - reject their military experience and would not serve again."

Four of 5 Americans - and a substantial plurality of VEVs - feel we should have stayed out of Vietnam. The public, however, overwhelmingly separates the war from the warrior, voicing high regard and respect for VEVs - especially those who served in Vietnam.

Three-quarters of the VEVs - and two-thirds of the public - feel the Federal Government should be doing more for these veterans.

Servicemen who had not finished high school were 5-times more likely to have seen heavy combat in Vietnam. (This makes even more "worthy" the legislation you have proposed to extend the GI Bill time limit for educationally disadvantaged VEVs to strengthen occupational skills, and I will push again for enactment of this measure by Congress.)

Recognition of the special problems facing VEVs is greatest among those who most opposed the war.

Problems most commonly reported by VEVs are employment, lack of direction in life and trouble in finishing their education. Problems attributed to military service include memories of death and dying, emotional problems, drug and drinking and health problems. (Confirmation of this finding is supported by the kinds of problems we are addressing in VA's very successful storefront Vet Center readjustment counseling program.)

The special commitment to hiring VEVs existing in 1971 (date of the last Harris survey) has declined over the decade of the 1970s.

Contrary to the experience of older veterans, less than half the VEVs feel peers their own age gave them a friendly reception at home, and they are very cool to peers who dodged the draft or demonstrated against the war.

Seven of 10 Americans favor vets preference for Federal jobs.  
There was nearly equal support for this among women as well as men.

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

C

June 27, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: Gus Speth  
Jane Yarn  
Bob Harris



SUBJECT: Weekly Report

Toxic Substances Strategy Committee Report. Last week we formally transmitted this report to you. The interagency report was initiated by your 1977 Environmental Message and is the product of a three-year effort by 18 agencies, chaired by me. The report provides the first systematic assessment of federal efforts to protect the public health and the environment from hazardous substances and contains scores of recommendations for improving federal programs. All of the recommendations were agreed to by the agencies and most of them are already being implemented. The report reflects broad agreement that strong, effective, and efficient regulatory programs are essential for protecting the public from the dangers of hazardous chemicals.

Legislative Issues. At a brown bag lunch held at CEQ on Wednesday, about 50 members of national environmental organizations requested assistance from the Administration on a number of bills now moving in Congress. Three of the bills are of high priority interest to you -- Alaska, Superfund, and National Heritage Policy Act. Several of the bills warrant Administration support or involvement. In addition, there are several nuclear waste disposal bills which may come to the Senate or House floors in July and which involve provisions contrary to your comprehensive nuclear waste disposal policy. I am sending Frank a memorandum on these environmental legislative issues and will offer my assistance in helping to remedy the deficiencies or to defeat the bills.

National Heritage Policy Act (S. 1842). Doug Costle and I sent a letter to Senate Parks and Recreation Subcommittee Chairman Dale Bumpers expressing strong support for this bill. The American Heritage Alliance, a coalition of organizations supporting the measure, sees a serious need for one or more Democratic senators to express their strong support for the program in the markup session. We have alerted Jack and Frank that it would be helpful to ensure strong Congressional support for the national heritage program at this key juncture.

Venice Energy Policy Communique. We are pleased that you emphasized in Venice that the ambitious energy program for reducing world oil consumption can be accomplished without sacrificing our environmental goals or requirements, particularly those pertaining to clean air.

THE WHITE HOUSE

WASHINGTON

June 27, 1980

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MEMORANDUM FOR THE PRESIDENT

FROM: ALFRED E. KAHN *fred*

SUBJECT: Weekly Activities Report

Wage/Price Program

Today we circulated to the EPG a draft of our Issues Paper on the third year price standard. (We plan to ask the Pay Advisory Committee to advise us about what to do about the wage standard.) The paper presents some new data and analysis on the performance of the voluntary standards to date -- the most striking of which is an estimate that they have taken almost one point off the annual inflation rate to date -- and solicits public comment on the major questions that have to be answered in developing a standard for the third program year.

It also explicitly asks for comments on whether there should be a third year.

You may be interested in an early, positive result of our June 5 meeting with the machinery industry. After you left the meeting the president of American Hoist and Derrick Company, a St. Paul construction machinery manufacturer, spoke in support of the voluntary price standards. Subsequently, his company agreed to forego \$953,000 in revenues to remain in compliance.

Health Care Initiatives

I spoke on June 17th to the National Journal's Fifth Annual Leadership Conference on Health (as did Pat Harris and Senator Ribicoff) and stressed our need to reconcile social objectives with economic considerations in setting health policy. I emphasized specifically the need both to regulate and to reimburse providers in ways that create incentives for containing costs, and to make more use generally of market mechanisms.

On June 10 I announced the decision you made in April to limit all Federal financial support for new hospital construction and major renovation in overbedded areas. There has been considerable interest in the press.

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Reaction since the announcement has generally been as we had expected. Veterans groups were most provoked; community and national trade associations representing the hospital system are displeased. The broader reaction is that the decision is a good one, although there is considerable skepticism that reliance on the health planning system for enforcement will produce the expected results. We still need legislation to bring tax free bonds and Medicare/Medicaid under the policy, and there may be strong opposition to doing so.

### Energy

Senator Kennedy asked CWPS to testify on July 7 about energy prices. After consultation with Frank Moore's office, I decided to decline the invitation (as did Bob Russell), although Kennedy may try to make an issue of our failure to appear.

### Trucking

We have been preparing a signing statement and press briefing materials for the ceremony on Tuesday.

### The CPI

I testified Tuesday before the Joint Economic Committee on the generally satisfying May CPI. While Senator Bentsen attempted to elicit from me an endorsement of an early tax cut, I refused to do so, emphasizing the continued threat of inflation and need for fiscal restraint.

THE SECRETARY OF COMMERCE  
WASHINGTON, D.C. 20230

June 27, 1980

FYI

REPORT TO THE PRESIDENT

Steel: Intensive follow-up to the recent meeting of the Steel Tripartite Commission should result in the recommendation of a realistic program to be reviewed by the EPG near the end of July. Having been organized 18 months ago, the joint government, labor and industry task forces have been addressing the problems of capital formation, government regulation, technology, and regional economic and labor impacts as they concern the industry. The Administration is thus in the position of not having to duplicate the emergency approach being so ably managed by Secretary Goldschmidt in addressing the auto industry. If my present conclusions as to the merit of the tripartite approach are borne out over the next month, it may recommend itself as a pattern for us to follow with regard to other industries.

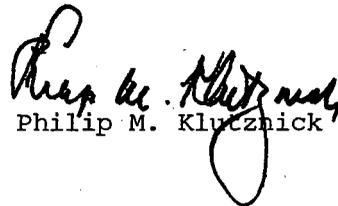
Export Disincentives: This was the major concern of the recent meeting of the President's Export Council and of follow-up meetings to it. It is my belief that the government should take quick action on several of the recommendations which are being developed for your review as they are critical, in my judgment, to the improvement of our export position. To this end I am pressing for early conclusion of our and other agency analyses so that you can consider specific actions to be recommended to the Congress as a part of or adjunct to your July report to the Congress on Export Disincentives. My own recommendations and concerns are delineated for your consideration in the summary report of my recent European trip being transmitted to you today.

Tax Policy: The Department is in the process of analyzing, from the business point of view, reasonable alternatives in the event a tax program is submitted in 1981 or sooner. Work is reaching a point where we will be able to make our suggestions and analyses available to the Office of the President, the Treasury, and the Council of Economic Advisers in the very near future.

Industrial Innovation/Productivity: Implementation within the Department of your industrial innovation program is progressing: The first edition of "Information for Innovators" (attached), a semi-monthly newsletter identifying commercial opportunities emerging from government sponsored R&D has been published; and, an October 1 start-up will soon be announced for the Center for the Utilization of Federal Technology, the three Centers within the Cooperative Generic Technology Program, and the Productivity Reference Service. The patent policy and patent reform legislation continues to progress well on the Hill, and the possibility of enactment this year remains. Finally, concrete, other agency plans for follow-through on responsibilities delineated in your October 31 Industrial Innovation Message are expected within the next week.

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Industry Consultations: The senior staff and I met for several hours with top executives from the Aerospace Industry for discussions of the industry's concerns for capital formation, trade, productivity, and product improvement. The industry's concern for preserving into the future its competitive position continued informally when we were joined by Secretary Goldschmidt, Chairman John Moore of Export Import Bank, Dr. Frank Press, John White of OMB, and other senior Administration officials. The industry and government participants believed the meeting to be a productive first step in improving the quality of their relations with the government and in addressing together with the government their concerns for their future competitiveness in world markets. This is a healthy industry at present which is beginning to face problems especially by government-supported competition from abroad.

  
Philip M. Klutznick

Attachment



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

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June 27, 1980

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report of HHS Activities

Financially Troubled Hospitals. On Tuesday, Governor Carey, Mayor Koch, and I signed an agreement committing the Department, New York State, and New York City to a joint effort to improve health care services in the Harlem and East Harlem communities. The agreement includes \$7.7 million in additional Federal funds for the first year. On Tuesday afternoon, I announced that the Harlem project is part of a new plan by the Department to conduct selected demonstrations to determine the kind of aid that may be required by financially distressed hospitals in the future.

White House Conference on Families. The second White House Conference on Families was held in Minneapolis June 19-20. Fifteen resolutions on health, education, and social service programs affecting the family were passed by the delegates. I will make the keynote address at the final Conference in Los Angeles on July 10.

Visit of Chinese Minister of Health. The Chinese Minister of Health and other Chinese health officials will conclude a three-week tour of the U.S. on Sunday. Their itinerary included meetings with me, the Vice President, and the Department's senior staff; a tour of the National Institutes of Health; and visits to major hospitals including Massachusetts General in Boston.

Cubans. HHS is proceeding to implement the President's policy on Cubans and Haitians announced last Friday. We have already sent instructions to state welfare departments and social security district offices to provide SSI, AFDC, and Medicaid benefits to Cubans and Haitians who meet the other program eligibility requirements.

Laetrile Testing. On July 1, the Department will announce a major study to test the effectiveness of laetrile in treating cancer patients. The study will include patients for which established treatment has not been effective.

New York State Letter of Credit Controversy. On June 23, Judge Pratt, U.S. District Court for the District of Columbia, ruled that the Department's action to reduce the Federal letter of credit for New York had violated the State's due process rights under the Social Security Act. When the written opinion is available, the Department will determine whether to appeal.

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Patricia Roberts Harris



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

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June 27, 1980

Principal Activities of the Department of Justice  
For The Week of June 21 through June 27, 1980

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1. Alaska

Last night, in Anaconda v. Andrus, the United States District Court upheld the President's order establishing Yukon Flats, Gates of the Arctic, and Admiralty Island as National Monuments.

2. Judicial Selection

The Senate confirmed 11 judicial candidates Wednesday, June 17, and 8 on June 26. This brings the total number of judicial candidates nominated by the President and confirmed by the Senate to 251. Of these 251 federal judgeships, 135 were created by the Omnibus Judgeship Act of 1978.

There are currently 42 federal judgeship vacancies (17 under the new law and 25 regular vacancies). The President tentatively approved the processing of 9 additional candidates on Thursday, June 18. This brings the current number of candidates in process to 33 (18 at the Senate and the remainder still under investigation or evaluation).

3. Corruption Convictions

A guilty plea has recently been entered in a bribery conspiracy case involving an FBI clerk. Also charged in the case are the reputed head of the Cleveland organized crime syndicate, his chief deputy and a Ten-Most-Wanted-List fugitive. In another corruption case, a New Jersey state senator and his father were sentenced for a kickback scheme involving \$4 million in union pension fund loans.

4. Cuba

There have been 929 constructive and 97 actual seizures of vessels returning from Cuba with passengers since May 14. Since the flow of boats began, 1805 vessels have received notice of intent to levy fines. In 550 of those cases,

administrative orders for collection of fines have been entered, and an additional 333 cases in dispute have entered the adjudication process. Yesterday, the United States District Court in Miami agreed to stay until July 7 its order that the government release, under rigid restrictions, 31 shrimp boats seized for transporting Cuban refugees.

Approximately 125 persons have been arrested for violations related to the boat lift. Criminal indictments have been filed against 78 individuals who brought Cubans to the United States in violation of the President's directive of May 14.

1376 Cuban nationals are in detention in various facilities because of their past records. We estimate now that more than one half of these persons may have serious criminal records. An immigration judge has signed deportation orders against 18 who confessed to having committed serious crimes in Cuba.

5. Government Attorneys

In Armstrong v. McAlpin, a case of major significance to government attorneys, the Court of Appeals for the Second Circuit (en banc) ruled that the presence of a former government attorney in a law firm does not automatically disqualify his entire firm from any case in which he participated while in government. The Court accepted the government's argument that where the former government attorney is properly screened from contact with the case, his law firm need not be barred.

6. Meetings and Events

On Monday, June 23, the Attorney General met with the President's Committee on Mental Retardation. On Wednesday, he chaired the second meeting of the Federal Legal Council. The Council is composed of general counsels from fifteen federal agencies and works to improve the quality of legal services available to the government. The Attorney General also spoke on Wednesday at a reception for the Federal Women's Program. Thursday, June 26, the Attorney General delivered an address on the problems of small business to the Economic Club of New York. On Friday, he discussed immigration policy in remarks before the National Convention of the League of United Latin American Citizens.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

WASHINGTON, D.C. 20460

June 27, 1980

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THE ADMINISTRATOR

REPORT TO THE PRESIDENT

FROM: Douglas M. Costle

We have passed through another gate in our effort to get "superfund" legislation through the Congress this session. The Senate Environment and Public Works Committee today approved a bill very similar to the one you proposed last summer. It now goes to the Finance Committee for action.

In the House, separate superfund bills have cleared all four relevant committees; two are awaiting reconciliation by the Rules Committee.

The bill's steady progress is particularly significant in the face of the strong anti-regulatory mood on the Hill. You should be aware that Frank Moore and his staff have been very helpful during the last few weeks.

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THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

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June 27, 1980

MEMORANDUM FOR THE PRESIDENT

THROUGH: Rick Hutcheson, Staff Secretary

FROM : Neil Goldschmidt

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

SUBJECT: Significant Issues for the Week of June 23

Auto Industry - At a meeting Thursday afternoon, the Economic Policy Group refined the options for a Presidential package to assist the auto industry in the short-term. The material will be delivered to you by Monday, Noon. Options cover the areas of trade, credit, taxes, regulations, anti-trust, and regional impacts. The auto industry has indicated a willingness to respond to this package with statements in the areas of pricing/inflation, fuel economy, government-industry cooperation, product quality and productivity.

Airplane Safety - A panel of the National Academy of Sciences has issued its report on the practices of the Federal Aviation Administration for certifying airplanes and airplane maintenance procedures. The panel was created at my request. The panel report basically endorses the present method of certifying aircraft but criticizes the technical competence of the people who execute the process. The panel did endorse the practice of using "designated" engineers employed by airplane manufacturers to do most of the work in certification under FAA direction. This practice had been criticized by Congress. The panel also recommends against allowing greater direct involvement in certification by outside interested parties, particularly labor unions. The airline pilots will continue to press this issue. The panel does recommend making key documents more readily available.

I will take six weeks to review the full recommendations of the panel before stating my own conclusions.

Civil Aviation Negotiations with China - We are tantalizingly close to consummation of an aviation agreement with China. Accommodations have been reached on most issues, but the Chinese have not responded to our position that several features

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inconsistent with the U.S. policy of deregulation be terminated and renegotiated after three years. If the impasse is not broken during the coming week, another round of negotiations will be required.

Transit Legislation - The Senate has passed a five-year transit authorization with the funding levels proposed by the Administration and reform of the operating assistance formula quite close to the Administration proposal. We have proposed that operating assistance be distributed on the basis of local service effort rather than population. The Senate bill contains a handicapped access provision which is closer to the Administration position than does the House Committee bill, which is still awaiting floor action. Both the Senate and House bills provide for a \$250 million annual coal roads program, and we expect the Senate Appropriations Committee to fund the program from general revenue, not the Highway Trust Fund.

Rail Regulatory Reform - The House vote on the rail deregulation bill should occur next week and we are pressing for an early vote. Congressman Eckhardt will offer his comprehensive amendment to maintain substantial regulation of rates and commodities. Although we are working the rail bill just as hard as we did the trucking bill, delay is favoring Eckhardt. He has declined overtures to compromise. We still should win.

ConRail - Ed Jordan of ConRail and I met this week with Senators Cannon, Long and Packwood of the Commerce Committee to review ConRail's financial picture. Because of the recession, ConRail may need additional Federal funds in FY 1981. As a precaution, Senator Cannon will probably add an additional authorization for ConRail to another bill on the Senate floor. I argued with Ed Jordan's second, that there should be no appropriation for ConRail until next year, and Senator Cannon accepts this. By delaying any appropriation, we continue pressure on ConRail to cut costs, protect the already fragile FY 1981 appropriation bill, and will have a better picture of ConRail's need. Senator Cannon knows he will confront choices on ConRail's long-range future next year and wants to have authorization for short-term financing out of the way of the major issues.

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



C

MEMORANDUM TO THE PRESIDENT

TO: Rick Hutcheson  
FROM: Richard J. Rios   
Director  
SUBJ: Weekly Presidential Report (June 23-27, 1980)  
DATE: JUN 27 1980

AID TO VICTIMS OF MT. ST. HELEN DISASTER

The Community Services Administration, in response to a Presidential directive, awarded \$800,000 of ECAP money to supply emergency relief for migrant workers who were victims of the Mt. St. Helen disaster in Washington, Oregon, and Idaho. The funds will be used to clean roofs of homes, purchase food, and to repair cars and provide other needed services.



THE SECRETARY OF THE TREASURY  
WASHINGTON 20220

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MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. THE MARKETS AND THE DOLLAR

- . After a decline last week which was attributed to technical corrections, the stock market rose this week in heavy trading. Analysts attribute the gains to institutional investors making portfolio adjustments before the end of the quarter. The Dow Jones index closed today at 881.83, 122.70 points above the April 21 low of 759.13.
- . In the credit markets interest rates have edged up over the past two weeks in light, mostly professional trading.
- . Most major banks are posting prime lending rates in the 11-1/2 to 12 percent range this week, compared with 12 to 12-1/2 percent last week.
- . Gold in London closed today in active trading at \$637, up from last Friday's \$602.50 close and the \$607.50 close of two weeks ago. The July silver contract was up 96 cents from June 20, closing today at \$16.65.
- . Over the past two weeks the dollar has continued to trade within a narrow range in relatively quiet markets. Only modest Treasury and Federal Reserve intervention was required during a brief period.

2. CHRYSLER

- . On Tuesday, June 24, the Chrysler Loan Guarantee Board committed to issue up to the full \$1.5 billion in guarantees, and actually guaranteed \$500 million in loans. By then, Chrysler had obtained the unanimous consent from its lending banks to participate in its restructuring. That afternoon the corporation received the proceeds from the \$500 million issue, which was priced more favorably than we had anticipated.

- . Chrysler apparently intends to seek \$250-300 million in guaranteed loans in late July, but has not yet filed an application.

3. GENERAL REVENUE SHARING

- . The House Subcommittee on Intergovernmental Relations finished its mark-up of a Revenue Sharing bill on Wednesday, June 25. The full Committee (Government Operations) may begin its mark-up as early as next Tuesday, July 1. The Senate Finance Committee is not expected to address the legislation until after the July 4th recess.
- . The results of the House Subcommittee mark-up are not particularly encouraging for the Administration's attempts to make the program more equitable. Of the six formula changes proposed by the Administration, only one adjustment was approved.
- . In addition to the Revenue Sharing Program itself, the Subcommittee's bill adds a title for countercyclical fiscal assistance that would provide maximum outlays of \$500 million in FY 1981 and \$1.0 billion in both FY 1982 and FY 1983. Since the First Budget Resolution makes no provision for the \$500 million in FY 1981 outlays, the countercyclical proposal is contingent on funding being provided in the Second Budget Resolution.

4. DEBT LIMIT

- . The Senate last night voted to increase the debt limit to \$925 billion through February 28, 1981. Two GOP amendments, one calling for a ten percent tax cut and a second one indexing the tax code to provide for automatic adjustments to offset the impact of inflation, were defeated.

5. TAX CUT INITIATIVES ON THE HILL

- . After caucusing yesterday, Senate Democrats asked the Finance Committee to come up with a 1981 tax cut proposal by September 3. Senator Long has said he will comply with that request.

- . On the House side, Ways and Means Chairman Al Ullman is still publicly opposing a tax cut at this time; however, he indicated he may reconsider in light of action taken by the Senate Democratic Caucus.

6. INTERNATIONAL FINANCIAL INSTITUTIONS LEGISLATION

- . Last week the Senate passed both the IMF quota increase and the IDA VI replenishment authorization bills. They are now awaiting House action.

A handwritten signature in black ink, appearing to read "Bill", written in a cursive style.

G. William Miller

THE WHITE HOUSE  
WASHINGTON

30 Jun 80

Secretary Duncan

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

Rick Hutcheson



THE SECRETARY OF ENERGY  
WASHINGTON, D.C. 20585

cc Charles  
C

June 27, 1980

MEMORANDUM FOR: THE PRESIDENT

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

SUBJECT: Weekly Activity Report  
Week of June 20 - June 27, 1980

1. Legislation: This week Congress took two of its most important steps toward our Nation's energy independence, but left us very disappointed on a third.

- o The Energy Security Act, S. 932, has passed the Congress. The House approved the bill on Thursday by a vote of 317 to 93. The Synthetic Fuels Corporation, the Solar and Conservation Bank, alcohol production incentives, and other important energy production measures were approved. The bill as passed requires us to resume filling the Strategic Petroleum Reserve, but does so in a way that allows us much of the flexibility we need. We look forward to the signing ceremony next Monday.
- o The Energy Mobilization Board legislation was recommitted to the Conference Committee by the House this afternoon by a vote of 232 to 131, with 70 members not voting. A coalition of environmentalist Democrats and partisan Republicans passed the motion to recommit. 125 Republicans voted to recommit along with 107 Democrats. 122 Democrats voted against recommitment along with only 9 Republicans. Representatives Dingell and Brown, the Democratic and Republican floor managers for the bill, are inclined not to take further conference action at this time. They now believe that the bill is not likely to be passed this year.
- o The Powerplant Fuels Conversion Act, which is based on Phase I of our Utility Oil Backout proposal, passed the Senate by a vote of 84 to 7. Much credit is due the Majority Leader for the rapid consideration and approval of this bill. Chairman Dingell's staff redrafted the bill to tighten the environmental provisions and to reinsert Phase II of our proposal. The Subcommittee will caucus on the redrafted bill next week. We expect Dingell to introduce the redrafted bill after the July recess and to move immediately to mark up.

Let's don't  
give up on  
this.

2. Alternative Fuels Solicitations: On Tuesday, July 1, the Department will finish considering the 971 proposals for feasibility studies or cooperative agreements that we received as a result of our solicitation under Public Law 96-126. We had planned originally to make our selections on June 30, but Monday's signing ceremony has delayed these decisions by one day. We plan to make public announcements the following week, after making appropriate notifications. We

are working closely with the White House staff to make sure that the Administration receives all the credit that it deserves for these grants, which, in our view, mark this country's first major step toward a commercial synthetic fuels industry. This solicitation involves \$200 million of the \$2.2 billion appropriated under the statute.

3. Alaska Natural Gas Transportation System: The pipeline project continues to progress. We met today with a delegation from Canada concerning the prebuild portions of the pipeline. The Canadian government continues to want assurances that we will complete the Alaskan portion of the pipeline. Secretary Duncan, Charles Curtis, and I accompanied the Canadian delegation to the Hill, where we met with Senator Jackson, Representative Dingell, Majority Leader Wright, and other members important to the pipeline. We then accompanied the Canadians to the White House for a meeting with the Vice President. The Canadians appeared to be encouraged by these meetings. On the Hill, we discussed a possible concurrent resolution to express the general support of Congress for the pipeline. The leadership of both Houses agreed to push for passage of such a resolution early next week. Upon passage of the resolution, we suggest that you call Prime Minister Trudeau to emphasize further the Administration's commitment to this crucial project.

The Federal Energy Regulation Commission issued its final decision on the eastern leg of the pipeline last Friday. The pipeline sponsors told us that they believe the leg can be financed privately on the basis on these decisions.

4. New England Fuel Dealers: Last February at a gathering in the East Room, you assured a group of fuel dealers that you would insist on the maintenance of reasonable credit practices by their heating oil suppliers. Early this year Texaco, a major supplier to New England fuel dealers, reduced its credit to net 10 days, imposed an interest charge on deferred payments, and cut supply contracts to 90 percent of last year's purchases. Amoco also tightened its credit practices. These actions resulted in a heated protest from the New England Fuel Institute. After long negotiations, we have persuaded Texaco to return to last year's credit arrangements; their reduction in the volumes of fuel delivered under their contracts appears reasonable. While Amoco remains a holdout, it is far less important than Texaco as a supplier to New England. We believe that the fuel dealers are satisfied that you have followed through on your promise.

5. Trips: Secretary Duncan returned from Europe on Wednesday night. He soon will send you a separate report on his trip. This afternoon he went to New Orleans for a Democratic National Committee fundraiser. I was in the United Kingdom last weekend, speaking at a conference on world energy problems.

THE WHITE HOUSE  
WASHINGTON  
June 30, 1980

Secretary Hufstedler.

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

Rick Hutcheson

THE SECRETARY OF EDUCATION  
WASHINGTON, D.C. 20202

cc Shirley  
C

June 27, 1980

MEMORANDUM FOR THE PRESIDENT

Subject: Weekly Report of ED Major Activities

Higher Education Reauthorization

On June 24 the Senate passed legislation extending the Higher Education Act for five years. The Senate defeated an amendment by Senator Moynihan that would have extended the college-level Basic Grant program to private elementary and secondary school students. An amendment offered by Senator Metzenbaum which would require repayment of the interest subsidy for non-needy students receiving GSL loans was adopted. A conference committee will meet after the July 4th recess to work out differences between the House and Senate versions of the bill.

Youth Act

The House completed its debate on the Youth Act of 1980 on June 23. Final consideration of the measure has been tentatively scheduled for July 2.

European Trip

On my return from the UNESCO Third Ministers of Education Conference for the European Region, I stopped in Paris on June 20 for meetings with Emile van Lennep, Secretary General of OECD; Jacques Pelletier, French Secretary of State for Education; and Herbert Salzman, U.S. Ambassador to OECD. On June 23 I was in London with Mark Carlisle, Secretary of State for Education and Science.

NEA Convention

I will be accompanying you to the NEA Convention in Los Angeles on July 3 and will address a General Session of the Convention on July 5.

**Electrostatic Copy Made  
for Preservation Purposes**

Regulations

The Department is continuing to work with key Congressional leaders to resolve amicably differences over the Congressional veto of Department regulations. The resolution is likely to include agreement on a process that allows Congress to indicate its concerns early enough in the review process to allow Departmental consideration of comments prior to the promulgation of final rules, and the Department's reconsideration of the substance of Congressional concerns about the four regulations involved in the initial controversy.

*Do not accede to Congressional veto without approval by AG & me*  
J

  
Shirley M. Hufsteler

THE WHITE HOUSE  
WASHINGTON  
30 Jun 80

Secretary Bergland  
Jody Powell

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

Rick Hutcheson



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

cc Bob  
Jody C

June 27, 1980

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson  
Staff Secretary

SUBJECT: Weekly Report

*Publicize  
move* ↗

SOVIET SALES. The Australian government has announced it will limit sales of grain to the Soviet Union in 1980/81 to a maximum of 3.9 million tons, roughly the same as sales in 1979/80. However, the government will also review later in the year the question of summer crops.

Canada will also continue to restrict grain shipments to the Soviet Union to normal and traditional levels, according to Canadian news reports following your meeting with Trudeau.

CROPS. Due to poor crop conditions, the Agriculture Counselor lowered its unofficial estimates of the 1980 Canadian wheat crop to 17.5 million tons from 19.5 million. This compares with the current USDA forecast of 17-21 million tons. This year's barley crop was also lowered to 9.1 million tons from 10 million.

World sugar production in 1980/81 could total 88-89 million tons, about 3-4 million above the weather-reduced 1979/80 level. If this size production materializes, it could nearly match prospective 1980/81 consumption. This season's estimated shortfall of about 5 1/2 million tons has caused prices to rise sharply.

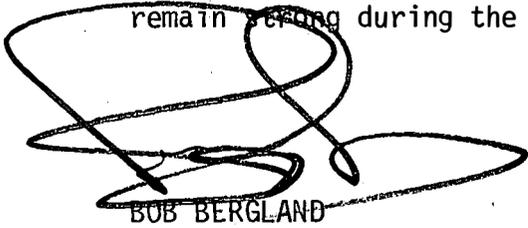
USDA forecasts that September 1 soybean stocks will total about 380 million bushels. This would be well above a year ago but 20 million bushels below the May forecast, as the improved outlook for crush and exports more than offset the indicated larger 1979 crop. Forecast October 1 corn stocks are unchanged but less than expected sorghum feeding points to slightly larger feed grain stocks than forecast in May.

MEAT. Livestock prices have increased sharply since early June. Hog prices have increased 40 percent and are above year-earlier levels for the first time in 1980. Broiler prices are up 20 percent with cattle prices increasing 6 percent.

To The President

Page 2

Although some post-holiday price weakness is expected, prices should remain strong during the second half of this year.

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

BOB BERGLAND

THE WHITE HOUSE  
WASHINGTON

6/30/80

Lloyd Cutler  
Stu Eizenstat

Jim McIntyre

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

Rick Hutcheson

cc: The Vice President  
Frank Moore

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| FOR STAFFING              |
| FOR INFORMATION           |
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| LOG IN/TO PRESIDENT TODAY |
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ACTION  
FYI

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| ✓ | VICE PRESIDENT |
|   | JORDAN         |
| ✓ | CUTLER         |
|   | DONOVAN        |
| ✓ | EIZENSTAT      |
|   | MCDONALD       |
| ✓ | MOORE          |
|   | POWELL         |
|   | WATSON         |
|   | WEDDINGTON     |
|   | WEXLER         |
|   | BRZEZINSKI     |
| ✓ | MCINTYRE       |
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|   | ANDRUS         |
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|   | DUNCAN         |
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|  | SANDERS    |
|  | SPETH      |
|  | STRAUSS    |
|  | TORRES     |
|  | VOORDE     |
|  | WISE       |

THE WHITE HOUSE  
WASHINGTON

June 28, 1980

cc Lloyd  
J

MEMORANDUM FOR THE PRESIDENT

FROM: LLOYD CUTLER *Lloyd*  
STU EIZENSTAT *Stu*

RE: Maine Indian Land Claims Settlement

We agree with Jim McIntyre that the Administration should support the proposed legislation resolving the Maine Indian land claims controversy, even though the \$81.5 million price tag is well above the \$37 million which we have heretofore publicly committed to a settlement.

Justice agrees that the tribes have a non-frivolous claim of aboriginal title -- i.e., a right of occupancy protected by the sovereign against intrusion by third parties -- to some five million acres of Maine land. The proposed legislation would extinguish all tribal land claims in Maine in return for the creation of a \$27 million trust fund for the tribes and the purchase of 300,000 acres of land for them (at a cost of about \$54.5 million). From a legal standpoint, Congress could probably extinguish the land claims without providing any compensation, but as a practical matter Congress will not act over serious tribal objections.

The governing bodies of the tribes have approved the settlement formula. To insure that there is no doubt that passage of this legislation will end this dispute, the tribes have agreed to our suggestion that statutory language be added providing that no Federal money will be disbursed under the act -- either for the trust fund or for land acquisition -- until the tribes have stipulated to a final judicial dismissal of their claims.

These land claims have created a volatile Maine issue which has so far eluded our efforts at resolution. Now all parties in the state -- including the Congressional delegation and a broad cross section of individuals from business, labor and civic groups -- for the first time agree on a settlement package. While it is more expensive than we would like, it is not inconsistent with the resolution of some other tribal claims, such as those in Alaska.

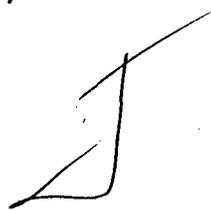
If we oppose the legislation embodying the settlement, it will die. The tribes will then immediately press their claims, and the Administration will be blamed for the resulting chaos--including the possibility that land transfers and municipal bond issues will be blocked because of clouds on title.

Lloyd spoke to Secretary Muskie about this question en route to Venice. Muskie agrees that, while the price is high, we should go along with the settlement and put the land claims issue behind us. We have also talked to Bill Gunter. He has reservations about the price but believes there should be a Congressional resolution of this problem. He feels that the Administration should state that it has no objection to this settlement but would counsel against active, public support. Eliot Cutler, who worked on this issue when he was at OMB and who is a Maine native, believes it would be both fiscally and politically unwise to oppose this legislation.

We recommend your approving Administration support for the settlement, or at least state that we have no objection.

- Support
- State no objection
- Oppose

*We could always  
 have had this kind  
 of settlement -*



JUN 28 1980

**ACTION**

**MEMORANDUM FOR:** THE PRESIDENT  
**FROM:** JAMES T. McINTYRE, JR.  
**SUBJECT:** Maine Indian Land Claims Settlement

**Issue:**

Should the Administration support additional funding to settle Indian land claims against the State Government and private landowners in Maine?

**Discussion:**

As you recall, top Administration officials have been involved in this issue for over three years now, beginning with Judge Gunter who entered the case as your representative in 1977. The claims of the Maine tribes cover about one-half of the State and stem from alleged violations in the late 1790s of the Federal law requiring Federal approval of conveyances of Indian tribal land. The Federal Government is not a defendant in these claims, but the Administration has tried to act as a settlement facilitator.

The Administration has agreed that the tribes have a reasonably valid, unextinguished aboriginal claim to five million acres of Maine land.

Three Administration proposals to date, which you have reviewed, have failed to achieve a settlement, primarily because one or more of the interested parties (the State, the tribes, local landowners, and Congress) believed the proposals to be deficient in some way.

The last Administration proposal, announced in late 1978, comprised the following new Federal funding:

|                              |              |
|------------------------------|--------------|
| - Tribal Trust Funds .....   | \$27 million |
| - Land (100,000 acres) ..... | \$10 million |
|                              | \$37 million |

Unlike its predecessors, this proposal called for no State or private contribution toward funding the settlement.

The tribes rejected this offer. Almost from the beginning, the tribes have insisted that any final settlement must include the provision of a 300,000 acre land base for them. They believe the Administration accepted their view based on a previous Administration proposal, which concluded that a 300,000 acre land base for the tribes to be obtained from State and private sources (but not from Federal funding) was a reasonable basis for settlement. The tribes remain adamant on this point.

After the third proposal was rejected, the tribes and State negotiated proposed State and Federal laws that would extinguish all claims in exchange for \$81.5 million in Federal funding for the tribes, and set up the long-term political relationships among the tribes, the State, and Federal Government. The \$81.5 million comprises:

|                              |                       |
|------------------------------|-----------------------|
| - Tribal Trust Funds .....   | \$27.0 million        |
| - Land (300,000 acres) ..... | \$54.5 million        |
|                              | <u>\$81.5 million</u> |

Maine enacted the State law in April. The U.S. was not represented in the negotiations that produced the draft bills.

Hearings are scheduled for July 1 and 2 on the proposed Federal law (S. 2829).

Although the proposed settlement contains several non-funding provisions which the concerned agencies find objectionable, we are optimistic that the legislation can be modified to meet these objections.

The issue now for your decision is whether the Administration should stand pat at \$37 million as the maximum Federal contribution, or support \$81.5 million. Given the tribal stance on the 300,000 acre minimum, and the long-standing offer of a Federally financed \$27 million trust fund, there is no viable middle ground.

Options/Likely Consequences:

1. Stand Pat at \$37 Million

- \$37 million is about the amount that would have been given in this case through the Indian Claims Commission procedure by which most Indian land claims against the U.S. have been dealt with over the last 35 years.
- Strong Administration opposition to the funding level would probably kill the bill, and the Administration would likely be viewed as solely responsible for the deal falling through.
- We expect the political backlash against the Administration in Maine would be significant.
- The tribes would press their claims in court immediately by suing individual landowners and the State for title and trespass damages. The U.S., as required by court order, would have to press the suit against Maine, and would be blamed for the tribal suits against present landowners.
- Full litigation of the claims could take several years; disrupt the local society, economy, and government by clouding titles to millions of acres; lead to demands for Federal mitigation efforts; subject the Federal budget to the vagaries of judicial decision-making; and be viewed as a major departure from your policy of negotiating, rather than litigating, Indian claims.

2. Support \$81.5 Million

- A settlement of \$81.5 million is costly to the Federal Government, and generous to the recipients--about \$23,000 per capita for a population of around 3,500 persons. At about twice the amount which would likely have been awarded through an Indian Claims Commission proceeding, it may be viewed by some Indians and non-Indians alike as overgenerous. However, there are precedents for higher settlements on both per capita and per acre bases.
- By not objecting to the funding amounts in S. 2829, the Administration could take credit for the settlement if Congress eventually approves it. Should Congress turn it down, the onus for killing the settlement would not fall on the Administration.

Because of the sensitivity of this issue and your involvement in it previously, I am seeking your decision before the Administration testifies on July 1.

Recommendation:

Interior recommends funding at \$81.5 million. Justice defers to Interior and OMB on funding. I reluctantly recommend acceptance of the \$81.5 million commitment, on grounds that a massive suit by the tribes against owners of five million acres of Maine land this summer, coupled with an enforced suit by the U.S. against the State of Maine, is too socially and economically disruptive to justify the savings, if any, likely to ensue by the time Congress and the courts have finished action on this issue.

I believe, however, and Interior agrees, that our acceptance should be of the \$81.5 million ceiling commitment only, and that we should not accept an increase in the ceiling should the tribes' option to purchase the 300,000 acres go up in price.

Decision

Agree with recommendation

See me

*J*

*Do not promote the bill -  
Just don't oppose it*

*J*



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

June 28, 1980

ACTION

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JAMES T. McINTYRE, JR.

SUBJECT:

Maine Indian Land Claims Settlement

Issue:

Should the Administration support additional funding to settle Indian land claims against the State Government and private landowners in Maine?

Discussion:

As you recall, top Administration officials have been involved in this issue for over three years now, beginning with Judge Gunter who entered the case as your representative in 1977. The claims of the Maine tribes cover about one-half of the State and stem from alleged violations in the late 1790s of the Federal law requiring Federal approval of conveyances of Indian tribal land. The Federal Government is not a defendant in these claims, but the Administration has tried to act as a settlement facilitator.

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Decision

Agree with recommendation \_\_\_\_\_

See me \_\_\_\_\_

THE WHITE HOUSE

WASHINGTON

June 28, 1980

MEMORANDUM FOR THE PRESIDENT

FROM:

LLOYD CUTLER  
STU EIZENSTAT

*Lyc*  
*Stu*

RE:

Maine Indian Land Claims Settlement

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We recommend your approving Administration support for the settlement, or at least state that we have no objection.

\_\_\_\_\_ Support

\_\_\_\_\_ State no objection

\_\_\_\_\_ Oppose

THE WHITE HOUSE  
WASHINGTON

6/30/80

The Vice President

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

Rick Hutcheson

cc: Jack Watson  
Frank Moore

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| FOR STAFFING              |
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| ADMIN CONFID |
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| EYES ONLY    |

ACTION  
FYI

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| ✓ | VICE PRESIDENT |
|   | JORDAN         |
|   | CUTLER         |
|   | DONOVAN        |
|   | EIZENSTAT      |
|   | MCDONALD       |
| ✓ | MOORE          |
|   | POWELL         |
| ✓ | WATSON         |
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OFFICE OF THE VICE PRESIDENT  
WASHINGTON

June 26, 1980

cc VP  
ok  
J

MEMORANDUM FOR THE PRESIDENT

FROM: THE VICE PRESIDENT 

SUBJECT: Legislative Priorities

As part of the agenda process, we have prepared an update of the legislative priorities agreed upon earlier this year. There is no disagreement over these priorities on the part of the White House-OMB staff. If you do not object, we will use the attached document in responding to questions about Presidential priorities for the latter half of the year.

## Highest Presidential Priority

### ECONOMY

1. Budget and Appropriations Process -- (including Appropriations bills, Urgent Supplementals and Administration Cost Savers.)
2. Youth Employment Initiatives
3. Public Works and Economic Development Act
4. Truck Deregulation
5. Rail Deregulation
6. Energy Mobilization Board
7. Synthetic Fuels Corporation/Conservation/Solar Bank
8. Utility Oil Reduction

### SOCIAL JUSTICE/URGENT DOMESTIC NEEDS

9. Local Revenue Sharing, Transitional Assistance to Cities and Targeted Fiscal Assistance
10. Child Health Assurance Program/Adoption and Foster Care Reform
11. Fair Housing
12. Hazardous Waste Superfund
13. Alaska D-2 Lands
14. Mental Health Systems Act

### NATIONAL SECURITY

15. Defense Appropriations/Authorizations -- (including Rapid Deployment Force, Indian Ocean Facilities Improvement and MX.)
16. Registration for the Draft

## Strong Presidential Interest

### MEETING NATIONAL NEEDS

1. Nuclear Wastes
2. Welfare Reform

### NATIONAL SECURITY FOREIGN POLICY

3. Bilateral and Multilateral Foreign Assistance Measures
4. Intelligence Oversight Act of 1980

### Pacing Adjustments

1. SALT II
2. Labor Law Reform
3. National Health Insurance
4. Human Rights Conventions
5. Protocol I of the Tlatelolco Treaty

### Defensive Priorities

An updated defensive priorities list is currently in preparation.

THE WHITE HOUSE  
WASHINGTON

6/30/80

Charlie Schultze

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

Rick Hutcheson

cc: Jim McIntyre  
Alfred Kahn

THE WHITE HOUSE  
WASHINGTON

6/28/80

Mr. President:

OMB and COWPS concur.

Rick

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THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

June 26, 1980

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze <sup>2( )</sup>

Subject: Extension of the Life of the Regulatory  
Analysis Review Group (RARG)

On June 30, the life of the Regulatory Analysis Review Group will expire unless you extend it. I urge that you do so. This group, established in March of 1978, and chaired by the Council of Economic Advisers, reviews a limited number of important regulations each year for the purpose of policing our effort to make regulations more cost-effective. Since the results of the reviews go on the public record, it tends to keep the regulatory agencies on their toes. The reviews then form a basis for the Executive Office principals to follow these regulations as they move from public comment toward final promulgation.

I believe that during the past two years, RARG has proved its worth. The number of RARG filings has been fewer than originally anticipated, in large part because the pace of issuing significant new regulations has slowed considerably. RARG has shown that it is not a device to "gut" social regulation, but instead raises useful and legitimate questions that otherwise might go unaddressed. It has also served to encourage the performance of higher quality regulatory analysis throughout the Executive Branch.

It is becoming increasingly clear that, during your second term, thought will have to be given to how the regulatory review functions in the Executive Office are organized. The extension of RARG I am proposing will provide time for that consideration.

Extend RARG

Allow RARG to expire

THE WHITE HOUSE  
WASHINGTON

Date:

MEMORANDUM

FOR ACTION:

Jim McIntyre

FOR INFORMATION:

The Vice President  
Stu Eizenstat  
Al McDonald  
Jack Watson  
Alfred Kahn

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

SCHULTZE MEMO RE EXTENSION OF THE LIFE OF THE REGULATORY  
ANALYSIS REVIEW GROUP (RARG)

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: IMMEDIATE  
TURNAROUND

DAY:

DATE:

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

*Please note other comments below:*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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EXECUTIVE OFFICE OF THE PRESIDENT  
COUNCIL OF ECONOMIC ADVISERS

DATE: 6/26/80

TO: Rick Hutcheson

FROM: Susan Irving *ji*

Please note the deadline for  
the extension of RARG mentioned  
in Charlie's memo.

Thanks.

P.S.: As long as it is seen  
and noted by the President  
by Monday evening, OK.

THE WHITE HOUSE  
WASHINGTON

AEK

Date:

MEMORANDUM

FOR ACTION:

Jim McIntyre

FOR INFORMATION:

The Vice President  
Stu Eizenstat  
Al McDonald  
Jack Watson  
 Alfred Kahn

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

SCHULTZE MEMO RE EXTENSION OF THE LIFE OF THE REGULATORY  
ANALYSIS REVIEW GROUP (RARG)

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: IMMEDIATE  
TURNAROUND

DAY:

DATE:

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

*Please note other comments below:*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

June 26, 1980

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze <sup>CC</sup>

Subject: Extension of the Life of the Regulatory  
Analysis Review Group (RARG)

On June 30, the life of the Regulatory Analysis Review Group will expire unless you extend it. I urge that you do so. This group, established in March of 1978, and chaired by the Council of Economic Advisers, reviews a limited number of important regulations each year for the purpose of policing our effort to make regulations more cost-effective. Since the results of the reviews go on the public record, it tends to keep the regulatory agencies on their toes. The reviews then form a basis for the Executive Office principals to follow these regulations as they move from public comment toward final promulgation.

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It is becoming increasingly clear that, during your second term, thought will have to be given to how the regulatory review functions in the Executive Office are organized. The extension of RARG I am proposing will provide time for that consideration.

Extend RARG

Allow RARG to expire

THE WHITE HOUSE  
WASHINGTON

6/30/80

Jack Watson

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

Rick Hutcheson

cc: Al McDonald

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THE WHITE HOUSE  
WASHINGTON

Jack  
J

June 28, 1980

MEMORANDUM FOR THE PRESIDENT

FROM : JACK WATSON *Jack*  
AL MCDONALD *Al*

We have mounted a special communications effort with senior members of the Administration to counter the erroneous impressions created by the Reagan-Kemp-Roth\* proposal and the resultant Congressional reactions.

Attached are the talking points we are using, as approved by Charlie Schultze following discussions with the EPG. These are being distributed to White House Senior Staff, Deputies, Cabinet officers and Agency heads and the Campaign.

Also attached is a communications plan we are following to get our message out. Unfortunately, some of our spokespersons still prefer to use backgrounders rather than stand-up quotable sessions. That technique is inadequate for communicating our views in an aggressive fashion in an open confrontation, but we hope this may be remedied somewhat with Secretary Miller's television appearance on Sunday.

The EPG Executive Group is meeting today to work through Qs and As for Miller's Sunday appearance. They are also preparing a plan and timetable for crafting the Administration program in consultation with Congress and interest groups.

Following the weekend reactions and early comments from the Hill on Monday, Frank Moore will be drafting, with the help of Charlie Schultze, your suggested talking points for the Congressional Leadership breakfast on Tuesday and the results needed from that meeting.

\*We are lumping them together and dealing with them as one since they are basically the same. The first phase presentation only creates a false impression of being more reasonable than Kemp-Roth in full.

SUMMARY TALKING POINTS

1. Announcement of the Reagan-Kemp-Roth tax cut proposal this week was an act of political gimmickry that is obviously designed for election year dramatics. It is a misleading presentation of what would actually be a massive change in the Nation's tax structure. The current Reagan-Kemp-Roth approach relies on a contemptuous view of the people's knowledge of the economy and an attempt to buy their support with generalized promises.
2. As President Carter pointed out last March, the success of the Congress in cutting federal expenditures can and should make possible a tax cut from 1981. That tax cut must not be a political year gimmick, however, but a carefully crafted and designed plan to encourage the revitalization of our economy without undermining our continuing fight against inflation.
3. President Carter will insist that his tax proposals go through the orderly process envisioned in the Constitution with hearings and consideration by the tax writing committees of the Congress. He will reject any slapdash floor amendment since this is clearly no way to write tax laws.
4. The President will be meeting in a regular session with the Congressional Democratic Leadership at breakfast on Tuesday morning. One of the agenda items will be to discuss an orderly process for proceeding with the Congress in preparation of proposals consistent with the President's earlier commitment to spending restraint and fiscal responsibility.

Jack - This kind of  
language is counter-  
productive unless backed  
by facts  
J

THE WHITE HOUSE  
WASHINGTON

6/30/80

Director Campbell

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

Rick Hutcheson

cc: Zbig Brzezinski  
Jim McIntyre

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| LOG IN/TO PRESIDENT TODAY |
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cc  
Campbell

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

Washington, D.C. 20415

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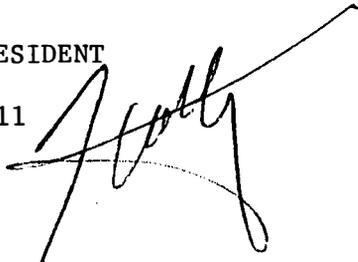
In Reply Refer To

**JUN 18 1980**

Your Reference:

MEMORANDUM FOR THE PRESIDENT

FROM: Alan K. Campbell  
Director



This is a proposal, at the behest of the respective agency heads, to continue the exclusion of certain positions from the Senior Executive Service. You previously approved the exclusion of all these positions until July 13, 1980. The Department of State requests a further extension of up to one year. The Veterans Administration and the Department of Justice request indefinite exclusions.

It is of interest to note that several legislative proposals have been made which, among other things, would provide for statutory exclusion of both the VA positions and the Justice positions from the SES. We believe that a legislative approach is unnecessary, since the same result could be achieved by Presidential action.

A. Department of State

This request concerns not more than 57 positions, which the Department eventually intends to include in the SES, presently occupied by Foreign Service personnel who hold career-oriented appointments.

Their temporary exclusion was requested in 1979 in light of the then-pending status of legislation affecting the Foreign Service personnel system. Until the legislation passed, the individuals affected would not have a rational basis for making the required election either to join the SES or remain in the Foreign Service.

According to information we have received from the Department of State, it now appears that the Foreign Service legislation will pass by late spring or early summer, with an effective date of October 1, 1980. The Department believes, and we agree, that an extension until July 13, 1981, would afford the Department and affected employees sufficient time to consider the implications of the SES and Foreign Service systems.

B. Veterans Administration

The Veterans Administration has requested an indefinite exclusion for approximately 70 senior health care positions in the Department of Medicine and Surgery. These positions are established under title 38, U.S. Code, rather than title 5, and are treated differently from

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competitive service and SES positions in a number of respects.

The positions were initially excluded for one year to allow the Veterans Administration to study the feasibility of bringing them into the SES. The VA has concluded that they would not be compatible with SES requirements and, moreover, that their inclusion in the SES would exert a detrimental effect on the management of VA's health care delivery system. They have assured us, however, in accordance with the requirements of the Reform Act, that they will make a sustained effort to administer the title 38 system in a manner that is as consistent as practicable with the basic objectives of the SES.

C. Department of Justice

This request proposes the indefinite exclusion of two categories of employees. The first is the Paid Supervisory Assistant U.S. Attorneys, of which there are now 59 incumbents. These positions are specifically authorized by 28 USC 542. Justice does not consider these positions compatible with the SES, and believes that their inclusion would present serious management problems and inhibit flexibilities now held under the existing system. During the period these positions have been excluded from the SES (7-13-79 to 7-13-80), the Department has instituted several programs designed to bring the management of these employees more closely into line with the SES.

The second category is Temporarily Appointed United States Attorneys. These individuals serve as U.S. Attorneys only during the period after an incumbent U.S. Attorney has left the position and before a successor is appointed. Hence, their service in this capacity more nearly resembles a temporary promotion or detail, rather than an ongoing assignment for which a formal appointment in the SES would be in order.

Recommendation:

Exclude 57 positions in the Department of State for a period not extending beyond July 13, 1981; exclude senior health care positions in the Department of Medicine and Surgery, Veterans Administration, without time limitation; exclude positions of Paid Supervisory Assistant U.S. Attorney and positions of Temporarily Appointed U.S. Attorney, Department of Justice, without time limitation.

APPROVE \_\_\_\_\_ ✓

DISAPPROVE \_\_\_\_\_

OTHER \_\_\_\_\_

ID 803493

THE WHITE HOUSE

WASHINGTON

DATE: 20 JUN 80

FOR ACTION: LLOYD CUTLER

STU EIZENSTAT

~~NO~~ COMMENT

ZBIG BRZEZINSKI Concur

JIM MCINTYRE

Concur

INFO ONLY: THE VICE PRESIDENT

FRANK MOORE

JACK WATSON

SUBJECT: CAMPBELL MEMO RE EXCLUSION OF CERTAIN POSITIONS FROM  
SENIOR EXECUTIVE SERVICE

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 1200 PM MONDAY 23 JUN 80 +

+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

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

*①*

JUN 18 1980

INFORMATION

MEMORANDUM FOR: THE PRESIDENT  
 FROM: James T. McIntyre, Jr. *JTM*  
 SUBJECT: Current Status of the Budget Resolution

On June 12, the Congress passed the revised concurrent resolution for the 1980 budget and the first concurrent resolution for the 1981 budget. The following table compares the resolution totals with the Administration's recent estimates.

ADMINISTRATION AND BUDGET RESOLUTION TOTALS  
 FOR 1980 AND 1981  
 (in billions of dollars)

|                                     | 1980         |                     | 1981         |              |
|-------------------------------------|--------------|---------------------|--------------|--------------|
|                                     | Admin. 1/    | Resolution          | Admin. 1/    | Resolution   |
| Receipts.....                       | 529.0        | 525.7               | 625.7        | 613.8        |
| Outlays.....                        | <u>571.0</u> | <u>572.65</u>       | <u>612.6</u> | <u>613.6</u> |
| Deficit (-) or surplus.....         | -42.0        | -46.95              | 13.0         | 0.2          |
| Budget authority....                | 658.8        | 658.85              | 691.3        | 697.2        |
| Debt subject to limit, end of year. | ---          | 903.6<br>[925.0] 2/ | 897.1        | 935.1        |

1/ Outlays and budget authority are the March update estimates plus supplementals for trade adjustment assistance, disaster relief, and refugees. Receipts are the March update estimates less the oil import fee.

2/ Debt limit proposed for February 28, 1981.

1980

After the first conference agreement failed, the Congress added, for 1980, \$1.4 billion in budget authority and \$0.4 billion in outlays -- all for disaster relief or Cuban arrivals. Although this caused the 1980 outlay and budget authority totals in the resolution to be slightly higher than those of the Administration, the figures are not fully comparable. In a number of instances, congressional estimates for specific programs are higher than those of the Administration. However, the congressional estimates govern for congressional consideration of additional 1980 requests. When urgent funding needs for disaster relief and adoption assistance and child welfare are added to the consolidated supplemental as reported to the House (\$1.5 billion in budget authority below your request), the margin under the third resolution for additional 1980 budget authority requests totals only \$0.5 billion, while the margin for outlays is exceeded by \$0.1 billion. However, further 1980 requirements exist, along with the excess \$0.1 billion in outlays, that may also need to be considered. The table below describes the margin under the resolution and the actual and potential claims against it.

|  | (\$ billions)               |                |
|--|-----------------------------|----------------|
|  | <u>Budget<br/>Authority</u> | <u>Outlays</u> |
| Margin for further supplementals (resolution totals minus amounts enacted to date).....                    | 16.4                        | 15.6           |
| Additional 1980 requirements per House Appropriations Committee:   |                             |                |
| Supplemental appropriations as reported by House Appropriations Committee (CBO estimate).....              | 14.7                        | 14.9           |
| Administration supplemental request to fund Adoption Assistance and Child Welfare Act of 1980.....         | 0.3                         | 0.3            |
| Disaster relief and alien arrival supplementals not covered by House supplemental.....                     | <u>1.0</u>                  | <u>0.5</u>     |
| Subtotal, Additional requirements  | <u>15.9</u>                 | <u>15.7</u>    |
| Subtotal, Projected margin or shortfall (-).....   | 0.5                         | -0.1           |
| Administration's further requirements:   |                             |                |
| Pending 1980 foreign assistance appropriations bill (CBO estimate).....                                    | 1.1                         | 0.2            |
| Targeted fiscal assistance.....  | 0.2                         | 0.2            |
| Supplementals not included in House bill (above) for lack of authorizing legislation:                      |                             |                |
| Economic Development Administration..  | 0.2                         | *              |
| Pre-implementation planning for gas rationing.....   | 0.1                         | *              |
| Possible shortfall in food stamp appropriations (assuming total 1980 outlays for food stamps of \$9.3B)... | <u>0.2</u>                  | <u>0.2</u>     |
| Total, Additional 1980 requirements.....   | <u>17.7</u>                 | <u>16.4</u>    |
| Projected shortfall (-).....   | -1.3                        | -0.8           |

\* \$50 million or less.

We are working on a plan to minimize these shortfalls by identifying the least urgent of the supplemental items. The Congress also left itself some loopholes, which appear to meet the problem, notably by providing for a waiver of the resolution for disaster relief. However, we believe we may still face serious problems before the end of the fiscal year.

### 1981

For 1981, the conference agreed to \$697.2 billion in budget authority and \$613.6 billion in outlays. This compares with Administration estimates of \$691.3 billion in budget authority and \$612.6 billion in outlays. Relative to the earlier conference agreement, total budget authority remains unchanged but outlays are increased by \$300 million. The budget resolution assumes decreases in defense budget authority by \$800 million from the original conference agreement, but other functions containing social programs are increased by a comparable amount. The education, training, employment, and social services function and the income security function are both increased by \$200 million. The following functions are each increased by \$100 million: general science, space, and technology; energy; transportation; and health. This leaves the defense functional total \$6 billion above the amount requested in the March budget revisions.

The budget resolution assumes that defense outlays in 1981 will not change but that outlays for the transportation and income security functions will increase by \$100 million and \$200 million, respectively. These changes decrease the previously agreed-upon surplus of \$500 million to \$200 million.

It is probable that estimating and technical differences account for about a \$11 billion increase in budget authority over the Administration. This is composed largely of a technical difference in treating International Monetary Fund payments and a difference in the estimates of interest on the public debt. For outlays the resolution total is probably about \$7 billion higher for technical reasons, more than half of which is for interest on the public debt. Thus, although the Administration is about \$6 billion below the resolution in budget authority and \$1 billion in outlays, the estimating differences imply substantial policy cuts from Administration totals.

The resolution is essentially in balance showing a \$0.2 billion surplus. The Administration has receipts of \$625.7 billion compared with \$613.8 billion for the resolution. However, the Administration figures assume enactment of both the excise tax on motor fuels and withholding on interest and dividend payments. It would be easy to say that this accounts for virtually all the difference between the Administration's receipts and surplus numbers and those in the resolution. But the ambiguity of the

resolution makes even this unclear. The House assumed that the withholding proposals would be enacted; the Senate assumed that some additional tax revenue would be achieved without being specific.

As you know, with the recession appearing to be deeper than either we or the congressional Budget Committees assumed, it is likely that both we and the Congress will face serious obstacles in maintaining a 1981 balance.

Finally, the budget resolution contains two amounts for the appropriate level of the public debt: \$903.6 billion that would extend through fiscal year 1980, and \$925 billion that would extend through February 28, 1981. It is our understanding that it was left to the Senate Finance Committee to decide on the appropriate level without further need of House action. A resolution containing the \$903.6 billion amount is now in the Finance Committee, while a second resolution containing the \$925 billion is being held at the desk. Informal discussions with staff indicate that, in response to Treasury's concerns, the \$925 billion amount is likely to prevail.

cc: Vice President Mondale

ID 803494

THE WHITE HOUSE

WASHINGTON

DATE: 20 JUN 80

FOR ACTION:

~~Get update~~  
JK

INFO ONLY: THE VICE PRESIDENT

LLOYD CUTLER

STU EIZENSTAT

AL MCDONALD

FRANK MOORE

JACK WATSON

SUBJECT: MCINTYRE MEMO RE CURRENT STATUS OF THE BUDGE RESOLUTION

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+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: +

+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW: