

7/1/80

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The attached was returned in
Jack Watson
Gene Eidenberg
and is forwarded to you for
appropriate handling.
Rick Hutcheson

THE WHITE HOUSE
WASHINGTON
01 JUL 80

THE WHITE HOUSE
WASHINGTON
July 1, 1980

Jack -
Give me answer
to Carey's letter -
Verbal first -
①

MEMORANDUM FOR THE PRESIDENT

FROM: GENE EIDENBERG *Gene*
JACK WATSON *Jack*

SUBJECT: Proposed Meeting with Hugh Carey

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On June 4th, you placed a phone call to Governor Carey during which he indicated his willingness to meet with you in the White House. He also suggested that his top aide, Bob Morgado might discuss outstanding issues between New York and the Federal government with either Stu or Jack. The First Lady discussed the scheduling of the meeting with Jack on the phone.

We have given considerable thought to the wisdom of inviting the Governor to the White House at this time and recommend against it.

Any such invitation, against the backdrop of outstanding specific issues on which Carey has been publicly critical of you and Carey's continuing failure to endorse you, will be interpreted by the political press as an act of weakness on your part. It will be interpreted as an effort by you to get Carey's political support on his terms.

Gene has discussed the matter with Ham who urged that we make our recommendation to you. He shares our view that Carey will do nothing to help you until it suits his purpose.

Gene needs some time to get the Love Canal and recent EPA flaps behind us before a political conversation takes place between you and Carey -- whether here or elsewhere.

Agree ✓

Disagree, set date for Carey visit

6/30/80

Attached is F.Y.I.
Original sent to Eidenberg.



STATE OF NEW YORK
EXECUTIVE CHAMBER
ALBANY 12224

HUGH L. CAREY
GOVERNOR

June 27, 1980

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

I would like to call your attention to the devastating impact on New York's economy that the announcement that the Federal government is proposing to disapprove the State Air Quality Plan has caused. The sanctions which follow disapproval could affect up to \$600 million in construction annually, and up to 20,000 man years of construction employment.

Mere announcement of this action has cast a pall over the region's economy. What construction company, working on federally-aided projects, would purchase additional equipment or hire permanent staff, if it was anticipated that funding for construction could be cut off after the next 60 days? What industry would consider expansion or location in New York if it knew that the Federal government would be continuing the moratorium on construction or modification of major stationary sources?

I have been notified by the Executive Director of the Port Authority of NY-NJ that the E.P.A. statements could significantly impact his industrial development program, a program aimed at the economic revitalization of this area. I have had similar reactions from public utilities and other potential developers.

EPA Regional Administrator Charles Warren has stated that the reasons for the disapproval include his judgment that the real capital needs of the region are close to \$800 million and that the Federal funds for this program could come from the Federal Aid Urban System (FAUS) funds, funds from the Department of Housing and Urban Development, the Department of Commerce and the trade-in of interstate highways.

The Metropolitan Transportation Planning organization has annually recommended the transfer of half of the FAUS funds to transit. The remaining funds are used primarily on roads which carry transit vehicles. The various governments are fully utilizing all available HUD and Commerce Department funds. If there are additional HUD and Commerce funds available for public transportation, please let me know.

As far as the trade-in of interstate funds is concerned, Westway is the only remaining interstate highway in the area which could be traded in. You know my position of opposition to the trade-in. I had understood that you were also supporting this project and the resulting economic benefits associated with the project. Therefore, I do not understand the action which your Administration is asking the State to undertake in order to meet the objections raised by Mr. Warren.

I would like to request your interpretation of the authority under which an EPA Regional Administrator can impose his judgment that the State should be spending \$800 million annually on public transportation in order to avoid the sanctions imposed by the Clean Air Act. Is it the position of your Administration that EPA, which has no transportation expertise or authority, can set target funding levels for mass transit that the State must meet in order to avoid sanction? There are 52 metropolitan areas in some 29 states who fall under the same provisions of the Clean Air Act.

I will be anxious to receive your position on this interpretation of Federal policy. Senator Moynihan, the author of this provision of the Clean Air Act, has stated that EPA is not operating in a fashion which is consistent with the intent of the law. I seriously doubt that it is the intent of your Administration to have an EPA Region Officer attempt to dictate to the State the level of funding for public transportation and to require the exercise of the interstate trade-in. While I question the legal basis for the EPA determination, I would like a clarification on your Administration's policy on this matter. I will also be communicating with the Governors of other affected states so that they might be made aware of this Federal policy.

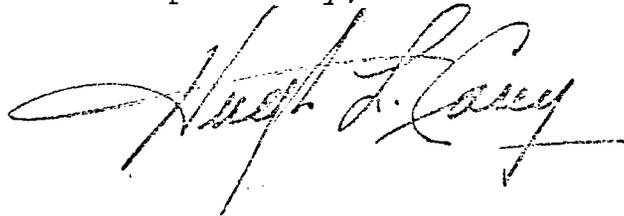
Mr. President, much harm has already occurred because of the public announcement of this unwarranted action. Considerable additional harm will occur if the 60-day comment period is allowed to commence. After the comment period, another indeterminate period will follow before a final decision is made. The fact that EPA has delayed action for more than a year is unconscionable. To keep the economic development potential of the area in limbo for an indeterminate period is totally unacceptable.

In light of Mr. Warren's statements, I am prepared to take whatever administrative and legal action that may be required to stop this unwarranted action. However, in the spirit of cooperation I am willing to discuss alternative methods of resolving this conflict. In the interim, I am requesting the following:

- 1) the delay or withdrawal of the official promulgation of the EPA-proposed rule-making.
- 2) a statement by your Administration whether or not the EPA has the legal authority to dictate public transportation financing decisions in the major metropolitan areas in this country.
- 3) a statement by your Administration whether or not EPA is correctly interpreting the various parts of the Clean Air Act and amendments in this proposed rule-making.
- 4) a statement by your Administration whether or not EPA has followed all the necessary legal steps in applying the provisions of the cited sections of the Clean Air Act and that all parts of the country are being treated in an equitable and timely manner.
- 5) a statement that your Administration is prepared to follow through on the commitments made by Secretary Goldschmidt and your office in September, 1979.

I await your early response.

Respectfully,

A handwritten signature in cursive script, appearing to read "Hugh L. Carey". The signature is written in dark ink and is positioned below the typed name "Respectfully,".

THE WHITE HOUSE
WASHINGTON

6/30/80

Gene Eidenberg --

This was delivered to
Mail Room today for hand
delivery...presume from
Carey's Washington office
reps.

If you feel Presidential
response is in order, please
draft. However, would
appreciate receiving cc of
your response in event not
Presidential.

Thanks--Susan Clough

THE WHITE HOUSE
WASHINGTON

7/1/80

Stu Eizenstat .

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

Rick Hutcheson

cc: Gene Eidenberg

THE WHITE HOUSE
WASHINGTON

June 27, 1980

Stu
J

**Electrostatic Copy Made
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MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu.*

SUBJECT: Meeting With Mayor Koch

At the request of Mayor Koch, I met with him in New York City on June 10, 1980. I went with Orin Kramer of my staff and Assistant Secretary of the Treasury Roger Altman. This memorandum describes the City's fiscal outlook and the Mayor's requests for Federal assistance.

The Mayor has overseen a 20 percent reduction in the City's work force and has met all the requirements of the Loan Guarantee Act. Nonetheless, the City must close deficits totalling over \$300 million and \$1.1 billion in fiscal 1981 and 1982, respectively. The Mayor will seek to achieve a balanced budget in 1981 (beginning July 1, 1980), one year ahead of the schedule set forth in the Loan Guarantee Act. The decision to accelerate the budget balancing process has been uniformly praised by the media and other public officials. A 1981 balanced budget would enhance investor confidence in the City's finances and lay the groundwork for the even deeper and politically difficult cutbacks which will be required to maintain a balanced budget in 1982.

The Mayor's budget, which has been approved by the City Council, assumes that Federal "budget gap closing" (i.e., unrestricted) aid will rise by \$100 million in 1981 above the 1980 level. The budget makes slightly more modest assumptions about increased State aid. If Federal and State aid fall far short of the Mayor's "mark," the City's 1981 balanced budget goal will not be met, and it would be extremely questionable whether the 1982 balance required under the Loan Guarantee Act could be achieved.

Administration Record

Federal aid to the City rose by over \$750 million during the 1977-1980 period. Most of this increase, however, was in capital grants and other non-"gap closing" assistance. The assumptions that the City made in 1978 regarding projected increases in Federal "gap closing" aid, assumptions which Secretary Blumenthal characterized as "not unreasonable," have proven to be exceedingly optimistic because of Congressional resistance to our various countercyclical and targeted fiscal assistance proposals.

The Treasury Department has always avoided characterizing the City's 1978 assumptions as Federal "commitments," but the perception in the City is that the Administration at least implicitly agreed to achieve the projected increases in aid. The City's media and political establishment are unanimous in the view that the failure of the Federal government to meet its "obligations" will severely jeopardize the City's ability to balance its budget and regain access to the bond markets.

In November, 1979 the Mayor gave my staff a list of 57 administrative and legislative "priorities." Many of the issues on the list dated back to the Beame Administration. Of the 57 items, we resolved 37 favorably, and six more await Congressional action. These actions provided the City with \$210 million in 1980 and over \$120 million in each of 1981 and 1982. The "gap closing" impact of these actions, however, was only about \$10 million in each of 1981 and 1982. The reason is simply that most of the recommended steps were not "gap closers" but were "cost avoidance" actions -- i.e., actions that kept the City's deficit from growing even larger. Predictably, we have received little credit for measures which only succeeded in averting an even more unmanageable City deficit. Moreover, Administration and Congressional budget reductions have overwhelmed the incremental benefits we had achieved. The recent budget resolution constitutes a wash in terms of gap closing aid to the City -- i.e., aid for 1981 is the same as 1980. The major items supported by the Administration which can provide unrestricted aid to the City, such as your \$500 million transitional assistance program and the fiscal 1980 targeted fiscal assistance program, are making no progress in the Congress.

Mayor Koch's Request

At our June 10 meeting the Mayor outlined 19 priority legislative and administrative actions. The list is difficult in two respects. First, as was the case with last year's list, most of the items are not "gap closers;" they are actions the Mayor expects us to take but which will not "count" toward the elusive \$100 million. Second, most of those actions providing fiscal relief run counter to explicit Administration decisions -- e.g., accelerating the fiscal relief component of welfare reform.

I have communicated with Gene Eidenberg about this. He will continue to relate to Koch within the guidance you provided to him following your last meeting with the Mayor. I will continue to work on these issues through Orin Kramer of my staff -- who has been doing the substantive work on these New York City issues for a long period of time.

- o As we have for the past six months, we will continue to respond to the Mayor's requests on a daily basis on the wide range of issues which he brings to our attention. We will coordinate closely with Gene.

- o I will be meeting with Jack and Gene to try to develop a strategy (1) to assure that you receive greater credit than in the past for those actions we have taken or will be taking, and (2) to sensitize the Mayor to the constraints we face, dampen his expectations and avoid a further deterioration of relations with the City in the months ahead.

Decision

Agree	<input checked="" type="checkbox"/>	
Disagree	<input type="checkbox"/>	
Other	<input type="checkbox"/>	

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THE WHITE HOUSE
WASHINGTON

Date:

MEMORANDUM

FOR ACTION:
Jim McIntyre
Gene Eidenberg - *Hand*
Gene trying to get
Stu to pull

FOR INFORMATION:
The Vice President
Jack Watson

Gene will have comments 3:00 6/20
Gene comments w/rewritten

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: ADMINISTRATIVELY CONFIDENTIAL EIZENSTAT MEMO RE MEETING WITH MAYOR KOCH.

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:
TIME: 12:00PM
DAY: Monday
DATE: June 30

ACTION REQUESTED:
 Your comments
Other:

STAFF RESPONSE:
 I concur. No comment.
Please note other comments below:

~~CONFIDENTIAL~~

~~Attachment to~~
~~page 2 coming 6/30~~
Page two has
been replaced

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

<input checked="" type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND
<input type="checkbox"/>	NO DEADLINE
<input type="checkbox"/>	FOR APPROPRIATE HANDLING
<input type="checkbox"/>	LAST DAY FOR ACTION

<input checked="" type="checkbox"/>	ADMIN CONFID
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<input type="checkbox"/>	SECRET
<input type="checkbox"/>	EYES ONLY

ACTION
FYI

<input checked="" type="checkbox"/>	VICE PRESIDENT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	CUTLER
<input type="checkbox"/>	DONOVAN
<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	MCDONALD
<input type="checkbox"/>	MOORE
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<input checked="" type="checkbox"/>	MCINTYRE
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<input type="checkbox"/>	ANDRUS
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<input type="checkbox"/>	<input type="checkbox"/>	FRANCIS
<input type="checkbox"/>	<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	<input type="checkbox"/>	HERTZBERG
<input type="checkbox"/>	<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	<input type="checkbox"/>	KAHN
<input type="checkbox"/>	<input type="checkbox"/>	LINDER
<input type="checkbox"/>	<input type="checkbox"/>	MARTIN
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<input type="checkbox"/>	<input type="checkbox"/>	MOE
<input type="checkbox"/>	<input type="checkbox"/>	PETERSON
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<input type="checkbox"/>	<input type="checkbox"/>	TORRES
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<input type="checkbox"/>	<input type="checkbox"/>	WISE

Charlie Schultze

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

Rick Hutcheson

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

July 1, 1980

Charlie
JK
J

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze ^{LS}
Subject: Selective Credit Controls

**Electrostatic Copy Made
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On Thursday of this week -- or possibly a week later -- the Federal Reserve will remove the remaining selective credit controls imposed under your delegated authority.

Bill Miller and I agree they should be removed. Stu Eizenstat concurs. Excessive expansion in business and consumer credit has not only halted, it has reversed itself; both forms of credit are declining. Continued maintenance of the controls would accomplish no positive result for the economy as a whole, would be an impediment to desirable use of credit in some particular situations, and would extend unneeded reporting requirements.

I believe that you should withdraw the authority from the Fed. The stand-by grant of authority to you is already extraordinarily broad and flexible. Once the Fed removes the actual controls, failure to withdraw the authority would give them, rather than you, the chance of when to impose them again. It would, in effect, delegate to them an authority the Congress has granted you. That authority is already in trouble on the Hill -- the Senate has amended the CWPS authorization bill to withdraw the authority.

A very limited part of the credit control authority will have to remain with the Fed for a while so that they can complete certain reporting requirements and wind down certain technical aspects of the program.

Shortly after the Fed acts, I recommend that the White House Press Office issue a statement on your behalf which:

- (a) expresses satisfaction in the effectiveness of the controls in accomplishing their purpose -- in helping to eliminate excessive use of credit and moderation of interest rates;
- (b) points out that the use of credit including consumer credit is now contracting, rather than expanding;

- (c) notes that the removal of the special controls over consumer credit should not be taken as a signal to consumers to resume profligate use of credit;
- (d) indicates that your stand-by authority to invoke credit controls remains available, that you will monitor credit developments carefully, and if a situation of excessive credit use warrants the use of that authority, you will invoke it.

Bob Carswell is drafting the necessary Executive Order. We are preparing a draft White House announcement which will be cleared with Bill Miller and Stu Eizenstat.

11:45 AM

THE WHITE HOUSE
WASHINGTON

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MEETING WITH: Congressman Charles Wilson (D.-Tex.)
Congressman Henry Hyde (R.-Ill.)

Time: Tuesday, July 1, 1980
11:45 a.m. (15 mins.)

Place: Oval Office

From: ZBIGNIEW BRZEZINSKI 
FRANK MOORE *f.m./mb.*

I. PURPOSE: To discuss their concerns about our foreign aid policy and human rights, Chile's exclusion from UNITAS, and other Latin American concerns.

II. BACKGROUND, PARTICIPANTS, AND PRESS ARRANGEMENTS:

A. BACKGROUND:

Congressmen Wilson and Hyde requested this meeting because they wanted to discuss with you 1) the Administration decision to exclude Chile from the XXI UNITAS exercise, 2) their general concern that the views of conservative Democrats and Republicans are not taken into account in foreign economic and security assistance decisions, and 3) specifically, Wilson's belief that there is an ideological tilt to the left in the State Department which is serving to antagonize our military friends such as Argentina, Chile, and Guatemala.

1. UNITAS--Wilson had wanted to meet with you before the decision to exclude Chile from the UNITAS exercise became known to Chile. He wanted to persuade you that it was a mistake to politicize the exercise (scheduling problems prevented the meeting from taking place earlier). He has been informed by the State Department that Chile's lack of response in the Letelier case has been more than a human rights violation but a support for terrorism. Wilson has also been told that the decision will be reviewed again next year. He remains dissatisfied and considers the decision a sign of the Administration's tilt away from right-wing dominated groups toward left-wing controlled ones. We believe he understands that the decision cannot be reversed, but he wants to register his point of view with you. You should be aware of the fact that he thinks that the decision was made without your knowledge.

2. Foreign Assistance Issues--Although both Members seem instinctively supportive of U.S. foreign assistance in general, and U.S. support for Multilateral Development Banks in particular, they have been alienated by the Administration's human rights policy. They believe that the human rights lobby within the Administration and on the Hill is given too much attention, while conservatives such as they cannot get a meeting with the President.

Henry Hyde, while better known for his anti-abortion amendments, is the ranking Republican on the International Development Institutions and Finance Subcommittee of the House Banking Committee and an active proponent of a strong U.S. role in the multilateral development banks (MDBs). He worked hard to prevent the House from recommending S. 662, the FY 80 authorization for the Inter-American Bank, the Asian Development Fund and the African Development Fund. Hyde will probably appeal for stronger White House leadership in support of MDB legislation.

Despite his outspoken views and his support of Somoza, Wilson supported the passage of the Central American Supplemental and the Panama Canal implementing legislation.

We sense that both Members want to be helpful. They just want their conservative colleagues, who represent a growing sentiment in Congress which worries about our human rights policy, to know that they have been heard.

The Members may wish to raise other concerns about development in Latin America.

- B. PARTICIPANTS: Zbigniew Brzezinski, Frank Moore, Bob Pastor, and Madeleine Albright.
- C. PRESS PLAN: White House photographer only.

III. ISSUES FOR DISCUSSION

A. UNITAS

-- The decision not to invite Chile to participate in UNITAS this year is the correct decision. Anything else would have severely damaged our credibility with Chile and Latin America at large.

-- In this case, we are not dealing simply with another case of poor human rights performance in Latin America. We are talking about cold-blooded terroristic murder on the streets of Washington. And it was not just a politically-involved exile who was killed, but an innocent young American woman as well. This was a direct and gross affront to our nation. This affront was compounded by their failure to take action against the murderers of Letelier and Moffit to make any serious effort to independently investigate or prosecute the three Chilean officers implicated in the murder.

-- As a result, we decided last November to indicate our displeasure to Chile by taking a series of actions (particularly a thinning out of our staff in Santiago) and the exclusion from UNITAS was one of them.

-- Inviting the Chileans to participate would have been an indication that we were not taking the matter seriously.

-- I also recognize that the Chilean Navy is a useful force to cooperate with in the Southern Hemisphere. We expect (and have indicated to the Chileans) that they will participate in UNITAS again next year. This one year's hiatus is, in my view, an acceptable price for getting our point across.

B. Foreign Assistance

-- We have been as vigorous in criticizing dictatorships of the left as we have been in criticizing those of the right, but our efforts must be geared to what we can do most effectively. Sometimes that means pronouncements in public fora, such as the UN; sometimes that means quiet diplomatic overtures.

-- Remember we give aid to many authoritarian rightist governments and very few of the extreme left. Consequently, most of the aid sanctions for human rights violations necessarily fall on right-wing governments. However, we did recently impose human rights sanctions on two leftist governments that don't meet our human rights test, Laos and the People's Democratic Republic of Yemen.

C. Other Latin American Issues

-- If they raise Guatemala: We are deeply concerned about the possible involvement of Guatemalan security forces in gross human rights violations, and we are also concerned that if the Guatemalan Government does not take action soon to end these abuses, it will be unwittingly playing into the hands of the extreme left. So in the case of Guatemala, there is not an inconsistency between our security and human rights concerns. Unless the Guatemalan Government stops human rights violations, it will be more difficult for it to resist the Communists.

-- If he raises Argentina: We are trying to improve our relationship with the Government of Argentina, but it is true that we have a cooler relationship with military governments than we have with democracies in Latin America and the Caribbean. That is a central principle of our approach to the region, and I believe that it has had a positive effect in the region, providing an incentive to military governments to move toward democracy -- as has recently occurred in Ecuador and Peru, and possibly in Bolivia.

01 Jul 80

Secretary Duncan

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Rick Hutcheson

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Per. Rao Project

ESDN: NLC-126-22-1-2-5

BY 23-10-10/11/17

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DECLASSIFIED

Per, Rac Project

THE SECRETARY OF ENERGY
WASHINGTON, D.C. 20585

ESDN; NLC-126-22-1-2-5

BY 125 NARA DATE 1/2/14

20 June 1980

Charles
W
J

MEMORANDUM FOR: THE PRESIDENT

FROM: Charles W. Duncan, Jr.

SUBJECT: Oil Vulnerability

Events indicate we should reduce our vulnerability to a possible disruption in oil imports at a faster pace. We are working on this intensively this summer, and the study results will be an important component of National Energy Plan III, due next spring. I consider this activity to be a priority of the highest order for the remainder of this year.

Your energy program of July 1979 was designed to achieve the goal of reducing oil imports by 50 percent by 1990. That program, as modified by Congress, is near enactment. However, the primary impact of many of the programs--synthetic fuels, for example--will come after 1985.

The events of the past year have changed the circumstances under which your program was developed. The public perception is that the security of our supplies today from the Persian Gulf may have been reduced by the current situation in that area.

Our work will consist of a review of each source of supply and each area of consumption. We will develop proposals for increased supply and increased conservation including steps to be taken during a disruption. We will identify trade-offs between energy objectives and other objectives such as environmental improvement and inflation reduction. We will also address institutional barriers such as public utility structures. The resulting plan is likely to include initiatives that will require new legislation as well as measures based on existing authorities. Examples of possible actions probably requiring new legislation are (1) changes in the Natural Gas Policy Act, (2) an Industrial Petroleum Reserve, (3) a Natural Gas Reserve, and (4) a utility conservation program modeled after TVA's.

My staff will keep their colleagues at Treasury, CEA, OMB, and Henry Owen's office informed over the summer. I will review our work in September and begin preparation of recommendations for you through an appropriate interagency group.

We are aware of the sensitivity of this subject area, hence are proceeding with a small group, and in such a way as to avoid premature public discussion.

NATIONAL SECURITY INFORMATION
Unauthorized Disclosure subject to Administrative and Criminal Sanctions.

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(Original Authority)

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Commitment

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TALKING POINTS ON TAX CUTS

①
✓

1. Announcement of the Reagan-Kemp-Roth tax cut proposal this week was a blatant 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 a cynical attempt to buy their support with generalized promises.
2. We believe the American people are far too sensible to be carried away by such maneuvers and by the undemocratic railroading techniques advocated by the Republican sponsors in the Congress this week. These were cynical efforts to bypass our democratic processes of consultations with interested citizens' groups and public hearings before the Congress' tax writing committees. We believe that as the public learns more about the R-K-R proposal, it will prove to be a major blunder that will reflect the fiscal irresponsibility of its proposers.
3. The R-K-R proposal is misleading even in its presentation. The R-K-R plan now shows only the tip of the iceberg with its mention of a \$20 billion plus tax cut but it explicitly calls this the first phase of a 3-year, 10-percent-a-year planned tax reduction. In addition, Reagan is urging enactment of a very costly and ill-conceived proposal to liberalize the tax treatment of business depreciation --the so-called 10-5-3 proposal. In effect, it is only a new face on the old Kemp-Roth proposal to make it appear more reasonable on the surface.
4. The R-K-R proposal represents a major change in our Nation's tax structure with an incalculable potential negative impact. The first phase alone would cost approximately \$117 billion by 1985. The full R-K-R package would cost the Treasury almost \$60 billion in the 1982 budget which the President must send to Congress next January. By 1985 the full R-K-R tax package would cost over \$280 billion a year.
5. The R-K-R proposal represents at best a half truth dealing only with the revenue side of the equation. No concrete suggestions have been offered as to which federal programs would be eliminated or slashed to pay for this massive tax reduction. At a minimum, every program designed to make our Nation a more just society would be in jeopardy. It could crush the hopes of our more disadvantaged citizens to improve their status and

and share in our Nation's affluence. It would require undoing the gains we have made in the past three years in programs providing for basic education, jobs, health care, the environment and other major domestic needs.

6. Even dramatic cuts in programs, including paring back social security, would be insufficient to cover the full amount of the revenue gap. It would therefore clearly add to our deficit, reverse our efforts to bring inflation under control and destroy the fundamental progress made in building a base for a new phase of economic revitalization and prosperity ahead.
7. Efforts to attach the R-K-R plan to existing bills eliminate the possibility for consultations with citizens groups and public hearings which are essential to building a national consensus on such a basic issue affecting the lives of us all. This arbitrary approach represents the antithesis of good government. It is an incredible act of playing fast and loose with public emotions and legitimate concerns for the sake of election year politics. In fact, it is so obviously a political trick that it will quickly backfire on its perpetrators.
8. President Carter's position on tax cuts is clear and remains unchanged. His views were outlined carefully in his March economic program and have been reiterated repeatedly since that time:

A. As demonstrated earlier, our first priority is still to bring under control an unacceptably high level of underlying inflation by demonstrating fiscal discipline. When we have proved to the American people that collectively its government can act responsibly and exercise reasonable spending restraint and discipline, we can then provide tax relief to encourage investment and savings consistent with fighting inflation.

B. As President Carter pointed out last March, the success of the Congress in cutting federal expenditures can and should make possible a tax cut for 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.

C. President Carter will insist that his tax proposals go through an orderly process as envisioned in the Constitution with hearings and consideration by the tax writing committees of the Congress. He will reject any slap-dash floor amendment since this is clearly no way to write tax laws.

D. 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.

COMMUNICATIONS ON TAX PROPOSALSTiming

- | | |
|--|-------------------------|
| 1) Distribution of Administration talking points | Saturday |
| 2) Press communications | |
| a) On the record interviews with selected news people by Chief Administration spokespersons (Miller, Schultze, McIntyre and Eizenstat) | Saturday/Sunday |
| b) Supplemental statements to specialized press by Cabinet officers | Monday/Tuesday |
| c) Further press support from information distribution | |
| 1) Maximum exposure on near-term television talk shows | |
| 2) Prompt mailings of WH announcement to broad press list | |
| 3) Intensive series (perhaps 25) of telephone calls to chief editorial writers | |
| 4) Fast series of TV and radio spots to be completed by Sunday for distribution to regional TV and radio networks and individual stations | |
| 3) Constituency communications | |
| a) Calling program to major constituency groups by WH teams | Saturday/Monday/Tuesday |
| 1) Outreach | |
| 2) IGA | |
| 3) Special Assistants | |
| 4) Labor | |
| 5) Lobbyists | |
| b) Supplementary calling and communications program by major Cabinet officers through their departments and appointed officials to their special constituency bodies | Monday/Tuesday |

- c) Particularly intensive communications campaign to mayors and local officials, Democratic delegates, NEA, etc. -- central message being that Reagan-Kemp-Roth proposals could gut social programs of keen interest to them Monday/Tuesday
- 4) Preparation by key spokespersons Friday/Saturday
- Q&As for Miller Sunday appearance (for distribution and use by staff and Cabinet officers)
- 5) Preparation of plan and timetable by EPG for crafting 1981 Administration program in consultation with Congress and interest groups By Monday
- 6) Preparation of President's remarks before Congressional Leadership Breakfast on Tuesday and decisions on results desired there Monday

• Mr. KENNEDY. Mr. President, the Senate has today passed legislation which will substantially reduce and reform Federal regulation of the interstate trucking industry. Senate passage of S. 2245 the Motor Carrier Reform Act of 1980, follows action by the House of Representatives yesterday. I want to commend the leadership of the House, and particularly Congressmen JIM HOWARD of New Jersey and BIZZ JOHNSON of California, for their dedicated efforts to insure passage of this legislation.

The House bill is closely similar to its earlier Senate counterpart. Because the two bills differ in only minor areas of interpretation, I urged that the Senate adopt the House version in order to avoid the necessity of a conference with the House, and that we proceed with the important business of infusing a measure of competition in this industry that it has not seen in 45 years.

The legislation Congress has now enacted embraces the most essential elements of needed reform in the current system of Federal trucking regulation which I have been urging for several years:

It liberalizes entry into the trucking business;

It removes unnecessary and fuel-wasteful restrictions on carrier operations;

It restricts the application of antitrust immunity for ratemaking activities;

It allows carriers considerable latitude in establishing new rates.

In sum, the Motor Carrier Reform Act of 1980 gives the trucking industry the competitive tools with which it can meet the economic challenges of the eighties.

While the bill represents a major achievement for this Congress, we should remember that its enactment does not complete our work in this area. In addition to the strict oversight responsibilities which are imposed on Congress to insure that the ICC faithfully implements the reforms the bill calls for, there are remaining issues which will again be before us in the years to come. Indeed, the Senate and House chose not to address at this time several of the most difficult and controversial aspects of trucking regulation, deciding instead to refer them to a newly-created Presidential commission for further study and recommendation. These issues include the need to eliminate antitrust immunity for the setting of all kinds of rates, single as well as joint-line, and the need to reform the process by which industrywide rate increases are discussed and considered.

Despite these omissions, the Motor Carrier Reform Act of 1980 is an important first step on the road to full reform of trucking regulation. I believe it will stand as one of the most important accomplishments of the 96th Congress. I am proud to have been a part of this effort; and I intend to continue to work to insure that the American economy reaps the benefits of a fully competitive trucking industry. •

THE WHITE HOUSE

WASHINGTON

July 1, 1980

To Molly Hicks

Rosalynn and I were sorry to hear of
your automobile accidents, but were pleased
at the good news that you are home!

Take care of yourself. Our thoughts are
with you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jimmy", with a long horizontal line above it.

Ms. Molly Hicks
203 Devonwood Drive
St. Simons, Georgia 31522

THE WHITE HOUSE

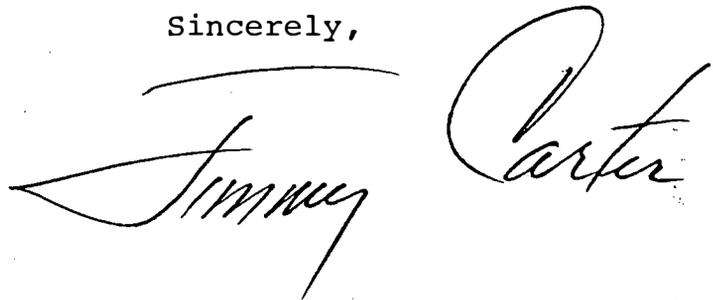
WASHINGTON

July 1, 1980

To Carlton T. Hicks, Sr.

Rosalynn and I were sorry to learn of your hospitalization. Our thoughts and prayers are with you for a successful recovery!

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in black ink and is positioned to the right of the word "Sincerely,".

Mr. Carlton T. Hicks, Sr.
Coronary Care Unit
Medical Center of Central Georgia
777 Hemlock Street
Macon, Georgia 31201

NAME CARLTON HICKS



1584

TITLE _____

CITY/STATE (Macon, Georgia)

Requested by SSC

Phone Number--Home () _____

Date of Request 7/1/80

Work () _____

Other (912) 744-1000

(pay phone outside Coronary Unit
is (912) 742-9131

INFORMATION (Continued on back if necessary)

Carlton's father (Carlton T. Hicks, Sr.) had a "really serious" heart attack last Friday, and has been admitted to CCU in the Medical Center of Central Georgia in Macon. Main concern now is that he not have another one. Carlton apparently is really worried and staying in Macon w/father. Jeannie (sp?) told me today she couldn't go, because Molly's home sick. She was in two (!) auto accidents on Monday. Someone ran into her in the morning, and then her date had an accident that night. She's home now, alright, but run down.

NOTES: (Date of Call 7-1)

done

**Electrostatic Copy Made
for Preservation Purposes**

Send direct
(not thru NSC)
by pedicle

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

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

ACTION
FYI

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

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

PRIVATE

THE WHITE HOUSE
WASHINGTON

7-1-80

To Harold, Graham

I want you & your
CL people to work as
hard on The bill to
delete the Oriskany &
New Jersey as to add
back the 25000 Army
men.

J.P.

THE WHITE HOUSE
WASHINGTON

7/1/80

FOR THE RECORD -

ORIGINALS TO STRIPPING
FOR MAILING -

ID 3585

THE WHITE HOUSE
WASHINGTON

10

h

~~Swan~~

de

THE WHITE HOUSE
WASHINGTON

6/26/80

Rick Hutcheson --

All letters must be
redone to have date
centered under letterhead....

and to have a more current
date instead of may 28th!

Thanks--Susan Clough

(will be signed immediately
upon resubmission)

(18)

Susana

R.R.

SS'
AS

MEMORANDUM OF CALL

TO:

YOU WERE CALLED BY— YOU WERE VISITED BY—

OF (Organization)

PLEASE CALL → PHONE NO. CODE/EXT. _____ FTS
 WILL CALL AGAIN IS WAITING TO SEE YOU
 RETURNED YOUR CALL WISHES AN APPOINTMENT

MESSAGE

RECEIVED BY

DATE

TIME

63-109

☆ U.S. G.P.O. 1979-281-184/13

STANDARD FORM 63 (Rev. 8-76)
Prescribed by GSA
FPMR (41 CFR) 101-11.6

THE WHITE HOUSE

WASHINGTON

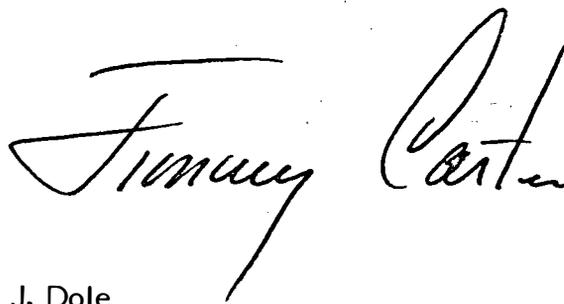
June 30, 1980

Dear Bob:

I want to express my appreciation for your contributions to the development of public policy as a member of the Presidential Commission on World Hunger. You have my assurance that the Commission's thoughtful and challenging report will be the beginning of a continuing effort to strengthen our programs in this area.

As we go forward with measures recommended by the report, I hope you will continue your efforts to build public support for action to overcome world hunger.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the typed name.

The Honorable Robert J. Dole
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE
WASHINGTON

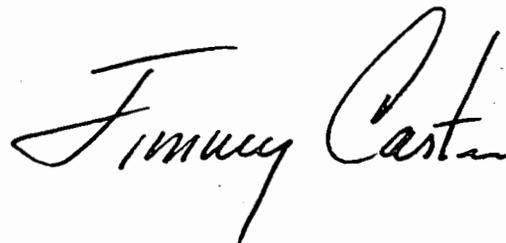
June 30, 1980

Dear Patrick:

I want to express my appreciation for your contributions to the development of public policy as a member of the Presidential Commission on World Hunger. You have my assurance that the Commission's thoughtful and challenging report will be the beginning of a continuing effort to strengthen our programs in this area.

As we go forward with measures recommended by the report, I hope you will continue your efforts to build public support for action to overcome world hunger.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the typed name.

The Honorable Patrick J. Leahy
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE
WASHINGTON

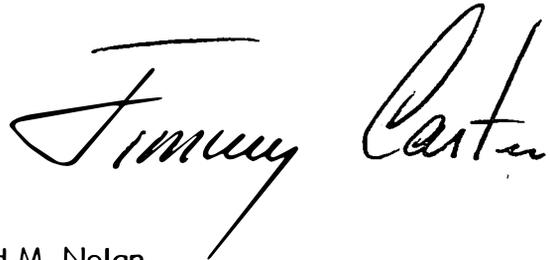
June 30, 1980

Dear Rick:

I want to express my appreciation for your contributions to the development of public policy as a member of the Presidential Commission on World Hunger. You have my assurance that the Commission's thoughtful and challenging report will be the beginning of a continuing effort to strengthen our programs in this area.

As we go forward with measures recommended by the report, I hope you will continue your efforts to build public support for action to overcome world hunger.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the typed name.

The Honorable Richard M. Nolan
U.S. House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

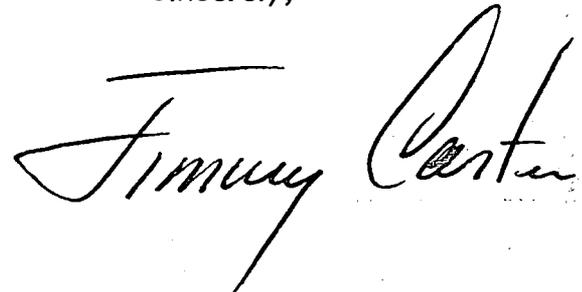
June 30, 1980

Dear Ben:

I want to express my appreciation for your contributions to the development of public policy as a member of the Presidential Commission on World Hunger. You have my assurance that the Commission's thoughtful and challenging report will be the beginning of a continuing effort to strengthen our programs in this area.

As we go forward with measures recommended by the report, I hope you will continue your efforts to build public support for action to overcome world hunger.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the typed name.

The Honorable Benjamin A. Gilman
U.S. House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

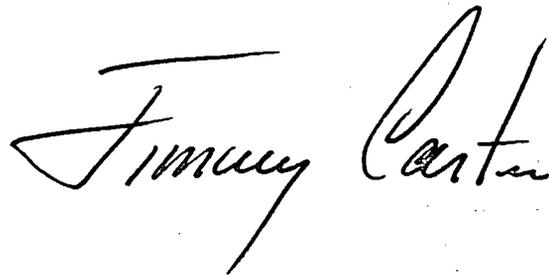
June 30, 1980

To Raymond Singletary

I want to express my appreciation for your contributions to the development of public policy as a member of the Presidential Commission on World Hunger. You have my assurance that the Commission's thoughtful and challenging report will be the beginning of a continuing effort to strengthen our programs in this area.

As we go forward with measures recommended by the report, I hope you will continue your efforts to build public support for action to overcome world hunger.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

The Honorable Raymond C. Singletary, Jr.
265 North Main Street
Blakely, Georgia 31723

THE WHITE HOUSE

WASHINGTON

June 30, 1980

To Dr. Clifton Wharton

I want to express my appreciation for your contributions to the development of public policy as a member of the Presidential Commission on World Hunger. You have my assurance that the Commission's thoughtful and challenging report will be the beginning of a continuing effort to strengthen our programs in this area.

As we go forward with measures recommended by the report, I hope you will continue your efforts to build public support for action to overcome world hunger.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

Dr Clifton R. Wharton, Jr.
Chancellor
State University of New York
State University Plaza
Albany, New York 12246

THE WHITE HOUSE

WASHINGTON

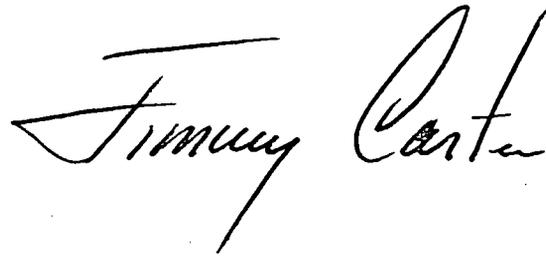
June 30, 1980

To Orville Freeman

I want to express my appreciation for your contributions to the development of public policy as a member of the Presidential Commission on World Hunger. You have my assurance that the Commission's thoughtful and challenging report will be the beginning of a continuing effort to strengthen our programs in this area.

As we go forward with measures recommended by the report, I hope you will continue your efforts to build public support for action to overcome world hunger.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the typed name.

The Honorable Orville Freeman
Business International Corporation
One Dag Hammarskjold Plaza
New York, New York 10017

THE WHITE HOUSE

WASHINGTON

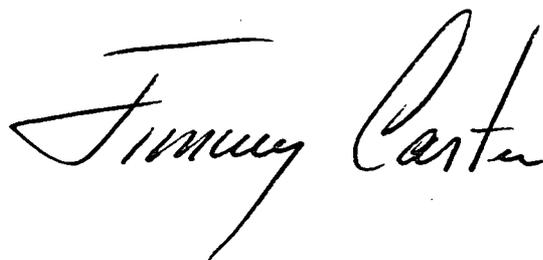
June 30, 1980

To Howard Schneider

I want to express my appreciation for your contributions to the development of public policy as a member of the Presidential Commission on World Hunger. You have my assurance that the Commission's thoughtful and challenging report will be the beginning of a continuing effort to strengthen our programs in this area.

As we go forward with measures recommended by the report, I hope you will continue your efforts to build public support for action to overcome world hunger.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the typed name.

The Honorable Howard A. Schneider
228 Markham Drive
Chapel Hill, North Carolina 27514

THE WHITE HOUSE

WASHINGTON

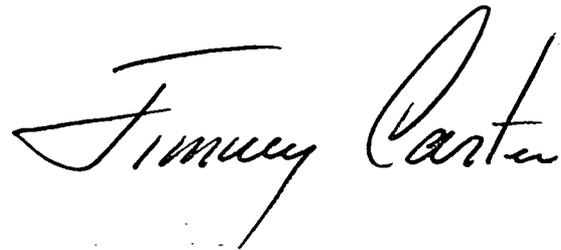
June 30, 1980

To Eugene Stockwell

I want to express my appreciation for your contributions to the development of public policy as a member of the Presidential Commission on World Hunger. You have my assurance that the Commission's thoughtful and challenging report will be the beginning of a continuing effort to strengthen our programs in this area.

As we go forward with measures recommended by the report, I hope you will continue your efforts to build public support for action to overcome world hunger.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

The Honorable Eugene L. Stockwell
475 Riverside Drive
New York, New York 10027

THE WHITE HOUSE

WASHINGTON

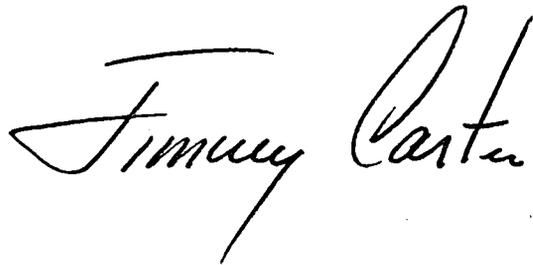
June 30, 1980

To Adele Simmons

I want to express my appreciation for your contributions to the development of public policy as a member of the Presidential Commission on World Hunger. You have my assurance that the Commission's thoughtful and challenging report will be the beginning of a continuing effort to strengthen our programs in this area.

As we go forward with measures recommended by the report, I hope you will continue your efforts to build public support for action to overcome world hunger.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

The Honorable Adele Smith Simmons
President
Hampshire College
Amherst, Massachusetts 01002

THE WHITE HOUSE

WASHINGTON

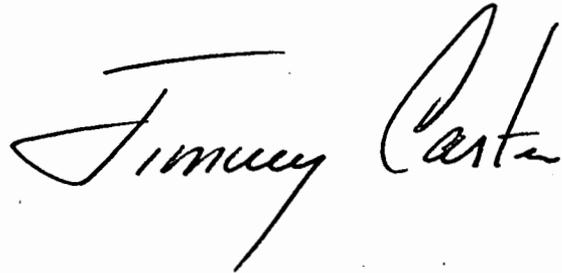
June 30, 1980

To Thomas Wyman

I want to express my appreciation for your contributions to the development of public policy as a member of the Presidential Commission on World Hunger. You have my assurance that the Commission's thoughtful and challenging report will be the beginning of a continuing effort to strengthen our programs in this area.

As we go forward with measures recommended by the report, I hope you will continue your efforts to build public support for action to overcome world hunger.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the typed name.

The Honorable Thomas Wyman
Vice Chairman
Pillsbury Company
608 Second Avenue, South
Minneapolis, Minnesota 55402

THE WHITE HOUSE

WASHINGTON

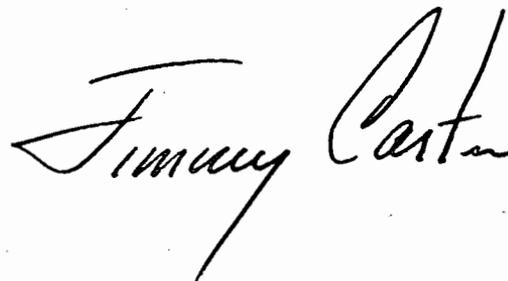
June 30, 1980

To Bess Myerson

I want to express my appreciation for your contributions to the development of public policy as a member of the Presidential Commission on World Hunger. You have my assurance that the Commission's thoughtful and challenging report will be the beginning of a continuing effort to strengthen our programs in this area.

As we go forward with measures recommended by the report, I hope you will continue your efforts to build public support for action to overcome world hunger.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the typed name.

The Honorable Bess Myerson
3 East 71st Street
New York, New York 10021

THE WHITE HOUSE

WASHINGTON

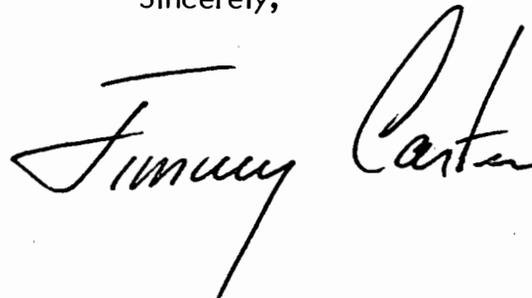
June 30, 1980

To Steven Muller

I want to express my appreciation for your contributions to the development of public policy as a member of the Presidential Commission on World Hunger. You have my assurance that the Commission's thoughtful and challenging report will be the beginning of a continuing effort to strengthen our programs in this area.

As we go forward with measures recommended by the report, I hope you will continue your efforts to build public support for action to overcome world hunger.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

The Honorable Steven Muller
President
Johns Hopkins University
Charles and 34th Street
Baltimore, Maryland 21218

THE WHITE HOUSE

WASHINGTON

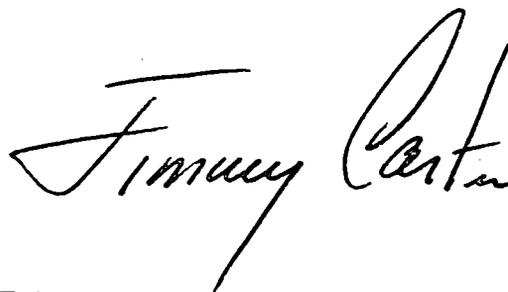
June 30, 1980

To Walter Falcon

I want to express my appreciation for your contributions to the development of public policy as a member of the Presidential Commission on World Hunger. You have my assurance that the Commission's thoughtful and challenging report will be the beginning of a continuing effort to strengthen our programs in this area.

As we go forward with measures recommended by the report, I hope you will continue your efforts to build public support for action to overcome world hunger.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the typed name.

The Honorable Walter Falcon
Encina Hall, West Wing
Food Research Institute
Stanford University
Stanford, California 94305

THE WHITE HOUSE

WASHINGTON

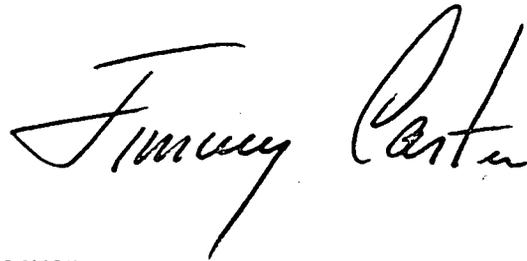
June 30, 1980

To John Denver

I want to express my appreciation for your contributions to the development of public policy as a member of the Presidential Commission on World Hunger. You have my assurance that the Commission's thoughtful and challenging report will be the beginning of a continuing effort to strengthen our programs in this area.

As we go forward with measures recommended by the report, I hope you will continue your efforts to build public support for action to overcome world hunger.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the typed name.

The Honorable John Denver
300 South Spring Street
Aspen, Colorado 81611

THE WHITE HOUSE

WASHINGTON

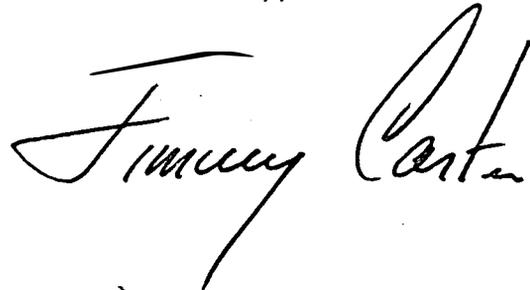
June 30, 1980

To Harry Chapin

I want to express my appreciation for your contributions to the development of public policy as a member of the Presidential Commission on World Hunger. You have my assurance that the Commission's thoughtful and challenging report will be the beginning of a continuing effort to strengthen our programs in this area.

As we go forward with measures recommended by the report, I hope you will continue your efforts to build public support for action to overcome world hunger.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

The Honorable Harry F. Chapin
198 New York Avenue
Huntington Bay, New York 11743

THE WHITE HOUSE

WASHINGTON

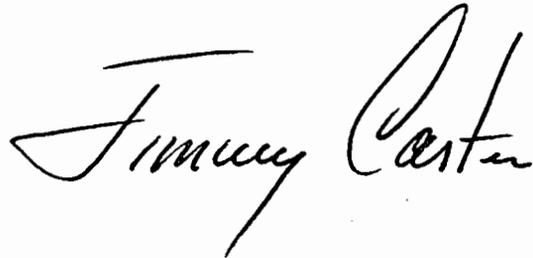
June 30, 1980

To D. W. Brooks

I want to express my appreciation for your contributions to the development of public policy as a member of the Presidential Commission on World Hunger. You have my assurance that the Commission's thoughtful and challenging report will be the beginning of a continuing effort to strengthen our programs in this area.

As we go forward with measures recommended by the report, I hope you will continue your efforts to build public support for action to overcome world hunger.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

The Honorable D. W. Brooks
Gold Kist, Inc.
244 Perimeter Center Parkway
Atlanta, Georgia 30301

THE WHITE HOUSE

WASHINGTON

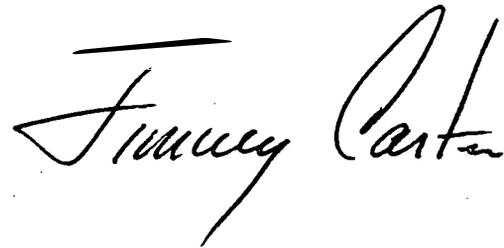
June 30, 1980

To Norman Borlaug

I want to express my appreciation for your contributions to the development of public policy as a member of the Presidential Commission on World Hunger. You have my assurance that the Commission's thoughtful and challenging report will be the beginning of a continuing effort to strengthen our programs in this area.

As we go forward with measures recommended by the report, I hope you will continue your efforts to build public support for action to overcome world hunger.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the typed name.

The Honorable Norman E. Borlaug
International Maize and
Wheat Improvement Center
Londres 40 P.O. 6-641
Mexico 6 D.F.

THE WHITE HOUSE

WASHINGTON

**Electrostatic Copy Made
for Preservation Purposes**ACTION

May 19, 1980

MEMORANDUM FOR: THE PRESIDENT
FROM: Henry Owen *HO*
SUBJECT: Letters to Hunger Commission Members

You have met with the Presidential Commission on Hunger twice -- once to launch the venture and once to receive their interim report. On the latter occasion, you stressed that overcoming hunger would require a persistent effort by concerned citizens and governments over many years. The distinguished members of this Commission are the natural nucleus of a public support group. In order to retain their enthusiasm and continuing support, I suggest that you send them a brief note of appreciation now that their final report has been submitted. A draft identical letter to the listed members is attached for your approval.

Also attached are identical letters to the two chairmen, Sol Linowitz and Jean Mayer, prepared for your signature.

All drafts have been cleared by your speechwriters.

RECOMMENDATION:

Although you signed certificates for each member when you appointed the Commission, I recommend that you authorize signing of the common letter and that you sign the letters to Linowitz and Mayer.

Approve Disapprove (TWO SIGNATURES REQUESTED)

THE WHITE HOUSE
WASHINGTONACTION

May 19, 1980

MEMORANDUM FOR: THE PRESIDENT
FROM: Henry Owen *HO*
SUBJECT: Letters to Hunger Commission Members

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RECOMMENDATION:

Although you signed certificates for each member when you appointed the Commission, I recommend that you authorize signing of the common letter and that you sign the letters to Linowitz and Mayer.

Approve _____ Disapprove _____

(TWO SIGNATURES REQUESTED)

Electrostatic Copy Made
for Preservation Purposes

D R A F T

May 19, 1980

To

I want to express my appreciation for your contributions to the development of public policy as a member of the Presidential Commission on World Hunger. You have my assurance that the Commission's thoughtful and challenging report will be the beginning of a continuing effort to strengthen our programs in this area.

As we go forward with measures recommended by the report, I hope you will continue your efforts to build public support for action to overcome world hunger.

Sincerely,

oh
J

(Copy of Presidential Statement of April 26 to be enclosed.)

**Electrostatic Copy Made
for Preservation Purposes**

MEMORANDUM

2844 (add-on)

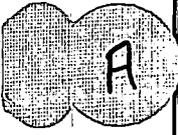
NATIONAL SECURITY COUNCIL

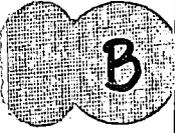
May 23, 1980

MEMORANDUM FOR: RICK HUTCHESON
FROM: CHRISTINE DODSON *Christine Dodson*
SUBJECT: Letters to Hunger Commission Members

The President has approved the draft of the attached letters for use for the other World Hunger Commission members. The package is forwarded for signature.

Please return to NSC for dispatch.





Congressional Leadership Breakfast
7/1/80

THE WHITE HOUSE
WASHINGTON

Leadership - Cong 7-1-80

Summit, Yugo, Sp, Port

ESC → EMB, utility, oil - Alaska gas
Cuban refugees

R-K-R 1st Ph #1176/85 Full #606/82 → #2808
4/2
'85

Control spending, inflation

Orderly, & hearings

Consult as on Bal bud in March

{ Rail dereg. vs approp.
Youth empl.

Sugg. re Bauman x For Aid

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Trucking dereg - 9:30

Byrd - Debt extension bill -
Kahn - Benton task force -
Benton - R-E-R - irresponsible -
81 cut - when to spell out -
Tip - what to do
Ullman - Coast says House orig
tax bills
Hollings - 81 study review
Crawton - Not time, enough type,
but procedure is needed now

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1. A YEAR AGO, WHEN I PROPOSED BROAD CHANGES
2. IN THE REGULATIONS THAT GOVERN AMERICAN TRUCKERS,
3. MANY PEOPLE SAID THAT REAL TRUCKING REFORM WOULD NEVER HAPPEN.
4. THAT I AM SIGNING THIS BILL INTO LAW TODAY -- ONLY 1 YEAR LATER --
5. IS A TREMENDOUS CREDIT TO ALL THOSE WHO WORKED WITH ME TO ACHIEVE REFORM.
6. SENATE COMMERCE COMMITTEE CHAIRMAN HOWARD CANNON AND
7. SENATOR BOB PACKWOOD PERFORMED SUPERBLY IN PUTTING TOGETHER
8. A COMPREHENSIVE RECORD OF THE NEED FOR CHANGE, & IN PRESSING FOR REFORM.
9. I ALSO WANT TO WELCOME SENATOR KENNEDY HERE TO THE ROSE GARDEN --
10. AND THANK HIM FOR ALL HE DID
11. IN HELPING TO SHAPE OUR ORIGINAL JOINT PROPOSAL,
12. AND FOR URGING STRONG LEGISLATION.

(=OVER=) (IN THE HOUSE.....)

1. IN THE HOUSE, CRUCIAL WORK WAS DONE BY
2. COMMITTEE CHAIRMAN BIZZ JOHNSON, SUBCOMMITTEE CHAIRMAN JIM HOWARD,
3. CONGRESSMAN BILL HARSHA, & CONGRESSMAN BUD SHUSTER.
4. CREDIT MUST ALSO GO TO ALL THE PEOPLE OUTSIDE CONGRESS --
5. MANY OF THEM HERE TODAY -- WHO REPRESENTED CONSUMERS,..
6. BUSINESSES OF ALL SIZES,..FARMERS,..& THE TRUCKERS THEMSELVES.
7. THIS IS HISTORIC LEGISLATION.
8. NO OTHER COUNTRY IN THE WORLD HAS A
9. NETWORK OF HIGHWAYS OR A SYSTEM OF HIGHWAY TRANSPORT TO COMPARE WITH OURS.
10. AS A NATION, WE ARE IN LOVE WITH ROADS,
11. AND TRUCKS HAVE A PLACE IN OUR NATIONAL FOLKLORE.

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(=NEW CARD=) (BUT THE)

1. BUT THE FREEDOM OF MOVEMENT & ENTERPRISE THAT ROADS & TRUCKING REPRESENT
2. HAS BEEN PARTIALLY STIFLED BY 45 YEARS OF EXCESSIVE
GOVERNMENT RESTRICTION.
3. THE MOTOR CARRIER ACT OF 1980 WILL ELIMINATE ↗
4. THE RED TAPE & SENSELESS OVER-REGULATION THAT HAVE HAMPERED
5. THE FREE GROWTH & DEVELOPMENT OF THE AMERICAN TRUCKING INDUSTRY.
6. THE ACT WILL ALSO HAVE A POWERFUL ANTI-INFLATIONARY EFFECT,
7. REDUCING CONSUMER COSTS BY AS MUCH AS \$8 BILLION A YEAR.
8. BY ENDING WASTEFUL PRACTICES, MOREOVER,
9. THE ACT WILL CONSERVE ANNUALLY HUNDREDS OF MILLIONS OF GALLONS
OF PRECIOUS FUEL.

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(=OVER=) (THE HEART.....)

1. THE HEART OF THE MOTOR CARRIER ACT OF 1980 IS THE
2. PROMPT, SWEEPING CHANGES IT WILL MAKE IN THE TRUCKING REGULATIONS ↗
3. THAT HAVE INSULATED THE INDUSTRY FROM COMPETITION SINCE 1935.
4. NO LONGER WILL TRUCKS TRAVEL EMPTY BECAUSE OF RULES ↗
5. ABSURDLY LIMITING THE KINDS OF GOODS THEY MAY CARRY.
6. NO LONGER WILL TRUCKS BE FORCED HUNDREDS OF MILES OUT OF THEIR WAY
FOR NO REASON,
7. OR PROHIBITED POINTLESSLY FROM STOPPING TO PICK UP & DELIVER GOODS
AT CERTAIN POINTS ALONG THEIR ROUTES.

(=NEW CARD=) (THE ACT.....)

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1. THE ACT WILL BRING THE TRUCKING INDUSTRY INTO THE FREE MARKET SYSTEM WHERE IT BELONGS.
2. IT WILL ENCOURAGE NEW TRUCKERS, & EXPANSION BY EXISTING FIRMS.
3. IT WILL HELP TO BROADEN OPPORTUNITIES FOR MINORITIES, FOR WOMEN,
4. AND FOR ALL TRUCKERS EAGER TO COMPETE IN A FREE MARKET.
5. CONSUMERS WILL BENEFIT FROM LOWER PRICES.
6. SHIPPERS WILL BENEFIT FROM INCREASED PRICE & SERVICE OPTIONS.
7. LABOR WILL BENEFIT FROM ADDED JOBS.
8. FINALLY, THE TRUCKING INDUSTRY ITSELF WILL BENEFIT
9. FROM GREATER FLEXIBILITY & MORE OPPORTUNITY FOR INNOVATION.

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for Preservation Purposes (OVER=) (THIS ACT.....)

1. THIS ACT IS IMPORTANT IN ITS OWN RIGHT.
2. PROTECTIVE & WASTEFUL REGULATIONS WILL BE REPLACED ✓
3. BY COMPETITION & THE DISCIPLINE OF THE FREE MARKET,
4. TO THE BENEFIT OF ALL AMERICANS.
5. BUT THE ACT SHOULD ALSO BE SEEN IN CONTEXT,
6. AS A PART OF THIS ADMINISTRATION'S SWEEPING PROGRAM OF REGULATORY REFORM.
7. TOGETHER WITH CONGRESS,
8. WE HAVE DONE FAR MORE THAN ANY OTHER ADMINISTRATION IN HISTORY
9. TO ELIMINATE SUPERFLUOUS & OUTMODED REGULATION,
10. AND TO PROVIDE MORE EFFICIENT MANAGEMENT OF THE REGULATIONS
Electrostatic Cop. for Preservation Purposes THAT REMAIN ESSENTIAL.

(=NEW CARD=) (WE FOUGHT.....)

1. WE FOUGHT SUCCESSFULLY FOR AIRLINE DEREGULATION,
2. AND AS A RESULT THE "CAB" REPORTS THAT AIR TRAVELLERS
3. HAVE ALREADY SAVED MORE THAN \$5 BILLION,
4. WHILE AIRLINE PRODUCTIVITY HAS GREATLY INCREASED.
5. I PROPOSED & HAVE SIGNED INTO LAW
6. REFORM LEGISLATION TO ENHANCE COMPETITION
7. AND IMPROVE SERVICE IN THE BANKING INDUSTRY.
8. I PROPOSED, AND CONGRESS IS NEARING FINAL PASSAGE OF,
9. LEGISLATION TO ELIMINATE ARCHAIC & UNNECESSARY REGULATION OF RAILROADS.
10. WHERE REGULATIONS COULD NOT BE ELIMINATED,
11. WE HAVE REFORMED THE WAY THEY ARE PRODUCED & REVIEWED,
12. WE HAVE ESTABLISHED A SUNSET REVIEW PROGRAM
13. FOR ALL MAJOR NEW REGULATIONS.

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1. WE HAVE CUT FEDERAL PAPERWORK BY 15%, & WILL CUT IT FURTHER.
2. ~~AND WE ARE MAKING REAL PROGRESS IN WEEDING OUT INCONSISTENT REGULATIONS~~
3. ~~AND IN ENCOURAGING INNOVATIVE REGULATORY TECHNIQUES~~
4. ~~THAT SAVE MILLIONS OF DOLLARS & STILL MEET STATUTORY REQUIREMENTS.~~
5. OUR COMPREHENSIVE PROGRAM OF REGULATORY REFORM IS A GREAT ACCOMPLISHMENT,
6. AND THE TRUCKING BILL IS ONE OF ITS MOST IMPORTANT ELEMENTS.
7. IT WILL MAKE SURE THAT AMERICAN TRUCKERS CAN, IN THEIR OWN WORDS,
KEEP ON TRUCKING.
8. IT IS WITH GREAT PRIDE & SATISFACTION
9. THAT I NOW SIGN INTO LAW THE MOTOR CARRIER ACT OF 1980.

#

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Attached ~~is a copy of the~~ first page of your remarks to this group with added language to indicate that Secretary Andrus will not be present.

Congressional Liaison feels that he should be acknowledged whether or not he is present.

7/1/80 // 200 PM

THE WHITE HOUSE
WASHINGTON

June 30, 1980

MEMORANDUM FOR THE PRESIDENT

FROM:

Al McDonald *AM*
Gordon Stewart
Achsah Nesmith *AN*

SUBJECT:

Presidential Speech:
Vietnam Veterans
Memorial Bill Signing

Scheduled Delivery:
Tue, July 1, 2 PM
Rose Garden

Your speech for this event is attached.

Clearances

Max Cleland
NSC
State Dept
Defense Dept
Ray Jenkins
David Rubenstein
Mike Chanin

2:00 PM

THE WHITE HOUSE

WASHINGTON

July 1, 1980

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BILL SIGNING - VIETNAM VETERANS MEMORIAL

Tuesday, July 1, 1980

2:00 p.m.

The Rose Garden

From: Frank Moore *F.M./BR*

Special mention should be given to the following:

The Honorable Max Cleland of the Veterans' Administration
Robert Herbst, Assistant Secretary of Interior for Fish,
Wildlife and Parks

David Jones, CJCS

J. Carter Brown, Chairman of the Commission on Fine Arts

David Childs, Chairman, National Capital Planning Commission

Manus Fish, Jr. Director of National Capital Parks for the
National Park Service

Jan Scruggs and other representatives of the Vietnam Veterans
Memorial Fund

representatives of 20 major veterans organizations

From the House:

Congressman John Cavanaugh

Congressman Tony Coelho

Congressman George Danielson

Congressman Tom Daschle, Chairman, Vietnam Veterans in Congress

Congressman William Dickinson

Congressman Martin Frost

Congressman Al Gore

Congressman Phil Gramm

Congressman Sam Hall

Congressman John Paul Hammerschmidt

Congressman Tom Harkin

Congressman Jim Jones

Congressman John LaFalce

Congressman Claude "Buddy" Leach

Congressman Leon Panetta

Congressman Toby Roth

Congressman Harold Sawyer

Congressman Lester Wolff

From the Senate:

Senator Mark Hatfield

Senator Daniel Inouye

Senator "Mac" Mathias

Senator Larry Pressler
Senator Jennings Randolph
Senator Robert Stafford
Senator Strom Thurmond
Senator John Warner
Senator Dale Bumpers

2:00 PM

THE WHITE HOUSE

WASHINGTON

June 30, 1980

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BILL SIGNING - VIETNAM VETERANS MEMORIAL

Tuesday, July 1, 1980

2:00 p.m.

The Rose Garden/ East Room

From: Frank Moore *F.M.*
Gretchen Poston

I. PURPOSE

To sign into law a bill setting aside two acres of federal land in Constitution Gardens for a Vietnam Veterans Memorial.

II. BACKGROUND

With the signing of S.J.Res.119, the first important step toward the establishment of a permanent memorial in the Nation's Capital to the men and women who served in Southeast Asia will be complete.

This effort was begun over two years ago when a young Vietnam veteran and Labor Department employee, Jan Scruggs, first began to organize a national effort for the memorial. His cause was given early support by Senator Charles Mathias, who did more than anyone in the Congress to get this legislation passed.

The legislation authorizes Scrugg's non-profit organization, the Vietnam Veterans Memorial Fund, Inc. to collect donations from the American public to build the memorial. Once enough money is collected -- and the group has five years to collect funds -- a memorial will be constructed in Constitution Gardens in West Potomac Park. The design and location will have to be approved by the Secretary of the Interior, the National Capital Planning Commission, and the Commission of Fine Arts. The only federal government expense will come at such time as the memorial is completed and the National Park Service takes over its permanent maintenance and care.

The success of this effort is largely due to its broad bipartisan support and because the country has finally come to acknowledge the debt of gratitude, often ignored in the past, to those who served in the Vietnam War. This resolution was co-sponsored by every member of the Senate.

III. PARTICIPANTS

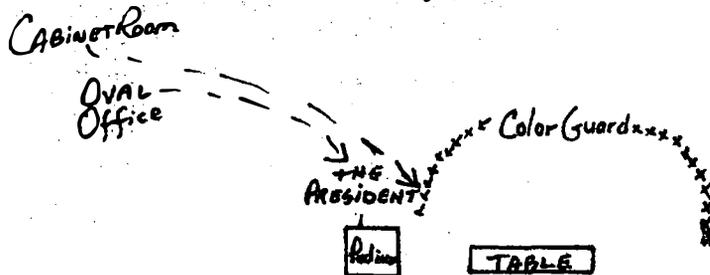
Max Cleland, Veterans Administration Administrator
Robert Herbst, Assistant Secretary of Interior for Fish
and Wildlife and Parks (representing Secretary Andrus)

Tomorrow morning we will give you an updated list of
the Members of Congress who will be attending.

IV. SCENARIO

- 1:30 PM Members of Congress and special guests arrive
Northwest Gate and proceed to Cabinet Room
- 1:30 PM Other guests arrive Southwest Gate and proceed
directly to Rose Garden
- 1:50 PM Special guests proceed to seats in Rose Garden
behind the podium
- 1:55 PM Color Guard arrives
- 2:00 PM The President arrives in the Rose Garden, proceeds
directly to the podium for remarks.
- 2:05 PM The President proceeds to the table to sign the
bill.
- 2:10 PM The President recognizes Max Cleland, who will be
prepared to make a few remarks (and announce that
after the ceremony, everyone is invited to walk to
Constitution Gardens to tour the proposed site for
the memorial.)
- 2:15 PM The President recognizes Senator Mac Mathias who
will make brief remarks.
- 2:17 PM The President recognizes Congressman Lucien Nedzi
who will also make brief remarks.
- 2:20 PM The President makes his concluding remarks and departs
the Rose Garden.

*If the Vice President attends, he should meet the Members of
Congress in the Cabinet Room at 1:55 AM. He is then escorted
to seat immediately before the PRESIDENT.



GUESTS

[Names in the opening will be updated by Allison Thomas x2800 by 10 AM Tuesday.]

Achsah Nesmith
A-2; 6/30/80
Scheduled Delivery:
Tues, July 1, 2 PM

2:00 pm

Vietnam Memorial Bill Signing

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unanimous

I know of few ^a Senate resolutions ~~every single member~~
~~joined in sponsoring~~. It is fitting that this resolution and
the effort to provide a suitable memorial to those who fought
and died for our country during the Vietnam War should have such
broad and bi-partisan support. My wife Rosalynn has joined ~~many~~,
many others on the Sponsoring Committee of the Vietnam Veteran
Memorial Fund. I particularly want to acknowledge the dedication
of Jan Scruggs, who began this effort formally in April, 1979;
the leadership of Senators Mathias and Warner, Congressmen Bonior
and Daschle, Chairman Bumpers and Chairman Nedzi, ^(Congressman Hammerschmidt) who led the
legislation successfully through the Congress. I also want to
congratulate and thank Secretary Andrus, ^{who could not be here today but,} whose agency supported
and will maintain this monument, and ^{Veterans} ~~V.A.~~ Administrator Max
Cleland, whose service to his country has continued since that
war through today, and who joyfully celebrates his own "alive day"

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each year because he knows, better than most of us, what it means to sacrifice, serve and survive.

A long and painful process brought us to this day. Our nation was divided by this war. For too long we tried to put that behind us by forgetting the war. In the process we cruelly ignored those who ^{bravely} ~~unselfishly~~ answered their nation's call, adding to ^{their} ~~the~~ pain of those who had already suffered the additional burden of our ^{nation's} own inner conflict.

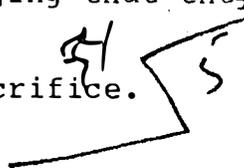
Over the last three-and-one-half years I have, ^{encouraged and have} been heartened to witness an enormous change in the attitude of Americans toward those who served ^{in Vietnam}. A national healing and reconciliation is taking place, and we are ready at last to ^{more deeply and publicly} acknowledge the debt we can never fully pay.

The word "honor" has been used so often and so carelessly, especially in public ceremonies, that there is a danger that it may lose its meaning. More important, we may lose its meaning,

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and with it a concept of duty, a standard of behavior, a
humility that is precious and irreplaceable.

When I say today that I am honored to be able to sign
this resolution into law, I use the word with care. This is
an important step toward the establishment of a permanent
memorial for the young men and women who died in the service
of their country during the Vietnam War, for those who, despite
all our efforts, are still missing, and for all who served.

We are honored to have a small part in ^{offering this overdue} ~~granting them just~~
recognition. They honored their country with their service,
and ^{no delay in recognizing their service them} ~~our own failure to do our duty by acknowledging that they~~
~~did theirs~~ can ~~not~~ lessen the value of their sacrifice. 

Perhaps even

~~Far~~, more than those who served, our country needs this
memorial, as a reminder of what happened in the past, what was
lost, and our need to learn from it. We need it also as a
physical place where we can pay tribute to what these young

lives meant, a place apart to recall the meaning of honor itself,
where the word will retain all ^{its} the austere grandeur. ~~it originally~~
~~held. We who lived through that war have a duty not only to~~
~~those who died but to those who will come after, to understand~~
~~and to remember and to keep sacred the honor of this country and~~
~~those who served it.~~

~~Even as we grieve for the love and joy and promise that was
cut off, we know that the sum of their lives was measured not in
length of days, but in their courage and commitment.~~

~~This memorial will be a symbol as well to those who came~~
~~back -- a belated thanks and welcome home. In honoring those~~
who answered the call of duty, we do not honor war, but the peace
they sought, the freedoms they fought to preserve, the hope they
held out for a world in which ^{we} ~~men~~ might yet learn to settle ~~their~~
differences without resorting to violence.

All of us must be willing to sacrifice to protect freedom

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and justice, but we are not called upon to sacrifice equally.

In every war some are called upon for the ultimate sacrifice,

some come home with ~~broken~~ bodies ^{which must} ~~to~~ bear daily pain for the

rest of their lives.

A tragically large number were still missing when the war in Vietnam ended. ~~We have kept up constant efforts to get the Communist governments of Southeast Asia to provide additional information and to return to us the bodies of any Americans still in their custody.~~ We will continue to seek the fullest possible accounting of all who are still missing. It is a pointless act of cruelty to prolong the vigil of those who have waited all these years, a vigil we all share.

At the time of our White House reception in honor of Vietnam Veterans last year, Phil Caputo, author of A Rumor of War, permitted me to read from his book. I was greatly moved by this passage, as were others at the time, and I feel it is

even more appropriate to read here today what Caputo wrote in 1976 about the death of a comrade and classmate, Walter Levy, who died trying to save a fellow soldier:

"So much was lost with you, so much talent and intelligence and decency. You were the first from our class of 1964 to die. There were others, but you were the first and more: you embodied the best that was in us. You were a part of us, and a part of us died with you, the small part that was still young, that had not yet grown cynical, grown bitter and old with death. Your courage was an example to us, and whatever the rights or wrongs of the war, nothing can diminish the rightness of what you tried to do. Yours was the greater love. You died for the man you tried to save, and you died 'pro patria.' It was not altogether sweet and fitting, your death, but I'm sure you died believing it was 'pro patria.' You were faithful."

Caputo goes on to say that our country had not matched that faithfulness because it had tried to forget the war, that

11 years after his friend's death there were no monuments, no statues, no plaques or memorials because such symbols would make it harder to forget. I did not read that part, ^{aloud} because I ~~believe that~~ we will build a memorial to the Walter Levys who ^{on the other side of} died, ~~across~~ the world sacrificing themselves for others, ~~while~~ ~~some of us slept safely in our houses.~~

With this memorial we will say with Caputo, "We loved you for what you were and what you stood for," that we care, and we ^{will always} remember.

#

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1. I KNOW OF FEW UNANIMOUS SENATE RESOLUTIONS *or ACTIONS*
2. IT IS ^{ESPECIALLY} FITTING THAT THIS RESOLUTION
3. & THE EFFORT TO PROVIDE A SUITABLE MEMORIAL
4. TO THOSE WHO FOUGHT & DIED FOR OUR COUNTRY DURING THE VIETNAM WAR
5. SHOULD HAVE SUCH BROAD & BI-PARTISAN SUPPORT.
6. MY WIFE ROSALYNN HAS JOINED MANY OTHERS ON THE
7. SPONSORING COMMITTEE OF THE VIETNAM VETERAN MEMORIAL FUND.
8. I PARTICULARLY WANT TO ACKNOWLEDGE THE DEDICATION OF JAN SCRUGGS,
9. WHO BEGAN THIS EFFORT FORMALLY IN APRIL, 1979;..
10. THE LEADERSHIP OF SENATORS MATHIAS & WARNER,..
11. CONGRESSMEN BONIOR & DASCHLE,..
12. CHAIRMAN BUMPERS & CHAIRMAN NEDZI,.. CONGRESSMAN HAMMERSCHMIDT -- *& others*
13. WHO LED THE LEGISLATION SUCCESSFULLY THROUGH THE CONGRESS.

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(=OVER=) (I ALSO...)

1. I ALSO WANT TO CONGRATULATE & THANK SECRETARY ANDRUS,
2. WHO COULD NOT BE HERE TODAY, BUT WHOSE AGENCY SUPPORTED
& WILL MAINTAIN THIS MONUMENT,...
3. AND VETERANS ADMINISTRATOR MAX CLELAND,
4. WHOSE SERVICE TO HIS COUNTRY HAS CONTINUED SINCE THAT WAR THROUGH TODAY,
5. AND WHO JOYFULLY CELEBRATES HIS OWN "ALIVE DAY" EACH YEAR
6. BECAUSE HE KNOWS, BETTER THAN MOST OF US,
7. WHAT IT MEANS TO SACRIFICE, SERVE & SURVIVE.
8. A LONG & PAINFUL PROCESS BROUGHT US TO THIS DAY.
9. OUR NATION WAS DIVIDED BY THIS WAR.
10. FOR TOO LONG WE TRIED TO PUT THAT BEHIND US BY FORGETTING THE WAR.

(=NEW CARD=) (IN THE PROCESS.....)

1. IN THE PROCESS WE CRUELLY IGNORED THOSE WHO BRAVELY ANSWERED
THEIR NATION'S CALL,
2. ADDING TO THEIR PAIN THE ADDITIONAL BURDEN OF ↗
3. OUR NATION'S OWN INNER CONFLICT. ↗
4. OVER THE LAST 3½ YEARS I HAVE ENCOURAGED & HAVE BEEN HEARTENED ↗
5. TO WITNESS AN ENORMOUS CHANGE IN THE ATTITUDE OF AMERICANS ↗
6. TOWARD THOSE WHO SERVED IN VIETNAM.
7. A NATIONAL HEALING & RECONCILIATION IS TAKING PLACE,
8. AND WE ARE READY AT LAST TO ACKNOWLEDGE MORE DEEPLY & PUBLICLY
9. THE DEBT WE CAN NEVER FULLY PAY. ↗
10. THE WORD "HONOR" HAS BEEN USED SO OFTEN & SO CARELESSLY,
11. ESPECIALLY IN PUBLIC CEREMONIES,
12. THAT THERE IS A DANGER THAT IT MAY LOSE ITS MEANING.

(=OVER=) (MORE IMPORTANT.....)

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1. MORE IMPORTANT, WE MAY LOSE ITS MEANING,
2. AND WITH IT A CONCEPT OF DUTY,...A STANDARD OF BEHAVIOR,...
3. A HUMILITY THAT IS PRECIOUS & IRREPLACEABLE.
4. WHEN I SAY TODAY THAT I AM HONORED TO BE ABLE TO SIGN ✓
5. THIS RESOLUTION INTO LAW, I USE THE WORD WITH CARE.
6. THIS IS AN IMPORTANT STEP TOWARD THE ESTABLISHMENT OF A ✓
7. PERMANENT MEMORIAL FOR THE YOUNG MEN & WOMEN ✓
8. WHO DIED IN THE SERVICE OF THEIR COUNTRY DURING THE VIETNAM WAR,
9. FOR THOSE WHO, DESPITE ALL OUR EFFORTS, ARE STILL MISSING,
10. AND FOR ALL WHO SERVED. - & RETURNED
11. WE ARE HONORED TO HAVE A SMALL PART IN OFFERING THIS OVERDUE RECOGNITION.
12. THEY HONORED THEIR COUNTRY WITH THEIR SERVICE,
13. AND NO DELAY IN RECOGNIZING THEM CAN LESSEN THE VALUE OF THEIR SACRIFICE.

(=NEW CARD=) (PERHAPS EVEN.....)

1. PERHAPS EVEN MORE THAN THOSE WHO SERVED, OUR COUNTRY NEEDS THIS MEMORIAL,
2. AS A REMINDER OF WHAT HAPPENED IN THE PAST, ...WHAT WAS LOST, ...
& OUR NEED TO LEARN FROM IT.
3. WE NEED IT ALSO AS A PHYSICAL PLACE WHERE WE CAN PAY TRIBUTE
TO WHAT THESE YOUNG LIVES MEANT,
4. A PLACE APART TO RECALL THE MEANING OF HONOR ITSELF,
5. WHERE THE WORD WILL RETAIN ALL ITS AUSTERE GRANDEUR. /
6. IN HONORING THOSE WHO ANSWERED THE CALL OF DUTY, WE DO NOT HONOR WAR --
7. BUT THE PEACE THEY SOUGHT, ..THE FREEDOMS THEY FOUGHT TO PRESERVE, ..
8. THE HOPE THEY HELD OUT FOR A WORLD IN WHICH WE MIGHT YET LEARN
TO SETTLE DIFFERENCES WITHOUT RESORTING TO VIOLENCE. /

(=OVER=) (ALL OF US.....)

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1. ALL OF US MUST BE WILLING TO SACRIFICE TO PROTECT FREEDOM & JUSTICE,
2. BUT WE ARE NOT CALLED UPON TO SACRIFICE EQUALLY.
3. IN EVERY WAR SOME ARE CALLED UPON FOR THE ULTIMATE SACRIFICE,
4. SOME COME HOME WITH BODIES WHICH MUST BEAR DAILY
PAIN FOR THE REST OF THEIR LIVES. /
5. A TRAGICALLY LARGE NUMBER WERE STILL MISSING WHEN THE WAR IN VIETNAM ENDED.
6. WE WILL CONTINUE TO SEEK THE FULLEST POSSIBLE ACCOUNTING
OF ALL WHO ARE STILL MISSING.
7. IT IS A POINTLESS ACT OF CRUELTY TO PROLONG THE VIGIL
8. OF THOSE WHO HAVE WAITED ALL THESE YEARS -- A VIGIL WE ALL SHARE. /

(=NEW CARD=) (AT THE TIME.....)

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1. AT THE TIME OF OUR WHITE HOUSE RECEPTION
2. IN HONOR OF VIETNAM VETERANS LAST YEAR,
3. PHIL CAPUTO -- AUTHOR OF "A RUMOR OF WAR" --
4. PERMITTED ME TO READ FROM HIS BOOK.
5. I WAS GREATLY MOVED BY THIS PASSAGE, AS WERE OTHERS AT THE TIME,
6. AND I FEEL IT IS EVEN MORE APPROPRIATE TO READ HERE TODAY
7. WHAT CAPUTO WROTE IN 1976 ABOUT THE DEATH OF A
8. COMRADE & CLASSMATE, WALTER LEVY,
9. WHO DIED TRYING TO SAVE A FELLOW SOLDIER:

(=OVER=) ("SO MUCH.....")

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1. "SO MUCH WAS LOST WITH YOU, SO MUCH TALENT & INTELLIGENCE & DECENCY.
2. "YOU WERE THE 1ST FROM OUR CLASS OF 1964 TO DIE.
3. "THERE WERE OTHERS, BUT YOU WERE THE 1ST & MORE:
4. "YOU EMBODIED THE BEST THAT WAS IN US.
5. "YOU WERE A PART OF US, & A PART OF US DIED WITH YOU --
6. "THE SMALL PART THAT WAS STILL YOUNG,..
7. "THAT HAD NOT YET GROWN CYNICAL, GROWN BITTER & OLD WITH DEATH.
8. "YOUR COURAGE WAS AN EXAMPLE TO US,
9. "AND WHATEVER THE RIGHTS OR WRONGS OF THE WAR,
10. "NOTHING CAN DIMINISH THE RIGHTNESS OF WHAT YOU TRIED TO DO.
11. "YOURS WAS THE GREATER LOVE.
12. "YOU DIED FOR THE MAN YOU TRIED TO SAVE, & YOU DIED 'PRO PATRIA'.
13. "IT WAS NOT ALTOGETHER SWEET & FITTING, YOUR DEATH,...BUT I'M SURE
14. YOU DIED BELIEVING IT WAS 'PRO PATRIA'. ... YOU WERE FAITHFUL."/

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(=NEW CARD=) (CAPITO.....)

1. CAPUTO GOES ON TO SAY THAT OUR COUNTRY HAD NOT MATCHED THAT FAITHFULNESS
2. BECAUSE IT HAD TRIED TO FORGET THE WAR,
3. THAT 11 YEARS AFTER HIS FRIEND'S DEATH
4. THERE WERE NO MONUMENTS, .. NO STATUES, .. NO PLAQUES OR MEMORIALS
5. BECAUSE SUCH SYMBOLS WOULD MAKE IT HARDER TO FORGET.
6. I DID NOT READ THAT PART ALOUD. *now*
7. ~~BECAUSE~~ WE WILL BUILD A MEMORIAL TO THE WALTER LEVYS
8. WHO DIED ON THE OTHER SIDE OF THE WORLD
9. SACRIFICING THEMSELVES FOR OTHERS. /
10. WITH THIS MEMORIAL WE WILL SAY WITH CAPUTO,
11. "WE LOVED YOU FOR WHAT YOU WERE & WHAT YOU STOOD FOR," ...
12. THAT WE CARE, ... & WE WILL ALWAYS REMEMBER. //

#

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CLELAND
MATTHIAS
NEDEZI

**Electrostatic Copy Made
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8:00 AM

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THE WHITE HOUSE
WASHINGTON

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ADMINISTRATIVELY CONFIDENTIAL

CONGRESSIONAL LEADERSHIP BREAKFAST

Tuesday, July 1, 1980

8:00 a.m.
State Dining Room

From: Frank Moore - *Bob T*

I. PRESS PLAN

White House Photographer

II. PARTICIPANTS

See attached list.

III. INTRODUCTION

The major thrust of this Leadership Breakfast will be the proposed tax cut legislation. However, there are a few other legislative items on the critical path which should be mentioned briefly.

Both the Rail Deregulation bill and the Youth Employment bill are ready for House floor action. You should ask the Speaker to schedule these two bills this week if such a move would not cause a serious disruption of the important appropriations items. You could do this privately before the formal discussion begins.

At some time in the breakfast, you should also say the following:

"I had not planned to get into a discussion of the Supplemental Conference. But an action has come to my attention which is so potentially disruptive that I feel I must discuss it with you. I understand that Bob Bauman is working to prevent the appropriation of the FY '80 Foreign Aid Conference Report. As you know, Senator Inouye masterfully protected the Foreign Aid Conference Report in the Senate supplemental. Now Bauman has plans for a motion to instruct the House Conferees not to accept that portion of the Senate supplemental. I cannot tell you often enough that we

need more than a strong defense budget to maintain national interests. Foreign aid is an essential component of our foreign policy. This country cannot afford not to compete with the Soviets in the Third World."

At the end of the breakfast you should invite the leadership to attend the Trucking Deregulation signing ceremony at 9:30 A.M.

IV. TAX CUT DISCUSSION

Attached are talking points from CEO. Charlie Schultze, Secretary Miller, Stu Eizenstat, Jim McIntyre and myself have signed off on them. As you can see from the talking points, the main purpose of this meeting is to deal ourselves into the process without becoming committed on substance or timing at this early date.

For your information, both Senate and House staffs intend to have tax cut legislation drafted in a preliminary form by the end of the week. The Senate task force consists of 24 Senators broken up into several subcommittees, each studying a different aspect of tax policy. Majority Leader Byrd has said the Finance Committee will report out tax cut legislation this year, and the Senate will have time to consider it.

Obviously, we must move swiftly to have an impact on this process. We must also move cautiously. We learned from the budget consultations in March that the leadership is not always able to deliver on its commitments--even less so in an election year (e.g., the gasoline conservation fee).

Notwithstanding our differences with the Senate on timing, it is important that the Democrats appear as united as possible after today's meeting. Consequently, as the discussion nears its conclusion, the Vice President will suggest the importance of having a unified position for the press. Secretary Miller will immediately suggest points of consensus that have emerged from the discussion and suggest those points be used when any of the participants speak to the press about the breakfast discussion.

CONGRESSIONAL LEADERSHIP BREAKFAST

Tuesday, July 1, 1980

PARTICIPANTS

The President
The Vice President

Senator Robert C. Byrd
Senator Warren G. Magnuson
Senator Alan Cranston
Senator Daniel K. Inouye
Senator Lloyd Bentsen
Senator Ernest F. Hollings

Speaker Thomas P. O'Neill, Jr.
Congressman Jim Wright
Congressman Tom Foley
Congressman John Brademas
Congressman Daniel Rostenkowski
Congressman Al Ullman
Congressman Jamie Whitten
Congressman Robert N. Giaimo
Congressman Richard Bolling

William Miller
Charles Schultze
Stu Eizenstat
Jack Watson
Zbig Brzezinski
Jim McIntyre
John White
Al McDonald
Bill Smith
Gene Godley
Frank Moore
Bill Cable
Dan Tate

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

June 30, 1980

MEMORANDUM FOR THE PRESIDENT

From: Council of Economic Advisers
Congressional Liaison

Subject: Dealing with a tax cut at tomorrow's
Leadership breakfast

CS

The attached talking points are mainly self-explanatory. They seek to make four points.

1. If the Democrats stick together, the excessively clever Reagan tax "ploy" can be turned sharply against him. But we can realize this goal only if we do not seem to be at odds with each other.
2. While you believe a carefully designed tax cut, with long-term objectives, would be appropriate in 1981, you are very skeptical that such a program could be designed and enacted in the limited time remaining this year, and in the atmosphere of an election campaign.
3. You recognize the Senate Democrats' contrary views. While reserving the right of eventual disagreement on timing, we can begin to work together to develop a long-term economic program.
4. You will ask the EPG to meet with Congressional task forces toward this end, along the lines that were so fruitful last March.

Attachment

1. A year and a half ago in my Economic Report to the Congress, I said: "In the years beyond 1980, as we are successful in containing the growth in Federal spending and bringing down the rate of inflation, we can look toward reductions in Federal taxes." This January in my Economic Report, I reiterated that view. Again in March, when I asked the Congress to reduce Federal spending I said "...once these spending limitations have actually been achieved, we can then provide tax relief to encourage investment. Through fiscal discipline today, we can free up resources tomorrow, through tax reductions, for the productivity increase which our Nation needs."

Under the right conditions, with the proper timing, and after full deliberation, a carefully constructed tax cut next year could contribute both to a more healthy economic recovery and an improvement in productivity, without risking a renewal of inflationary pressures.

2. The Reagan-Kemp-Roth proposal fails that test on just about every ground.
 - o It's the first stage of a combination Kemp-Roth/depreciation liberalization/tax indexing bill that would cost the Treasury \$135 billion in 1983 and \$280 billion by 1985. Even the first phase of Reagan-Kemp-Roth would lose \$60 billion in revenues in the fiscal 1982 budget and would cost \$135 billion in 1985.
 - o Trying to tag this massive and radical tax plan onto some other piece of legislation, by a floor amendment, without committee hearings or deliberation, is the worst kind of bad government and a blatant attempt at a clever electioneering trick.
3. If we stay together on this matter, we have an excellent chance of turning the Reagan tax proposal into a real defeat for him. The American people will not, I am convinced, be fooled by this kind of pell-mell rush to pass an election year tax cut.

4. This means we Democrats have to proceed very carefully and deliberately ourselves.
 - o We must not be perceived as rushing in to draft a hurried election year tax cut ourselves.
 - o We must make sure that our spending restraint has actually been accomplished in terms of authorization and appropriations bills.
 - o We do not need a tax cut to turn recession into recovery. We will probably need a tax cut next year, but one designed to give us a more vigorous recovery and to improve our country's productivity over the long term.
 - o We have to make sure that the future year revenue losses from a tax cut -- which will grow over time -- do not lead to a continuing string of government deficits even after the recession is over.

5. In my judgement it will be exceedingly difficult to develop and enact a sound tax bill in the tail end of this Congressional session, because of:
 - o The many different views that have to be considered and reconsidered.
 - o The complexities of the subject.
 - o The small number of working days left in the session.
 - o And the atmosphere of an election year.

6. I know that the Senate Democrats have a different view about a tax cut this year. But I urge you to leave your options open.

Without the Senate, the House, or the Administration having to give way on this matter of timing, we can all agree to start intensive consultations

about a long-term economic program to revitalize the American economy.

7. With your agreement, I will ask my economic advisors to begin meeting with task forces appointed by the Speaker and the Majority Leader, following the very successful precedent we established last March.

THE WHITE HOUSE

WASHINGTON

01 Jul 80

FOR THE RECORD

GENE EIDENBERG RECEIVED
ORIGINAL FOR HANDLING
AND DELIVERY.

THE WHITE HOUSE

WASHINGTON

June 30, 1980

Sumner

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MEMORANDUM FOR THE PRESIDENT

FROM: GENE EIDENBERG *Gene*

SUBJECT: Letter from You to Governor Byrne of New Jersey

The New Jersey-Haiti Partners of the Americas is organizing a trade promotion conference in New Jersey in September. I understand this is the first time a Partners program has undertaken a trade promotion conference.

In his capacity as Chairman of Caribbean/Central American Action, Governor Bob Graham sent Governor Byrne a letter congratulating him for his efforts. I recommend that you likewise send Byrne a complimentary note (attached). The letter was cleared by the NSC and Speechwriters.

Attachment

THE WHITE HOUSE

WASHINGTON

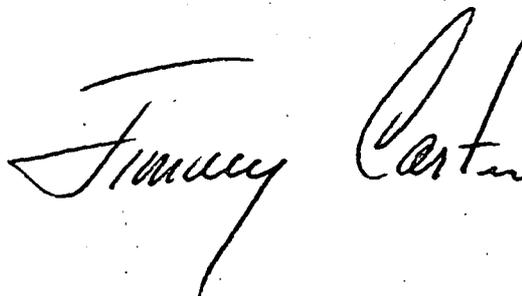
To Governor Brendan Byrne

I was pleased to learn that the New Jersey-Haiti Partners of the Americas Program is organizing a conference in New Jersey in September, and that you have agreed to participate as Honorary Chairman.

I applaud this undertaking to strengthen people-to-people contact, and to promote trade in an important neighboring country which has one of the lowest living standards in the Hemisphere.

I firmly believe that this type of private incentive can play an important role in promoting progress in developing countries, in a special way which cannot be reached by government-to-government programs. I wish you and the New Jersey Partners of the Americas every success both in the conference and in future efforts to build relationships with the people of the Republic of Haiti.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

The Honorable Brendan T. Byrne
Governor of New Jersey
Trenton, New Jersey 08625

THE WHITE HOUSE
WASHINGTON
01 Jul 80

Lloyd Cutler
Phil Wise

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

Rick Hutcheson

THE WHITE HOUSE

WASHINGTON

7/1/80

Mr. President:

The only possibility for you would be the last day (Aug. 22) of the Gymnastics in Washington.

Phil

THE WHITE HOUSE

WASHINGTON

June 30, 1980

Lloyd
J

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MEMORANDUM FOR THE PRESIDENT

FROM: LLOYD N. CUTLER *LNC*

SUBJECT: Olympic Trials and Alternative Competitions

You have previously agreed that Administration representatives would attend some of the major Olympic trials. You also indicated that you or other Administration officials would try to attend alternative international competitions. I am therefore providing a list of the major up-coming events which you or other Administration representatives have been invited to attend.

1. Alternative Track and Field Competition, Philadelphia, July 16 and 17. Our track and field federation has arranged this event on the eve of the Olympics and expects participation from Chinese, Japanese, West German, Kenyan and other athletes. This will be the first and perhaps the most highly televised and publicized of the alternative competitions in the United States.
2. National Swimming Championships, Irvine, California, July 29-August 2. The swimming and diving national championships will be concluded just a few days after the Athletes Recognition Day now scheduled for July 30. The medal winners will be selected for the U.S. team. The swimming federation was not able to conclude its championships before that day because of prior commitments. Swimming is the best U.S. Olympic sport and we expect that many of the times for U.S. swimmers at the championships will beat the best times of swimmers at the Games in Moscow a week earlier. If no better representative is available, I can attend this event en route to an ABA speaking engagement in Hawaii.
3. Gymnastics, Tentatively Scheduled for the Washington Capital Center, August 20-22. This event will include China, Japan, and about eight other boycotting nations. Given its location, we expect broad diplomatic representation.

ok
J

For those events which you or Mrs. Carter or the Vice President cannot attend, we will seek to find other Administration representatives.

4. A list of all the competitions now scheduled is attached.

cc: Vice President
Al McDonald
Anne Wexler
Fran Voorde

June 30, 1980

SCHEDULE OF POST-OLYMPIC INTERNATIONAL COMPETITIONS

The events listed below will be hosted by the respective national federation in each sport. All will be invitational events.

<u>Sport</u>	<u>Location</u>	<u>Tentative Date</u>
Archery	Oxford, Ohio	August 4-9
Boxing	Nairobi, Kenya	August 25-30
Canoeing (Flatwater)	Sella Dessent, Spain	August 9
Cycling	Philadelphia, Pa.	September 7-13
Equestrian:		
Dressage	Goodwood, U.K.	August 6-10
Showjumping	Rotterdam, Netherlands	August 13-17
Three Day Event	Fontainebleau, France	August 21-24
Field Hockey		
Men's	The Netherlands	October-November
Women's	Philadelphia, Pa.	October 16-19
Gymnastics	Washington, D.C.	August 20-22
Judo	Quebec City, Canada	October 4-5
	Scottsdale, Arizona or	
	San Jose, California	August or November
Pentathlon	Fort Sam Houston, Texas	September-October
Shooting	Egypt (Possible)	No dates set
Swimming	Edmonton, Canada	August 8-9
	Honolulu, Hawaii	August 14-17
Track and Field	Philadelphia, Pa.	July 16-17
Volleyball, Women's	West Germany	July 2-15
	Cross-country tour, U.S.	October 2-30
Weightlifting	Beijing, China	Mid-October
	Honolulu, Hawaii	October 23-25
Wrestling	U.S.	Late August
Yachting	Kiel, Germany	June 21-28

THE WHITE HOUSE
WASHINGTON
01 Jul 80

Stu Eizenstat
Frank Moore

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

Rick Hutcheson

The Vice President
Al McDonald
Jack Watson

CONFIDENTIAL

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
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IMMEDIATE TURNAROUND
NO DEADLINE
FOR APPROPRIATE HANDLING
LAST DAY FOR ACTION

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

ACTION
FYI

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

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

THE WHITE HOUSE

WASHINGTON

June 28, 1980

*Frank, Stu -
Excellent report
J*

ADMINISTRATIVELY CONFIDENTIAL

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MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE
STU EIZENSTAT *Stu*

SUBJECT: Weekly Legislative Report

I. DOMESTIC POLICY ISSUES

1. Energy

EMB

The House voted to recommit the EMB Conference Report 232 to 131. Democrats voted 107 to 122 against the motion to recommit; Republicans voted 125 to 9 for the motion. Our analysis shows that when the House last voted on the issue 132 Democrats supported our position (about the same) but 89 Republicans were with us.

There are two basic reasons for this partisan shift: 1) to embarrass you at the bill signing next week; 2) a publicly unstated hope that defeating the EMB this year will make it easier to make damaging changes to basic environmental laws up for reauthorization next year. At the very least many of these Members feel it will be easier for the next Congress to legislate an EMB that has stronger waiver, grandfather, and expediting provisions.

Congressman Dingell actually has the next move. His inclination is wait a couple of days and then survey the situation. However, Congressman Bud Brown, a supporter of this move, feels it will be impossible to make a deal that will bring any significant number of Republicans on board.

ESC

The Energy Security Act of 1980, including the Synfuels Corporation and the Solar Bank, was passed by both Houses.

Utility Oil Backout

The Utility Oil Backout Bill passed the Senate on June 18, as reported from Committee, 86-7. The key crippling amendment, which would have linked conversion grants in the bill to constant emissions, was tabled 64-31. None of the proposed environmental compromise amendments were adopted.

Meetings in the House last week with Chairman Dingell indicate that he is redrafting his version of the bill. He plans to gain support from liberals and environmentalists on his Subcommittee probably by earmarking money in Phase II for programs of interest to specific Members (e.g. conservation, solar). Some type of constant emissions requirement may also be included. Dingell does not want to have an "off gas" relaxation provision, which the Senate bill has, preferring to fight it out in conference. If Dingell can build a nucleus of support, he will likely go to markup after the recess.

2. Long-Term Status of Cuban and Haitian Boat People

Reaction was mixed to our announcement last week that we would not treat Cuban and Haitian boat people as refugees but would submit legislation giving them a special status. (Legislation will be ready soon.) While Haitian advocates would have preferred refugee status, they acknowledge that our proposal treats Haitian and Cuban boat people equally. State and local governments and Members from those States that have received a large share of the refugees are unhappy that we proposed to reimburse them at less than 100%. Their view is, notwithstanding the status assigned the boat people, that the refugee presence in the country is a consequence of federal policy and that the states should be reimbursed at the customary 100%. Since both the Senate and House have enacted amendments designed to require 100% reimbursement, it seems likely that we will ultimately be directed to do so by the Congress. Congress will not be able to complete final approval of the necessary legislation supplemental before adjournment.

3. Fair Housing

S. 506, the Senate version of the Fair Housing Act Amendments of 1980, was called up at this week's meeting of the Judiciary Committee but held over until the next meeting.

Should the Committee not meet on July 22 or 29, we will try to get the Majority Leader to move the House-passed version, H.R. 5200, on the Senate floor. Of the 17 Members of the Committee, nine appear to be supporting the bill, four are opposed and three of the remaining four are leaning against the measure. Troublesome amendments are expected in both the Committee and on the floor.

*What is
Kennedy
doing?*

4. General Revenue Sharing

The House subcommittee reported our General Revenue Sharing proposal this week. We narrowly defeated (6-5 vote) a proposal to include the states in the program in FY 1982 and FY 1985. Thanks primarily to the efforts of Chairman Brooks and Frank Horton, we also succeeded in including \$500 million of countercyclical aid in the bill for FY 1981, contingent upon its inclusion in the Second Concurrent Budget Resolution. While some of the \$500 million will go to the states, it is less targeted than our transitional fiscal aid program, and provides us with a vehicle to obtain additional fiscal aid for cities in the House-Senate Conference.

Full House Committee action scheduled for the coming week should allow further formula changes we deem desirable. The bill should reach the House floor by mid-August.

The Senate is expected to begin marking-up shortly after the recess. There is considerable sentiment in the Senate for inclusion of the states and for a countercyclical program. We will work with the Senate to try to reduce the authorizations in their proposal.

5. Targeted Fiscal Assistance Legislation

The House-Senate Conference is stalled because no funding was provided for this program in the Congressional budget.

6. EDA

WHCL and DPS have been working with both the House and the Senate Conferees to determine whether the Conference deadlock can be broken. We have achieved no breakthrough yet, although the House committee version of the LPW program has improved significantly. Most important, the House now appears willing to accept an 8 percent unemployment trigger. The Senate is unbending.

7. Youth Employment

House action on our youth bill is underway. The rule was adopted 330 to 1, and general debate has been concluded. We hope final action will be completed before the recess. Congressman George Miller will introduce a number of troublesome amendments, including one to strike Title II, but they are unlikely to carry.

Following your phone call, Senator Pell announced his support for the bill. No date has been set for Senate committee action.

8. Selective Service

The House on Wednesday agreed 234-168 to the Senate Resolution to make funds available for the Selective Service System to begin registration of men. A signing ceremony for the proclamation calling for registration is scheduled for July 2nd. The program will begin on July 21 when men born in the years 1960 and 1961 will be required to register at their local post offices.

9. Railroad Deregulation

House Rules Committee voted an open rule 8-7, and floor action should come before the recess. The major fight is over an amendment supported by Congressman Eckhardt which would severely weaken the rate flexibility provision of the bill, its key component. Jim Florio, the House floor manager, with our support, opposes the amendment. However, we are encouraging Florio and Eckhardt to reach a compromise prior to floor action, and Jim Wright and John Brademas also strongly recommend that a compromise be reached if at all possible.

10. Superfund

The Senate Environment and Public Works Committee reported out S. 1480, the "Environmental Emergency Response Act," on Friday. Senators Randolph, Culver, Stafford and Chafee were very helpful in moving the bill. We have asked the Vice President to make calls thanking these Members.

The major features of the Committee bill which correspond to the Administration's proposal are:

- o An adequate and assured fund to respond to and clean up environmental emergencies (spills of hazardous substances and releases from hazardous waste dump sites), to be financed by a fee on chemicals (87-1/2%) and by appropriations (12-1/2%).
- o Authority to respond to releases that endanger air, ground, and underground water supplies, not just surface waters as under current law.
- o Strict, joint and several liability for cleanup costs for those who caused or contributed to a release from a dump site, according to common law, to assure recovery of cleanup funds from those responsible and further to encourage the chemical industry to clean up its disposal sites.

*Stick to
House on
this*

The Senate bill also provides limited funds for paying medical expenses and damages. While our bill does not provide personal injury claims, the Senate bill is now far narrower than originally proposed, and does not reduce resources for our first priority: prevention and cleanup of spills. (This is an issue to be resolved in Conference; the House bills provide no personal injury claims).

Because of its "fee," the bill is now likely to be sequentially referred to the Finance Committee, which could delay floor consideration considerably.

As you know, the House version of Superfund is in two parts, H.R. 85 (oil and hazardous substance spills) and H.R. 7020 (dump sites). These bills were overwhelmingly approved by four House Committees (Merchant Marine, Public Works, Commerce, and Ways and Means). The legislation is pending before Rules and is likely to be scheduled in late July.

11. Lobby Law Reform

Senator Mathias continues to slow down markup with delaying tactics. One Mathias amendment, eliminating disclosure of grass-roots lobbying, was adopted in committee, but we may win on a compromise amendment requiring disclosure of contributors. Markup will resume after the recess, and Senator Chiles continues to push for a strong lobby disclosure bill. DPS and WHCL will continue to work with the Justice Department to push for a strong bill.

12. Stanford Daily Legislation

A compromise was reached between the Justice Department and Senator Birch Bayh on a guideline approach to protecting third parties who are not suspects but are subject to searches and seizures. The bill, with this compromise, was reported from the full Senate Judiciary Committee. An unacceptable bill was reported from the House Judiciary Committee.

13. Small Business Authorization Bill

The Small Business Authorization bill which implements the transfer of disaster lending programs for farmers from SBA to FmHA has passed both the House and Senate. A signing ceremony is planned for the coming week.

14. Micronesian Negotiations

We have been working with Senator Johnston to resolve the concern of members of the Energy Committee that the proposed Compact of Free Association does not sufficiently preserve U.S. security interests in the Pacific. Next week we will consider a proposal to guarantee economic assistance to the governments of the three island entities involved in return for a commitment from them to permanently deny access for military purposes to other nations. It would remove the existing limitations on our commitment of assistance in the 15-year \$1.9 billion agreement.

In a related development, OMB has now dropped the condition linking our request for vital pre-trusteeship termination funding for the Trust Territory of the Micronesian decision upon acceptance of the Compact. The linkage had resulted in strong protests from the Hill and Micronesia.

15. Armed Services Physician Pay Bill

The House and Senate have acceded to the Administration's views on pay for Public Health Service physicians. We expect an acceptable enrolled bill in the next few days.

The House version of the Mental Health Systems Act still includes the objectionable PHS pay comparability provisions. We are attempting to delete or modify this language. Floor action on the Mental Health Systems Act is not expected until after the July recess.

16. Farm Economic Situation

dk We are trying to arrange for you to meet with Secretary Bergland and your other economic advisors to discuss the current farm economic situation and options for dealing with it.

17. Dairy Price Support Programs

The budget cost of the dairy program has risen sharply in recent months as supplies have risen sharply and demand has fallen. While a number of proposals for dealing with this and related problems have been offered, there is little agreement among the various groups. Given this, we believe an in-depth review of the entire dairy program is the best way to bring about needed changes and are working with Secretary Bergland in this regard.

18. Mount St. Helens

The FEMA operation continues to run smoothly, despite the contrariness of Governor Ray. FEMA expects damage assessment will be completed by the end of July, assuming there are no more major eruptions. Vegetation is beginning to reappear on parts of the mountain. The Forest Service expects up to 2 million visitors to the area this year and has just opened two mobile visitor centers along Interstate 5 about 45 miles west of the mountain. The Forest Service and the Geological Survey are continuing preparation of a land use plan for the area.

19. Autos

Expedite
We have been working with DOT, OMB, Treasury and CEA to accelerate the government's review of the auto industry. We expect DOT to provide a paper to the EPG this week. That paper should cover the short-run and long-run outlook for the industry and examine policy options in the credit, regulatory trade and tax areas. We expect to provide you with an options paper next week.

20. Urban Mass Transportation Administration Reauthorization

The Senate voted out a \$24.8 billion UMTA reauthorization bill that is much closer to the Administration's request than comparable legislation in the House. This bill includes a new formula for the disbursement of operating assistance grants, which is now based only on population and population density. The new formula would include targeted assistance to urban areas with large and efficient mass transit systems and an incentive grant formula to stimulate mass transit investment. The bill also exempts certain cities from purchasing buses accessible to the handicapped if the city provides an alternative handicapped transportation service.

21. Select Commission Immigration and Refugee Policy

The Commission's report has taken on added significance in light of our announced intention to submit special legislation relating to the status of the Haitian and Cuban boat people. The report is due March 1, 1981 which is sooner than the Congress is likely to hold hearings on our bill. The Commission is expected to suggest long-term strategies for dealing with the illegal entry into the United States of boat people from other nations.

Let's
Send letters
to Chmn
&
members

Despite the efforts of its staff, Commission meetings have been less productive than we had hoped. There is reason to believe that the Commission may have difficulty completing its report on time.

22. Splitting the Fifth Circuit

The Senate enacted by voice vote a bill dividing the United States Court of Appeals for the Fifth Circuit into two judicial circuits. One, based in New Orleans, would consist of Louisiana, Mississippi and Texas; the other, headquartered in Atlanta, would be comprised of Georgia, Alabama, and Florida. The strong stand in opposition which was taken by civil rights groups two years ago seems to have evaporated. Prospects are uncertain in the House. However, since the NAACP Legal Defense Fund and ACLU no longer object, there is a possibility that it will be enacted by the House as well.

23. Radiation Exposure to Downwind Residents of Utah and Nevada

The Task Force we created to study and recommend ways of handling the over 900 injury claims of downwind residents found that our above-ground weapons tests probably did cause 9-96 additional cancers in an area in which 20,000 cancers would ordinarily be expected. It recommended examining the feasibility of creating an administrative mechanism to identify and compensate such persons. That study is now underway.

Two weeks ago, Senator Kennedy's Subcommittee on Health and Scientific Research held hearings on a bill which would hold the government strictly liable for all cancers contracted by the downwind population. The Administration witness stressed (1) the impossibility of separating naturally induced cancers from those caused by radiation; (2) the unfairness to the government and taxpayers of compensating all cancers when only a tiny fraction could reasonably be linked to our tests; and (3) that the Administration was working hard to find a solution to this very difficult problem.

There is growing concern about illnesses caused by radiation and toxic substances. It is not at all clear that we will, in the end, be able to devise an administrative remedy which is better than litigation (we would, of course, be willing to settle compelling cases). Any departure from litigation will have profound precedential implications for other populations allegedly contaminated by radiation or other toxic substances.

I agree

24. Handguns

The House Judiciary Subcommittee on crime chaired by Congressman Conyers has scheduled hearings on handgun control for early July.

25. Antitrust

Don't wait until last says

A bill to grant an exemption to the antitrust laws for soft drink bottlers (allowing the granting of exclusive brand franchises where effective interbrand competition exists) has passed both Houses in slightly different forms and will go to Conference next week. The Senate version passed 89-3 and the House bill passed 377-34. There appears to be no greater need for an exemption from the antitrust laws for soft drink bottlers than for any other industry. The vote margins are visible evidence that there is at least one bottler in each of the 435 congressional districts. We expect the bill will reach your desk before July 10.

26. Thrift Industry Task Force Report

On June 30, an 11-agency task force will submit to the Congress and to you a report on the future of the thrift (savings and loan and savings bank) industry. It is not a Presidential study, and the majority of the task force members are independent regulatory agencies, but the recommendations are consistent with Administration policy. The task force will conclude: (1) that thrift earnings will be extremely weak in 1980 but will return to normal levels by mid-1981; (2) that special Federal subsidies as advocated by Cranston and Moynihan are not needed; (3) that thrifts should be permitted to offer mortgages with greater rate variability; and (4) that Congress should consider overriding state usury ceilings on consumer loans. We expect a moderately favorable response from thrift and housing groups, and we will recommend that you send a letter to the task force commenting on its findings and stressing your support for housing.

27. Middle-Income Rental Housing Program

The Senate supported your position and removed by 47-23 the proposed new middle-income rental housing program that had been included in the HUD authorization bill. A provision similar to the defeated Senate proposal is included in the House Committee bill, which is likely to reach the floor next week.

28. Supplementary Job Aid for Cities

We have been working with OMB and Gene Eidenberg's staff to reprogram existing budget resources for additional summer jobs in selected cities. We have identified approximately \$100 million of program resources that can be reprogrammed within the FY 1980 budget. These funds will be made available to 31 selected cities. We expect that they will generate more than 30,000 additional jobs this summer and fall. We will announce this project in Washington on Monday, and in each of the 31 cities on Tuesday.

29. Trucking Deregulation

The bill has passed both Houses and is scheduled for signing on July 1.

30. Communications Deregulation

The bill is out of subcommittee in the House and full committee markup in the Senate is expected shortly. Both bills deal with the telephone industry along the lines of your Message to Congress last year, but prospects have been clouded because the Senate sponsors added controversial provisions on broadcasting and cable T.V.

31. Paper Reduction

We have worked with OMB to resolve agency concerns about the first "paperwork budget," and the problems seem to have been resolved. The first budget will go into effect in early fall. Meanwhile, the Paperwork Reduction Act that we are supporting has passed the House, and we are trying to arrange Senate committee action before the July recess.

32. Regulatory Reform Legislation

We are working with Senate Judiciary and Governmental Affairs staff to attempt to produce a joint bill that eliminates or minimizes objectionable provisions in each committee's version of the legislation; the negotiations appear likely to last a considerable length of time. Meanwhile Senator Bumpers has come forward with a new, somewhat improved version of his amendment that would expand judicial control over rulemaking decisions (and is part of the Senate Judiciary regulatory reform bill); we are working with Justice, Lloyd, and OMB to develop a response to his proposal. In the House, the regulatory reform bill is still being held in Judiciary. There is little likelihood of the bill being reported over our objections, but no strategy has emerged to remove the two house legislative veto provision that brought the markup to a halt last month.

33. Regulatory Flexibility Legislation

A problem related to the regulatory reform bill involves so-called "regulatory flexibility" bills, out of committee in both Houses. These are designed to force regulators to soften rules in order to accommodate the needs of small business--an objective endorsed by the Administration, of course, but these particular bills are drafted in a manner that could seriously damage many government programs. In addition, these bills could become "Christmas trees" on the floor of either House, as could the general regulatory reform bill. We are quietly exploring ways to ensure that any regulatory flexibility legislation, whether as part of the general regulatory reform bill or separately, is drafted in a workable manner.

34. Tax Reform Act Amendments

On June 20, Justice and IRS testified in support of the thrust of Senators Nunn and Chiles' bill which would make IRS-held information more available to law enforcement agencies. The Service stated that at present 70 to 75% of its total criminal enforcement effort is devoted to the general tax enforcement program, with 25 to 30% spent on special enforcement, including investigations of organized crime figures, strike force targets, and narcotics traffickers. IRS is considering increasing the special enforcement allocation in FY 81 to 35 to 40%, of the total program, with particular emphasis on narcotics.

35. Drug Abuse Trends

The number of Americans using marihuana and cocaine has increased dramatically since 1977 according to the new National Household Survey just released by HHS. Current marihuana use by young adults (18-25) increased from 27 percent to 35 percent and older adults (26+) from 3.7 percent to 9.3 percent, the single most dramatic rise in drug use in the United States since the Survey began in 1972. Current marihuana use among youth stabilized at 17 percent, the first time since 1971 that there has not been a rise in current use. Other drug use on a national basis, including heroin remained level, although there are clear indications from other sources of increased heroin use in the Northeast.

36. Social Security

On Thursday the Social Security Subcommittee of Ways and Means reported out a bill to reallocate a larger portion of incoming social security tax revenues into the diminishing retirement trust fund from the more viable disability trust fund. No change was made in the present tax rate of 6.13 percent each for employers and employees, nor was any change made in the tax increases to 6.65 percent each, scheduled to take effect in January. The provision adopted by the Subcommittee is the same as the one adopted by the Senate Finance Committee last week as part of its reconciliation bill. If enacted, it would be effective for 1980 and 1981 and, as currently projected, would allow benefits to be paid until mid to late 1982, allowing time for further action before then if necessary. Without rate reallocation, the retirement trust fund would be depleted in late 1981.

Despite the Administration's arguments for flexibility and the probability of a longer period of solvency under our interfund borrowing proposal allowing discretionary borrowing among all three trust funds, legislators felt that would be too controversial because the health trust fund would be involved. The type of rate reallocation adopted by the Subcommittee and the Finance Committee has been enacted as a technical amendment several times in the past to address projected shortfalls.

37. Alaska Natural Gas Transportation System

We are continuing to hold high-level discussions with representatives of the Canadian government concerning ANGTS, to reassure them that the U.S. government is committed to the completion of this project. Representatives of the Energy Minister of Canada met Friday with Secretary Duncan and key members of the House and Senate. Senators Jackson and Stevens and Congressmen Dingell and Brown agreed to move a resolution expressing support for the project through both Houses by early next week. Vice President Mondale then met with the Canadian delegation to express the Administration's commitment to ANGTS. The Canadians indicated that they may want you to have a telephone discussion with Prime Minister Trudeau to finalize this next week.

sk

II. ANTI-INFLATION ISSUES

1. Tax Cut

The Senate's action in defeating the Reagan tax cut amendment to the Debt Limit Bill merely bought us a little time in which to make fundamental decisions with respect to whether we want to support a tax reduction and, if so, to determine its shape and timing. Stu recommends that you meet briefly with your economic advisors this week to discuss the situation and provide guidance. The Senate Democrats have announced that the Finance Committee will report a tax reduction bill by September 3. This will almost certainly initiate a scurry in the House to devise a program of its own. As you know, the House is very jealous of its constitutional prerogatives and will not stand idly by while the Senate initiates and gets full credit for cutting taxes. We will have to move quickly to consult with congressional leaders particularly Senators Byrd, Long, and Bentsen to determine their views. Such meetings have already begun and we'll have a more detailed report for you early in the week.

2. Appropriations

Since our last report there has been significant movement in the House on the 1981 Appropriation bills and in both Houses on the 1980 Supplemental and Rescission bill. Following is a summary of progress on the bills, with the 1981 bills discussed first:

Energy and Water Development

Status: Passed the House on Wednesday, June 27.

As reported by Committee, the bill was at our budget request level of \$11.8 billion (or \$75 million above when adjusted for accounting changes). It contained no new starts and no new funding for CRBR and thus was considered generally acceptable, although some funds had been shifted from DOE to TVA and the Corps of Engineers (the latter for on-going projects). The bill did provide \$2 million for Yatesville Lake in Congressman Perkins' district.

During floor action on Wednesday, \$100 million of reductions to the DOE budget were restored and then Clarence Miller offered a more than offsetting 2% across-the-board cut which was adopted. An amendment to significantly reduce funds for the Tenn-Tom waterway was rejected 196-216.

We continue to be optimistic that an acceptable Energy and Water Appropriations bill can be enacted this year.

Agriculture

Status: Reported by House full Committee on Tuesday, June 17.

This bill included policy increases of \$132 million over our \$22.0 billion request, which is the smallest add-on from this subcommittee in several years. The largest BA increase is \$100 million for rural water and sewer grants. Loan levels for FmHA were also increased.

Treasury - Postal Service

Status: Reported by House full Committee on Friday, June 13.

As previously reported, we support this bill, except for the \$250 million increase to our budget for postal subsidies.

HUD - Independent Agencies

Status: Reported by House full Committee on Thursday, June 19.

The bill contains net policy changes of \$138 million below our \$40.4 billion request. It is generally acceptable. We do not favor the bill language which divides salary and expenses appropriations into two restrictive categories.

Interior

Status: Reported by House full Committee Thursday.

Excluding alternate fuels, this bill contains net policy increases of \$253 million to our \$11.5 billion request. The largest add-ons are \$159 million for the Land & Water Conservation Fund and \$148 million for the National Petroleum Reserve in Alaska. These were offset by cuts in energy conservation.

One of the most objectionable features of this bill is complex bill language for alternative fuels which is inconsistent with our goal to fund this program in the supplemental on a relatively unencumbered, long-term basis.

State-Justice-Commerce

Status: Floor action on this bill continued Thursday.

The Committee bill was acceptable, with policy cuts of \$153 million below our \$9.6 billion request. A Bauman amendment to cut the State Department portion by \$78 million (5% across-the-board) was adopted 240-144.

Military Construction

Status: Passed the House today.

The bill contains policy reductions of \$470 million to our \$5.4 billion request. The largest cut is \$196 million in family housing. Several European programs were reduced with the implication that our allies should pay a greater share of the costs to support both U.S. and NATO forces in Europe.

The committee provided the full \$97 million request for MX missile system construction, with the provision that no funds be obligated for design of any site-specific MX facilities until all environmental impact requirements are met and an analysis is made of "split basing."

Bill language prevents obligation of construction funds appropriated for the Space Shuttle program (\$63.5 million) until the first launch has been completed.

Legislative

We object to the provision limiting Federal salaries (including SES bonuses) in 1981. House floor action will occur next week.

1980 Supplemental/Rescission Bill

At 6:00 Friday, the supplemental was in a stage of confusion. The Senate voted that the 1980 revenue sharing rescission supported by Senator Magnuson and Hollings was not germane. Consequently, the supplemental/rescission bill exceeds the 1980 budget resolution ceiling and the 1980 Appropriations Committee reconciliation target.

What will happen is not clear, but we can expect amendments to reduce the size of the bill. Likely targets could be refugee and foreign assistance funding, both of which are in the Senate Committee bill but not in the House-passed bill.

Even if the supplemental moves through the Senate floor successfully, conference will be difficult. Other differences between the two bills include the objectionable SES bonus restriction in the House bill, and long-term ESC funding which is only in the Senate version. There are over 300 differences between the Senate Committee bill and the House bill.

3. Defense Authorization Bill

Over 25 amendments will be offered to the Defense authorization bill on the Senate floor. We are working to support amendments that move closer to our budget request.

Our emphasis is on two principal amendments to delete funds added to activate the aircraft carrier Oriskany and the battleship New Jersey, which are both also in the House bill. The Navy has let it be known that the activation work would be performed at the Bremerton, Washington Naval shipyard, thus giving Senator Magnuson no incentive to oppose these items in the appropriations process if they remain in the authorization bill.

Our efforts to delete the carrier and battleship have been thwarted by active Navy lobbying for these ship activations. The Navy also wants to retain the carrier Coral Sea beyond 1982 and is planning to activate the remaining 3 Iowa class battleships.

On the other hand, DOD has been very effective on the Hill supporting an Administration amendment to restore Army strength by 25,000 men. The Defense Department appears capable of mustering its CL forces only when the services favor a particular amendment. Otherwise, the services work against the Administration's position.

I wrote Brown & Clay for re this

4. Reconciliation

The Congress is nearing completion of the first phase of a budget reconciliation process which is intended to produce \$6.4 billion in legislative savings and \$4.2 billion in new revenue legislation for fiscal year 1981. Actions thus far indicate the Congress is likely to approve legislative savings which generally parallel the President's proposals, with the exception of our \$2.7 billion pay reform proposal. On the revenue side, most of the increase will likely come from a combination of cash management proposals.

Nine Senate authorizing committees have reported to the Budget Committee the entire amount of the required legislative savings. The committee has compiled these savings into a single bill which they are prepared to bring to the floor on Saturday. Since the Senate Governmental Affairs Committee voted a one-year only COLA savings, the Budget Committee will try to amend this on the floor to make the savings permanent as the Administration requested. The Finance Committee has completed action on the revenue legislation and will report these recommendations to the Budget Committee by Wednesday.

The major legislative savings in the bill reported by the Senate Budget Committee are:

(\$ in billions)

Health: Medicare & Medicaid	1.5
Child nutrition programs	.5
Unemployment compensation	.4

(\$ in billions)

Cost-of-living annualization	.9
for Federal & military retirees	
Social Security & SSI	.25
Veterans education benefits	.25

The revenue items agreed to by the Finance Committee include:

Cash management	3.6
Extension of the telephone excise tax	0.4
Capital gains on foreign land sales	0.2

House authorization and tax committees are likely to finish action and report their recommendations to the Budget Committee by Wednesday. The only reluctant participant in the House is the Post Office and Civil Service Committee which thus far has refused to recommend a cut in the postal subsidy and a change in cost-of-living adjustments for federal retirees.

Generally, it appears the House and Senate reconciliation packages will be similar to one another. However, because so many complicated and politically sensitive programs are being pared back, the eventual differences that do exist between the two Houses may not be easily resolved, and a long and difficult conference is possible. The Budget Task Force and WH/OMB CL have been working closely with both Budget Committees on reconciliation and will continue to monitor the situation.

5. Higher Education Bill

On Tuesday, the Senate passed its higher education bill by a vote of 92 to 4. The Senate adopted Senator Metzenbaum's floor amendment requiring Guaranteed Student Loan recipients who cannot demonstrate financial need to repay the Federal government after leaving school for interest payments made in their behalf while they were in school. This amendment may cut the cost of the Senate bill by one or two billion dollars over a five-year period; it does not solve our cost problems with the bill. If borrowing from the Treasury to capitalize student loans is considered on-budget, we estimate that the full funding costs of the Senate's student financial aid provisions alone still exceed the Administration's proposal by more than \$3 billion in FY 1981 and by roughly \$16 billion over FY 1981-85.

The Senate accepted an amendment by Senator Stewart to Title III (the Developing Colleges Program) that should enhance our chances in conference of preserving this program as a major source of aid for Black and other minority institutions.

Also the Senate rejected Senator Moynihan's amendment to extend eligibility for Basic Grants to students attending private elementary and secondary schools.

The House passed its very costly higher education bill in November of last year. The two staffs will try to conclude the conference between the Republican and Democratic conventions. However, Frank was successful in attaining a commitment from Speaker O'Neill that the Conference Report will not go to Rules or to the floor until after the August convention. All Senior Staff are working to promote and clarify the Administration's position on the bill.

6. Troublesome Bills

We are devising strategies to improve or prevent passage of a number of troublesome bills that otherwise would present you with veto decisions before the Democratic Convention. They include the Higher Education Reauthorization that passed the Senate last week, the DOD authorization, and reauthorizations of mass transit and airport grant programs. As we approach the hectic and politically supercharged final weeks of the session, OMB will constantly update its "troublesome bill list" and we will meet regularly to review it. Obviously, we would like to minimize unnecessary confrontations with the Congress, saving your ammunition for times when it is really needed.

III. FOREIGN POLICY ISSUES

1. FY 81 Foreign Aid Authorization Conference

The House Permanent Select Committee on Intelligence (HPSCI) reported out companion legislation to S. 2284, the Intelligence Oversight Act of 1980. From an Executive Branch point of view the House bill is even less satisfactory than S. 2284 on the question of providing you with flexibility concerning congressional notification in extraordinary circumstances.

No date has been set for the Intelligence Conference yet and this legislation has become inextricably tied to the Foreign Assistance Bill which contains the Zablocki modification of Hughes-Ryan. Zablocki is dogged in his determination to get his language adopted. He has gotten sequential referral on the House Intelligence bill and Joint referral on the S. 2284 with HPSCI. Church is equally adamant about refusing to go to Conference on Foreign Assistance because he thinks he has an agreement with Bayh and Huddleston not to undercut S. 2284. At the end of the week the issue was at a standstill and we are afraid that the Senate will go out for the July recess before the Foreign Aid Conference can be convened.

We expect the foreign aid conference to be a two-day affair if agreement is reached in advance on the key issues such as Hughes-Ryan. Executive Branch positions have been forwarded and we hope to come out with adequate funding and good progress in our efforts to increase Presidential flexibility.

2. Iraqi Frigates

We seem to have reached agreement with Senator Stone and Congressman Bingham that assurances received from the Italians on the shipment of sensitive nuclear technology to Iraq are sufficient reason to drop the Stone amendment to the FY 81 Foreign Aid Authorization bill prohibiting the sale to Italy of engine cores for use in Iraqi frigates. Nevertheless, a long delay of the House-Senate foreign aid conference would be cause for concern. Members on both sides continue to be under some political pressure on this issue and we cannot be sanguine about the current arrangement if the foreign aid conference is delayed until after the July recess.

3. FY 81 Foreign Aid Appropriations

Doc Long's Subcommittee on Foreign Operations of the House Appropriations Committee marked up the FY 81 foreign assistance bill Tuesday. We came out better overall than we have in the past three years.

The next hurdle is full Committee markup where we can expect further debate on the callable capital issue and additional cuts in selected programs. The full Committee probably will not meet until after the recess.

Looking ahead, we can expect a major floor struggle, especially on funding levels. We usually get an across-the-board cut and we anticipate rough weather in a period dominated by fiscal restraint and election year politics.

4. FY 80 Foreign Assistance Appropriations Conference Report

Monday afternoon, the Senate Appropriations Committee completed markup on the FY 80 omnibus supplemental which contains funding for the FY 80 Foreign Assistance Appropriations Conference Report. The omnibus supplemental is bumping against the revised Second Budget Resolution ceiling (\$11 million under) and any floor add-ons will have to be accompanied by corresponding reductions in some other programs. Herein lies the problem for foreign assistance. The large amount of budget room consumed by the Foreign Assistance Conference Report is a tempting target for any floor amendment which seeks to add spending for domestic programs.

The House/Senate Conference poses a similar problem. There is little foreign aid money in the House bill (\$40 million for refugee assistance and disaster relief), and House conferees may find the Senate bill ripe for cuts to compensate for additional domestic programs funds. If this proves to be the case, we could face some rough going in conference.

5. Indian Nuclear Exports

The decision to move ahead with licenses for nuclear fuel exports to India has run into trouble in the House. We continue to have a fighting chance in the Senate, though the enthusiasm of our opposition is getting most of the press play.

Chairman Zablocki and 24 other Members of his Committee are supporting resolutions to disapprove two of the seven licenses approved for Tarapur. Zablocki was being pressured to vote out the disapproval resolution, but we were able to prevail upon him to defer that action and to hear additional witnesses. Lee Hamilton and Joel Pritchard were particularly helpful in this regard. We are, of course, delaying the inevitable: this committee and the House seem overwhelmingly opposed because of the perception that these exports contradict the non-proliferation policy and because of conservative concern that India is too pro-Soviet. Nevertheless, a victory in the Senate would make House action unnecessary.

On the Senate side, we seem to be making progress despite the strong opposition of John Glenn. Members who are friendly to our position are, however, hoping to avoid a confrontation and, at this juncture, seem to be willing to let Glenn decide when the issue should come to a vote. He will probably string the process out, given the current vote count on the SFRC. As we see it, only Glenn and Stone are committed opponents, whereas we count Church, Javits, Percy, Baker, Sarbanes and Hayakawa in our column. Pell, Biden, Zorinsky, Tsongas and Lugar appear to be leaning for; Helms is leaning against; and we have no reading on McGovern. We will step up efforts to improve our vote count, and, if we continue to make progress, we will make a major push for a vote in the Committee sometime between the two conventions. Unless we can intervene with the Chairman at a high level, however, it would appear that the Committee may simply allow the 45 days to run. The disapproval resolution would then be discharged automatically for consideration on the Senate floor.

6. Consultations on Jordan Tanks

State has consulted this week with Senate and House foreign affairs committee members. Reactions have been mixed in regard to the sale of 200 tanks but no one has firmly opposed the first 100 now (which we have already notified).

We expect the first 100 to be manageable. We have received counsel to proceed with caution on the second hundred, with suggestions that we defer these at least until January. Members seem to recognize the importance of Jordan to Middle East peace efforts. A smaller group feels we should proceed now with the 200 on the grounds that the opposition will argue that approval of 100 will be seen as approval of all 200 since it is understood that we hope eventually to sell the full number.

7. Congressional Travel

During the July congressional recess, approximately a dozen overseas trips are being planned by members from both Houses. Of these, the most important trips are being made by Majority Leader Byrd, Senator Jackson, Congressman Solarz, Rosenthal and John Anderson.

After several previous attempts to visit the PRC, Senator Byrd will be departing the U.S. July 2 for Beijing, Chengdu to visit defense-related facilities, and Lhasa in Tibet. He is also scheduled to visit Hong Kong and Japan following this China stop. Senator Jackson will be visiting the UK and Norway on energy, defense and intelligence issues the period of July 3-20. Because of the sensitivities of the issues involved, the Senator has asked that his visit be kept low-key and desires no press coverage.

Congressmen Steve Solarz and Ben Rosenthal will visit South Africa July 3-11. They will be examining options for U.S. policy in Southern Africa in the wake of Zimbabwe independence and will look into the recent rioting in South Africa. Solarz only is also planning to travel to South and North Korea, Japan, and the PRC in the period July 12-21.

Congressman John Anderson, along with up to eighty-plus supporters, staff and press, will visit Israel, Egypt, Germany, France and the UK July 7-17. The trip is being paid for by the Anderson Campaign Committee. Anderson's staff tells us that they expect Anderson to declare himself on the key issues while in each of the countries to be visited, i.e., the status of Jerusalem and the West Bank, the state of peace negotiations, the role of NATO, the commitment of the allies to support us on Iran and Afghanistan, etc.

THE WHITE HOUSE
WASHINGTON

*Good
J*

July 1, 1980

Mr. President:

Bill Cable phoned to say that
the House just tabled the
Bauman instructions on foreign
aid.

12:54 p.m.

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

7/1/80

Moore
has copy.

BS

NAME Jim Wright

1582

TITLE Majority Leader, U.S. House of Representatives

B6 T.

CITY/STATE (D-Texas-12)

Requested by Moore/Cable

Phone Number--Home () 225-8040

Date of Request 6/30/80

Work () _____

Other () _____

BEFORE 11:00 AM ON TUESDAY, JULY 1 OR AT THE LEADERSHIP BREAKFAST ON JULY 1, 1980
INFORMATION (Continued on back if necessary)

We may have a serious problem with the synthetic fuels appropriations. Beginning at 11:00 a.m. Tuesday, July 1, the conference committee will meet to discuss the FY 80 Supplemental Appropriations Bill. The Senate bill contains most of what we want — it appropriates the full balance remaining in the Energy Security Reserve (\$17 billion) set up last year. The House version, however, contains no funding because the bill passed before S. 932 (signed today) was close to signing. Last week, in another bill, the House Appropriations Committee provided

NOTES: (Date of Call 7-1)

Thinks something has been worked out

J

\$4 billion more for synthetic fuel programs under the Defense Production Act and the Non-Nuclear Act and nothing for the Corporation. When added to the \$2 billion previously appropriated and now unobligated, that makes \$6 billion for programs administered by the Department of Energy and the Department of Defense, and apparently none of the unobligated balances would go over to the Corporation when its operational.

We are now concerned because while we support a strong program to cover the interim period until the Corporation is ready to do business, the Appropriations Committee action leaves us with two problems:

- It fails to appropriate the balance of the Energy Security Reserve to the Corporation suggesting the possibility of subjecting the Corporation to the annual appropriations process and
- it fails to transfer the balance of the "interim" funding to the Corporation when its operational.

TALKING POINTS:

1. I think that if anything resembling the House Appropriations Committee action comes out of the FY 80 Supplemental Conference, the Corporation will have a serious credibility problem and we'll have a political blackeye.
2. I gather you've talked to Sid Yates and others about this, but I'm concerned that the message may not be getting through.
3. I intend to call Sid, but I'd like your continued help in trying to bring him and other House conferees around on this issue.
4. After watching the Republican performance on the EMB, I think we've really got to work quickly and effectively on this one.

Meeting on Farm Policy 7/1/80

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THE WHITE HOUSE

WASHINGTON

Farm policy mtg 7-1-80

Farm inc \downarrow $\frac{1}{3}$

Cash \downarrow 40-45%

Most of \downarrow in livestock
(hogs - poultry, esp)

Gross receipts '80 = '79 (last half)

Dairy inc ++, \approx 3% excess

Crops fear of future

All blame set suspension

Lot of grain oil seeds in US

In '79 all major crops record yields
1st time since '58

No way to prevent farm income \downarrow '80

Can offset prices

Below expectation in reserve

Can buy more in budget \downarrow \$250

Spec loan for wheat \rightarrow receive? \rightarrow 330

C \rightarrow 210 \rightarrow 240

3:00 PM

THE WHITE HOUSE

WASHINGTON

June 16, 1980

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for Preservation Purposes**

MEMORANDUM TO THE PRESIDENT

FROM: GENE EIDENBERG *Gene*

SUBJECT: Meeting with Advisors Re: Cuban/Haitian
Status and Benefits Options
Cabinet Room
Tuesday, June 17, 1980 - 3:00 p.m.

You have reviewed the options paper and indicated a preference for continuing a parole status while we seek special legislation to adjust long-term status. As you know, there are several sub-options under this approach which you will need to decide at today's meeting. The major issue is how much cost-sharing to require (if any) with state and local governments.

You may want to provide guidance on timing and method of announcing your decisions. There is considerable interest in the Congress and the press in what you decide.

I suggest you ask Secretary Muskie and Ambassador Palmieri to handle the announcement in coordination with the necessary advance notification of appropriate members of Congress. This will help move the issue away from the White House.

1:15 P.M.

THE WHITE HOUSE

WASHINGTON

July 1, 1980

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DROP-BY AT LUNCHEON WITH BUSINESS LEADERS

Tuesday, July 1, 1980

1:15 p.m. (5 minutes)

Roosevelt Room

FROM: ANNE WEXLER *AW*

I. PURPOSE

To greet the attendees and restate your case regarding a tax cut.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

Background: I have instituted a series of luncheon discussions between business leaders, Secretary Miller and other of your economic advisors. These luncheons provide a forum for the business leaders to express their opinions as well as the opportunity for us to make the case for your economic policies. At the first luncheon (before the Reagan statement) there was a general consensus that a tax cut now would be inadvisable.

You will be dropping-by the second luncheon in the series, and I have attached the agenda for the meeting.

Irving Shapiro called me Friday to say that he and other business leaders feel Reagan made a major blunder with his announcement of a massive tax cut which is perceived to be inflationary, without announcing corresponding budget cuts. He urged that you not rush to get on the train, but instead follow your original plans.

Given this background, I believe that this drop-by provides you an opportunity to restate your case regarding a tax cut and, in doing so, to subtly encourage these businessmen to say publicly what they have been saying privately. I think you will receive an affirmative response from most of those present and that the word of your strength and resolve will immediately get out throughout the entire business community.

Participants: See attached list.

Press Plan: White House photographers. The meeting is not on your public schedule.

III. TALKING POINTS

1. Anne told me you are here and I wanted to take a few minutes to thank you for taking the time to meet with Bill Miller and my economic advisors.
2. I am sure that Bill has already stated my position on tax cuts. As I have stated numerous times, my first priority is to bring inflation under control through fiscal discipline and appropriate credit and other actions. I believe that we have made good progress in defusing inflationary expectations, in stabilizing the bond market and in beginning the process of controlling federal expenditures.
3. As I pointed out in my speech on March 14, the success of the Congress in cutting federal expenditures can and should make possible a tax cut for 1981. That tax cut must be carefully crafted and designed to encourage the revitalization of our economy without undermining our continuing fight against inflation. It should build on the progress we have made in crafting an energy policy, in our general anti-inflation strategy and in getting the support of our allies on energy and economic matters.
4. Now is not the time to jump in with a gimmicky tax cut that has not been worked through, which would send the wrong signals to our economy and our allies and which is in fact inflationary. The Reagan-Kemp-Roth proposal would add to our deficit, reverse our efforts to bring inflation under control and destroy the fundamental progress made in building a base for economic revitalization.
5. We can provide for a tax cut in 1981 which builds on our progress and is consistent with the objectives I laid out last March 14. The key is to do it in an orderly manner with full consultation like session we're having here today and working carefully and closely with the Congress. Floor amendments are no way to write tax laws when you're dealing with something that has the complex implications which tax cuts do at this time.
6. I'm committed to staying the course on our fight against inflation. I do not believe that now is the time to give in to the pressures of the moment or of this particular year. I hope I can have your help in this effort to work out an appropriate tax strategy and in staying the course in our fight against inflation.

LUNCHEON WITH BUSINESS EXECUTIVES, JULY 1

AGENDA

WELCOME

ANNE WEXLER

ECONOMIC SUMMIT

BILL MILLER

ECONOMIC OUTLOOK

BILL MILLER

Overview

Wage/Price Program (third year)

DISCUSSION

Irving Shapiro, duPont

Cliff Garvin, Exxon

John Filer, Aetna

Dave Garrett, Delta Airlines

Bill Sneath, Union Carbide

John McKinley, Texaco

Bob Kirby, Westinghouse

Louis Cabot, Cabot Corporation

Donald Trautlein, Bethlehem Steel

Bill Anderson, NCR

Tom Murphy, General Motors

Don Seibert, J. C. Penny

R. Hal Dean, Ralston Purina

Charles Duncan

Stu Eizenstat

Fred Kahn

Phil Klutznick

Charles Schultze

Landon Butler

Jack Watson

Anne Wexler

Mike Chanin

Richard Reiman