Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 5/4/77 [2]; Container 19

To See Complete Finding Aid:
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<table>
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<tr>
<th>Time</th>
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<tbody>
<tr>
<td>7:15</td>
<td>Dr. Eugene Strickland - The Oval Office.</td>
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<td>7:45</td>
<td>Mr. Frank Moore - The Oval Office.</td>
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<td>8:00</td>
<td>Congressional Leadership Meeting - Mr. Frank Moore - Four First Vice Presidents Room.</td>
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<td>8:30</td>
<td>Secretary John Ashurst - Mr. Jack Watson - The Cabinet Room.</td>
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<td>9:00</td>
<td>Mr. Judy Pearson - The Oval Office.</td>
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<td>9:45</td>
<td>Presentation of CIB Record Album of No. 1 - Senator Cartland - Oval Office.</td>
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<td>10:00</td>
<td>Mr. Frank Moore - The Oval Office.</td>
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<td>10:30</td>
<td>Mr. Jody Powell - The Oval Office.</td>
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<td>11:30</td>
<td>Vice President Walter F. Mondale, Admiral Stansfield Turner, and Dr. Zbigniew Brzezinski - The Oval Office.</td>
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<td>11:45</td>
<td>Mr. Frank Moore - The Oval Office.</td>
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<td>12:00</td>
<td>Mr. Jody Powell - The Oval Office.</td>
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<tr>
<td>5:00</td>
<td>Telephone Call to the Secretary of the Interior - Secretary of Interior - Oval Office.</td>
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Notes from Meeting with Secretary
Adams on Noise  5/3/77

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THE WHITE HOUSE
WASHINGTON

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75 = 11 M.1

26

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{Response 1% BS}
Mr. President-

Peter worked with State to select delegates. Peter is going to conference as adviser. It was his choice not to be part of delegation. State's fault that papers came so late. I'll get on them.

A.J.
THE WHITE HOUSE
WASHINGTON
May 2, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: JAMES B. KING,
SUBJECT: Presidential Designation

The Secretary of State, in concurrence with the Secretary of Health, Education, and Welfare, recommend that you designate the Chief Delegate, Delegates, and Alternate Delegates to attend the Thirtieth World Health Assembly in Geneva, Switzerland, from May 2 through May 20, 1977 as indicated on the attached list.

If you approve the proposed designations, attached is a memorandum from Secretary Vance for your signature.

All necessary checks have been completed.

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MEMORANDUM FOR: THE PRESIDENT

FROM: CYRUS VANCE


The United States Government, a Member of the World Health Organization, has been notified of the convening of the Thirtieth World Health Assembly in Geneva, Switzerland, from May 2 through May 20, 1977. I recommend, and the Secretary of Health, Education, and Welfare concurs, that you designate the Chief Delegate, Delegates, and Alternate Delegates to this meeting as indicated on the attached list.

Public Law 643, 80th Congress, requires Presidential designation of the Chief Delegate, Delegates, and Alternate Delegates to sessions of the World Health Assembly. Senate confirmation is not required.

The individuals named on this list have been certified as to security in accordance with Public Law 643, 80th Congress, as amended by Public Law 298, 82nd Congress.

If you approve the proposed designations, the Department will proceed with appropriate arrangements.

Attachments:
2. Biographic sketches.

LIMITED OFFICIAL USE

APPROVED: F. C.

DISAPPROVED:
Proposed United States Delegation to the Thirtieth World Health Assembly, Geneva, Switzerland, May 2-20, 1977

Chief Delegate:

S. Paul Ehrlich, Jr., M.D.,
Director, Office of International Health,
Department of Health, Education and Welfare.

Delegates:

Lee M. Howard, M.D., (Alternate Chief Delegate),
Director, Office of Health,
Agency for International Development.

William H. Foege, M.D.,
Assistant Director for Operations,
Communicable Disease Center,
Department of Health, Education and Welfare,
Atlanta, Georgia.

Alternate Delegates:

Robert F. Andrew,
Director, Directorate for Health and Drug Control,
Bureau of International Organization Affairs,
Department of State.

George I. Lythcott, M.D.,
Associate Vice Chancellor for The Health Sciences,
Center for Health Sciences,
University of Wisconsin,
Madison, Wisconsin.

Roger A. Sorenson,
American Chargé d’Affaires ad interim,
United States Mission to the European Office of the United Nations,
Geneva.
MEMORANDUM FOR The President
FROM Stu Eisenstat Bill Johnston
RE: Meeting on Aircraft Noise Financing

May 2, 1977

Two issues should be the focus of our May 3 discussion on aircraft noise financing.

I. Should we retain the recently promulgated rule that requires all currently operating aircraft to meet federal noise standards by 1985? Until last year, noise standards applied only to newly purchased aircraft.

Opponents argue that the benefits of the retroactive application of the rule have not been shown to outweigh the costs. Supporters argue that any retreat from the retroactive rule will generate bitter opposition. They believe that the benefits of reduced annoyance to residents near airports outweigh the costs that will be imposed on air travelers.

II. If we retain the retroactive noise rule, what federal help should be given to airlines to help them to comply? Three options have been suggested:

A. The Anderson Bill would establish a federally supervised noise abatement trust fund financed by a 2% surcharge on passenger fares. This charge would be offset by a 2% decrease in existing air fare taxes. The fund could be drawn on by the airlines to replace, re-engine, or retrofit their fleets. Supporters argue that this user-financed fund will not only benefit residents near airports, but, because it provides funds for buying new planes, will stimulate the aircraft-construction industry.

B. The DOT Alternative would also involve a noise abatement trust fund financed with a 2% fare tax. The Adams
plan however, would allow airlines whose fleets meet noise standards to cease collecting the surcharge. Supporters argue that the DOT plan will reduce federal intervention into airline decision making, and will limit cross subsidy of noisier airlines by those with quieter fleets.

C. The OMB option would oppose establishment of a noise abatement trust fund. OMB proposes to have DOT develop financing options that would be limited to airlines that are financially unable to meet noise standards. Supporters argue that the OMB option would be substantially cheaper than either the Anderson or DOT proposals (which are estimated to add $400 million to the annual budget deficit). They also feel that this option will minimize federal intervention into airline decision making.

OMB also argues that noise abatement should not be used as an excuse to justify financing replacement of old aircraft. OMB believes that any federally assisted financing plan should be limited to the cost of retrofitting existing planes to bring them into noise compliance. Both the DOT and Anderson proposals involve trust funds that will total $3.3 billion over ten years - 3 to 5 times more than the cost of simply retrofitting all aircraft to bring them into noise compliance. It should be pointed out that replacement involves much greater noise reduction and improvements in fuel economy compared to retrofit.

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The White House
Washington

H2O Projects
Jobs - 1978
Summit

Harmony - 78 Ed. Re. -

Legis. agenda = Sec. Sec
Welfare, aliens; winter
Ethics - welfare -

Energy -
Countercyclical taxes; energy
I. PURPOSE
Regular Tuesday breakfast meeting with Leadership.

II. PARTICIPANTS AND PRESS PLAN
A. Participants -- See Attached list
B. Press Plan -- White House photo only

III. TALKING POINTS
1. Discussion of the scheduling of your legislative priorities:
   a) During the next month you will send to the Hill several major pieces of legislation.
   b) The legislative agenda for the next month is as follows: social security financing; undocumented workers; conflict of interest legislation for executive branch employees; and wiretap legislation.
   c) Prior to the August "district work period," welfare reform legislation will be sent to the Congress. You may want to discuss with the leadership the fact that the completion of work on this legislation may well carry over into early 1978.
   d) The Administration is still working on labor law reform and maritime policy (including the cargo
preference issue. A message on the environment awaits your approval. The Administration will also be watching very closely the legislation on revisions of the U.S. Criminal Code.

e) Several of your priority items will be assigned to the Finance Committee in the Senate and Ways and Means in the House. Among those are Social Security Financing, tax portions of the energy package, tax reform and hospital cost containment. All of these are very important to the Administration in 1977.

f) You should mention to the Speaker and to Majority Leader Wright that our strategy was to tie the counter-cyclical assistance measure to the tax bill in the Senate (which was done). You need to stress to the Speaker that this issue is very important to you and that it must be included in the tax bill coming out of conference. The conference committee begins its work at 10:00 a.m. TUESDAY, MAY 3.

2. You may want to give a brief overview of your upcoming trip -- your agenda, objectives, etc.
PARTICIPANTS

The President
The Vice President
Bert Lance

Senators
Byrd
Cranston
Humphrey

Representatives
O'Neill
Wright
Brademash
Foley
Rostenkowski
Chisholm

Staff
Frank Moore
Stu Eizenstat
Dan Tate
Bob Thomson
Jim Free
Bill Smith
Herky Harris
THE WHITE HOUSE
WASHINGTON

May 3, 1977

Hamilton Jordan -

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

Rick Hutcheson

Re: Frances Knight
U.S. Passport Office
May 2, 1977

Dear Mr. President:

I have known Frances Knight since 1955 when she became Director of the U.S. Passport Office. Frances is a Civil Service Employee who has come up through the ranks of the system. In 1956 she reorganized the then outmoded Passport Office into an efficient public service. Since then, the workload in passport applications alone has risen from under half a million to over 2.7 million. To service this tremendous increase in travel, the Passport Office again must be modernized and to this end Frances has been planning the restructuring of the entire Office and issuance system. In order to accomplish this, however, considerable time will be needed.

Considering her dedication to improvement, economy and efficient government, I believe Frances can and will produce a modern, efficient and effective Passport Office which will be a credit to your Administration if she is permitted to continue in her position as Director until the project is completed. She has had two extensions so far, but another would be needed in the very near future and I am most hopeful you will grant her one.

I have introduced S.1252, which would eliminate some of the problems now existant in the overlapping jurisdictions. This bill establishes a United States Passport Service which would receive policy direction from the Secretary of State instead of through some four or five echelons within the Department. The Passport Office is a revenue-producing, self-supporting business-like public service.

I commend Miss Knight's extension of service to your consideration.

Sincerely,

Hubert H. Humphrey
Biographic Information on
(Miss) Frances G. Knight
Director, Passport Office
Department of State
Washington, D.C.

Born: Newport, Rhode Island, July 22, 1905


Associations and Clubs: None.

Languages: French, German and Czechoslovakian.


Special Assignments: Speech writer for Secretary of the Treasury Henry Morgenthau; speech writer for Secretary of Labor Frances Perkins; selected news analyst for President's Public Relations Counsel, Lowell Mellett; Researcher on OCD for Mrs. Franklin D. Roosevelt and Dr. James Landis.

Government Experience: Division Chief, National Industrial Recovery Administration 1934-1936; Deputy Director of Information, Works Progress Administration 1936-1939; Public Relations Consultant, White House Conference on Children 1940; Special Assistant to the Commissioner, National Defense Advisory Commission; Director of Public Advice and Counsel, U.S. Office of Civilian Defense, 1941-1945.

Department of State Experience: Information Specialist, USIA, 1949; Special Assistant to the Director, USIA, 1950-1951; Assistant Deputy Administrator and Liaison Officer, SCA, 1953-1955; Director of the Passport Office, May 1955 to date.

Federal Government Status: Civil Service Career Employee since 1936. Passed Civil Service Examination for Information Specialist at a rating of 98; qualified as Administrative Officer, Analyst and Economist in 1935-1936 and 1940.

Travel Experience: Visited in 49 States of the U.S.A. and travelled on business or pleasure in 112 foreign countries and islands.
Partial List of Honors Received
1958 through 1976

The record is replete with testimonials on behalf of Miss Knight. Typical tribute to her ability are the words spoken by Trygve Lie, first Secretary General of the United Nations, June 21, 1960:

"...Miss Knight should be put in charge of a program to dispose of the red tape that now blocks the tourist routes to this country..."

February 1958, the City of New Orleans named Miss Knight an honorary citizen of New Orleans. The Mayor presented a Key to the City as a token of gratitude for the passport and citizenship services rendered to the citizens of that area.

April 1959, the City of Boston presented a silver Paul Revere Bowl to Miss Knight, as a token of appreciation for the improvements made in the Boston Passport Agency and services rendered to the citizens of Boston.

April 1959, the City of Miami, Florida, presented Miss Knight with the Key to the City, and a citation for outstanding services to international travelers. The Mayor of Miami presented a plaque.

December 1959, Miss Knight received a plaque and citation from the American Society of Travel Agents in appreciation of her outstanding service to the Travel Industry by reducing red tape and delays in the handling of passport applications.

March 1960, she received an Annual Award of the Diners Club for outstanding contributions to the travel and dining industries by greatly improving the efficiency of her office.

August 1962, Miss Knight was presented the Key to the City of Los Angeles by the Mayor in recognition of providing Southern California with efficient passport services.

September 1963, she was awarded honorary Doctorate of Humane Letters by Missouri Valley College for outstanding contributions to the better understanding of people of all nations.

January 1964, she received the annual award of Southwest Chapter of ASTA as the person who had provided the greatest assistance to the travel industry in 1963.

February 1964, Miss Knight was given the award of Central Atlantic Chapter of ASTA as the individual most helpful to the international travel industry in 1963.
In 1965, she was the recipient of the prestigious Eloy Alfaro Grand Cross. This award, presented by the Republic of Panama, is given in recognition of service to mankind. Previous United States citizens honored include former Presidents Johnson, Eisenhower, and Truman, and former Vice President Humphrey.

In July 1970, she was given the Woman of Distinction Award by the Soroptimist Federation of the Americas for "integrity of profession in government".

April 1976, Miss Knight was honored by the Order of Lafayette, in Washington, D.C. and presented the coveted Freedom Award for her years of dedicated service to the Federal Government and her accomplishments in the field of international travel.

August 1976, Miss Knight received the Bicentennial Distinguished Award by the Czechoslovak Society of Arts and Sciences in America for her contribution towards better understanding amongst nations through the medium of travel.

September 1976, Miss Knight was voted into the Travel Hall of Fame by the American Society of Travel Agents and international affiliates for her consistent efforts over the years to facilitate international travel.
THE WHITE HOUSE
WASHINGTON

May 3, 1977

Stu Eizenstat

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

Rick Hutcherson

cc: Bob Lipshutz
    Frank Moore
    Jody Powell
    Jack Watson

Re: Arab Boycott

cc: Bob Flaherty
MEMORANDUM FOR: THE PRESIDENT
FROM: STU EISENSTAT
SUBJECT: Arab Boycott

When I last spoke with you about the Arab boycott legislation, I mentioned that the business and Jewish groups had finally agreed on certain amendments to the Senate bill, provided that those amendments were also supported by the Administration and an announcement to that effect was issued.

The Senate, Commerce, and Treasury Departments, as well as Bob Lipshutz and I, have reviewed the proposed amendments, believe they are consistent with our previously announced positions on unilateral selection and local law compliance, feel certain that our support of them will ensure their adoption by the Senate this week, and strongly recommend that you approve the attached announcement of support.

The primary virtue of the agreed upon amendments, aside from their consistency with our position, is that they will enable us to avoid having to take positions on the innumerable amendments that absent an agreement will be offered on the Senate floor. Because of the intense emotionalism of the issue, we should avoid being placed in such a position.

With our support of the amendments, the Senate will both adopt them with little debate and not adopt other major amendments. With Senate approval, the only remaining hurdle to an anti-boycott bill acceptable to the business and Jewish groups, as well as the Administration, is the Senate-House Conference.

The bill already passed by the House is somewhat closer to the preferred position of the Jewish groups. Although they will no longer — as part of the agreement — lobby for that bill in the conference, the House anti-boycott leaders (Congressmen Rosenthal, Bingham and Solarz) may still try to change the Senate bill in favor of theirs. But even if they
do, the overwhelming support behind the Senate bill almost ensures that no major changes will be made to it in conference.

The attached statement of support has been reviewed by the Departments and the Jewish and business groups; their comments have been incorporated. If you approve, the statement can be issued today by Jody.
I am pleased to announce that an agreement has been reached by the Anti-Defamation League, the American Jewish Committee and the American Jewish Congress with the Business Roundtable on legislative language for the anti-foreign boycott bill presently being considered by the Senate, and that I can strongly recommend Congressional approval of those amendments.

I would like to commend these organizations and their leaders for the skill and cooperation shown in the negotiations leading to today's agreement, which embodies concepts previously outlined in a Joint Statement of Principles agreed to by the Anti-Defamation League and the Business Roundtable.

I would also like to commend the many members of Congress who have devoted so much time and effort toward achieving strong anti-boycott legislation -- Senators Proxmire and Stevenson and Congressmen Zablocki, Rosenthal, Hamilton, Bingham, Solarz and Whalen. Without their efforts, I doubt that the Congress would have ever come close to passage of anti-foreign boycott legislation.

In my view, one of the most gratifying aspects of the agreement is its reasonable balance between the need for stringent controls over the undesirable impact on Americans of foreign boycotts and the need to allow continuation of American business relations with countries engaging in such boycotts.

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The agreement supports legislative language which would impose the following restrictions:

- Prohibit all forms of religious or ethnic discrimination arising out of a foreign boycott;
- Prohibit U.S. firms from refusing to do business with a boycotted country as a condition of doing business in another country;
- Prohibit U.S. firms from acting as enforcers of a foreign boycott;
- Prohibit U.S. firms from responding to requests for boycott-related information;
- Prohibit the use of so-called negative certificates of origin within a year of enactment.

At the same time, the agreement supports limited exceptions which recognize that other countries, like the United States, may seek to impose their own laws within their own countries.

I urge the Senate, and the Congress, to adopt these agreed upon amendments to the anti-foreign boycott legislation. With adoption of the amendments, I believe passage of this legislation can occur very soon, and I look forward to signing the legislation.
MEMORANDUM TO THE PRESIDENT
FROM: Jody Powell

The following are suggested remarks during the photo session at the start of your 2:15 p.m. meeting with the Latin American ambassadors:

"I am happy to announce to you that Rosalynn will be going on my behalf to several Latin American and Caribbean countries in the first two weeks of June. The purpose of her trip will be to discuss substantive issues of concern to our governments and the new directions I outlined in my Pan American Day speech. I have asked her to bring back to me those comments elicited from leaders of the regions she will visit. The exact itinerary for Rosalynn's trip has not been confirmed, but we are working out a schedule this week. I hope that both this meeting today and Rosalynn's forthcoming trip will demonstrate my personal interest in the countries of Latin America and the Caribbean and their roles in the world."

(These remarks were suggested by the First Lady's staff and have been approved by the NSC.)
MEMORANDUM FOR:  
FROM:  
SUBJECT:  

THE WHITE HOUSE  
WASHINGTON  
May 3, 1977

Brief Summary on Sugar
Decision for Meeting with
Latin American Ambassador

Following is a very brief summary of the decision
made on sugar policy:

1) You have denied import relief under
the Trade Act, overruling the decision by the
International Trade Commission recommending the
imposition of import quotas. No import quota
system will be imposed.

2) Income support payments will be provided
to producers pending negotiations and implementation
of an International Sugar Agreement. The support
price would be set at 13.5¢ per pound, with 2¢ per
pound limit on the amount of the payment.

3) Sugar would be kept on the list of articles
eligible to receive duty-free treatment under the
Generalized System of Preferences (GSP). The
countries eligible for GSP for sugar have not yet
been designated. The Trade Policy Staff Committee
will soon recommend to you which of the eight
countries ineligible for GSP in 1976 should be
designated in 1977. These eight countries are
Panama, Jamaica, Guyana, Colombia, Brazil, Argentina,
Thailand and Republic of China.

4) You will support negotiations leading to a
new International Sugar Agreement.
THE WHITE HOUSE
WASHINGTON

May 3, 1977

Stu Eisenstat
Tim Kraft

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

Rick Hutcherson

Re: Meeting with Latin American
Ambassadors regarding
Sugar Policy
MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EISENSTAT  
RE: Meeting of Sugar Policy with Latin American Ambassadors on May 3

Ambassador Strauss asked me to mention the following to you regarding the above meeting: Since the Latin American countries felt that they were going to be consulted on your sugar decision rather than be presented with a decision, Mr. Strauss suggested that you mention to them that inasmuch as your decision was favorable to them (since no tariffs are involved) there was no need for you to go further and take their time with lengthy consultations.
THE WHITE HOUSE
WASHINGTON

May 3, 1977

Z. Brzezinski

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

Rick Hutcheson

cc: Jim Fallows

Re: "A Descent Respect for Future Generations"
THE WHITE HOUSE
WASHINGTON

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FOR STAFFING
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"A DECENT RESPECT FOR FUTURE GENERATIONS"

Reflections on the First Ninety Days
of the
Foreign Policy of President Carter

Lecture at the NATO Defense College
by Richard N. Gardner, United States
Ambassador to Italy -- April 15, 1977
General Heslinga, distinguished members and guests of the NATO Defense College:

I am delighted to be back at this important institution—one that serves so well the common purposes of the NATO countries.

The last time I had the privilege to speak here it was as a private citizen, as a university professor, during a sabbatical year in Rome in 1967-68. Then I still enjoyed "the leisure of the theory class" (if I may be permitted this inversion of the title of the famous book by Thorstein Veblen). As I thought about what I might say to you today I realized how much easier it was to talk as an academic—with no one to call me to account for what I might say—than to address this group as the representative in Italy of the President of the United States.

I had the good fortune to get to know Jimmy Carter four years ago during our common service on the Trilateral Commission. I came to know him better and admire him more during the remarkable campaign that transformed him from "Jimmy Who?" into the President of the United States. Working with him during those exciting months of the campaign and the transition period that followed his victory, I came to have some understanding of his view of the place of the United States in the world.

On the eve of your departure on a study tour to the United States, I think I can be most useful to you if I direct my remarks today to answering the question: What are the distinguishing characteristics of the foreign policy of the Carter Administration?

Before trying to answer that question, however, I do want to emphasize the essential continuity in American foreign policy as it has evolved since World War II under six Administrations of both American political parties. There has been a substantial consensus between our political parties, for example, on the importance of NATO and the need to maintain an open international trading system.

The elements of the foreign policy of a country are shaped by many objective factors. Our national interests, history, traditions and institutions help determine the framework of American foreign policy. As a result, the foreign policy of the United States over the past thirty years has been remarkably consistent, though of course it has reflected the priorities and style of quite different leaderships.
The Carter Administration brings a clear set of priorities to American foreign policy, a sharp focus on the issues, and a perspective that permits the long view—both backward toward our national roots and forward to the generations to come.

It would be impossible in one hour to give a comprehensive account of every aspect of the Carter Administration's foreign policy. Instead, this presentation will offer a personal view of what seem to me to be the main characteristics or points of special emphasis. Let me stress that each of these points has its antecedents in previous Administrations, but they are now being brought into sharper focus.

I would add that each of the major themes I will mention were clearly identified by President Carter in his major foreign policy statements during the 1976 primary and election campaigns—for example, to the Chicago Council on Foreign Relations on March 15, to the United Nations on May 13, to the Foreign Policy Association in New York on June 23, and to the B'nai B'rith Convention in Washington, D.C., on September 8.

I would summarize as follows the major themes of President Carter's foreign policy:

1. The foreign policy of the United States must be based on a strong domestic foundation.

2. The foreign policy of the United States must reflect fundamental American values—and therefore must emphasize basic human rights.

3. The first priority in United States foreign policy must be the relationship with our friends and allies in Europe, North America and Japan.

4. United States foreign policy must seek a detente relationship with the Soviet Union that is both more comprehensive and more reciprocal.

5. United States foreign policy must be more responsive to the legitimate aspirations of the peoples of the developing world.

6. United States foreign policy must focus more urgently on controlling the arms race and seeking genuine disarmament.
United States foreign policy should emphasize the building of international institutions needed for the solution of global problems.

Let me say something about each of these seven foreign policy themes.

1. The foreign policy of the United States must be based on a strong domestic foundation.

This concept has several obvious implications. One is that our foreign policy can only be successful if it is understood and supported by the American people and the American Congress. Another is that our influence in the world will be shaped in the long run by the quality of our domestic society—by our success in coping with our main domestic problems: the economy, the energy crisis, the environment, the revitalization of our democratic institutions, and many others.

Let me give some specific examples of what is implied by these broad generalizations. Last August I had the privilege of participating in a five-hour economic discussion with President Carter in Plains, Georgia, which was attended by several people who now hold key positions in the Administration—Secretary of the Treasury Michael Blumenthal, Under Secretary of State for Economic Affairs Richard Coene, Assistant Secretary of the Treasury Fred Bergsten, and Domestic Policy Adviser Stuart Eizenstat. The dominant theme of this five-hour discussion was the intimate interrelationship between domestic and international economic policy. This was the centerpiece of Mr. Carter's briefing to the press at the conclusion of the meeting.

The same view was reflected in two important decisions taken by the President shortly after the election.

First, the President decided to consider his appointments to the top domestic and international economic policy positions in his Administration in terms of one compatible group of individuals. He did this because he recognized that these individuals would have to work very closely together and would have to give special emphasis to the interrelationship of domestic and international economic policy. The President proceeded to choose not only a distinguished group of economic officials but also a compatible one. These officials knew each other and had worked together before joining the Administration. Moreover, the fact that the Secretary of the Treasury and his two senior officials...
dealing with international affairs had served in previous Administrations in the State Department has contributed to the development of an unusually harmonious relationship between these two key Departments.

Secondly, the President established an Economic Policy Group as the main institution for the formulation of the administration's economic policy. The membership and methods of work of the group assure that foreign economic considerations are present in domestic economic policymaking and vice-versa. The State Department is represented by Richard Cooper, a distinguished and widely respected economist, who participates directly in the formulation not only of foreign economic policy but domestic policy as well.

In this respect the approach of President Carter is quite different from that of some previous administrations. Perhaps the clearest example of the contrast is the fact that no State Department representative participated in the deliberations at Camp David leading to President Nixon's "New Economic Policy" of August 15, 1971, when the United States instituted price controls, suspended dollar convertibility, imposed an import surcharge, and adopted a "Buy American" tax credit—even though those measures had a direct effect upon our foreign relations.

The interrelationship between foreign and domestic economic policy is perhaps most clearly seen in the Administration's efforts at the coordinated stimulation of the world's economies. President Carter's economic recovery program is not viewed by the Administration only in domestic terms. Rather, it is a part of an overall plan in which those countries in a strong financial position expand as rapidly as they can, consistent with sustained growth and control of inflation, thereby stimulating growth in other Western economies and in the world as a whole. This interrelationship between domestic and foreign economic policy was brought home by Vice President Mondale's trip to Europe and Japan immediately after the Inauguration, in part of which I had the privilege of participating. The striking feature to me was that the item that received the most attention from world leaders was that of domestic economic management.

Another example of President Carter's emphasis on the domestic basis of foreign policy is energy. Here our past record, quite frankly, has not been good. The United States played the leading role in the establishment of the International Energy Agency, designed to coordinate the policies
of oil-consuming countries and provide mutual benefits. These efforts, however, were not supplemented by an adequate domestic commitment to energy conservation and development of new sources, with the result that progress in the Agency has been impeded through inaction of its main promoter. The Carter Administration is acutely aware of our previous shortcomings in this respect and plans to rectify the situation, starting with its new energy policy to be announced on April 20.

2. The foreign policy of the United States must reflect fundamental American values—and therefore must emphasize basic human rights.

Our strength as a nation, it seems to me, is rooted in the shared philosophy of the nature of man and the purpose of government which inspired our Founding Fathers in the creation of the Republic 200 years ago. These remarkable personalities believed that the state exists to serve the needs of the individual, not vice-versa. They asserted principles of self-government and human liberty that they believed were the birthright of "all men" everywhere.

A significant element in the present mood of the American people is the desire to return to these fundamental concepts of liberty and morality that inspired the birth of our nation. I believe that Jimmy Carter was elected President because the American people see in him the personification of that deep desire.

In our international relations, the real strength of America endures only so long as the common people of the world see our country as a force for good. As the President said in his Inaugural Address:

"We will not behave in foreign places so as to violate our rules and standards here at home, for we know that this trust which our nation earns is essential to our strength."

And he added:

"Because we are free we can never be indifferent to the fate of freedom elsewhere. Our moral sense dictates a clear-cut preference for those societies which share with us an abiding respect for individual human rights."
There is a certain irony in the reaction that the President's statements on human rights have caused in the Communist world. The Soviet leaders have always had their own ideology, have promoted it around the world, and have never hesitated -- indeed have never ceased -- to criticize what they point to as the evils of Western society. Now they complain when we assert our own values -- our commitment to basic human rights. Perhaps they see all too clearly that this gives free men everywhere an unassailable platform to resist totalitarianism.

But the fact is that the President's emphasis on human rights is not a "cold war" maneuver or a device to attack the Soviet Union. It is a return to the very roots of our Western civilization, to the ideals of ancient Greece and Rome. The best proof is that our human rights concerns are being applied not just to dissidents in Eastern Europe but to repression in every part of the world.

As Americans, we do not and cannot complain when other peoples of the world -- including citizens of the Soviet Union -- criticize us for our shortcomings. We admit them, we publish them, we make movies about them. But no one should feel provoked if we continue to make our own observations regarding conditions that prevail elsewhere. We must be what we are, we must reflect our own traditions and values. And if this is uncomfortable for others, we can only regret this discomfiture and hope that changes eventually ensue.

As the President said, our moral sense dictates for us a clear-cut preference for truly democratic societies -- those societies that share with us an abiding respect for the rights of the individual. We have no desire to dictate or to impose our will on others, but we are going to express our values and act in accord with our own principles.

It has been said of our new emphasis on human rights that it represents illegal intervention in internal affairs, that it is one-sided and self-serving, that it is rigid and unrealistic, that it is unilateral and nationalistic, and that it is endangering practical accommodations on arms control and other essential measures.

Quite frankly, I believe that all of these criticisms are ill-founded.
---The Charter of the United Nations and a host of other international agreements (including the Helsinki accord), freely entered into by the Soviet Union as well as other governments, specify that how a nation treats its own people is now a matter of legitimate international concern.

---President Carter has specifically called for a review of American policies and practices, including those, for example, on freedom to travel in the United States, to insure that we are fully complying with the international standards we apply to others.

---We are applying a rule of reason in our human rights concerns, emphasizing that a flexible approach stressing the human rights impact of U.S. actions is better than mandatory cutoffs of bilateral and multilateral aid.

---In applying human rights considerations to bilateral relationships we are employing internationally accepted human rights standards and we are seeking new measures of multilateral implementation in the United Nations and regional organizations.

---Our new emphasis on human rights will not interfere with strategic arms control negotiations because in these and other urgent matters there is an overriding self-interest on both sides in reaching agreement.

3. The first priority in U.S. foreign policy must be the relationships with our friends and allies in Europe, North America and Japan.

It was no accident that Vice President Mondale's trip to Europe and Japan took place immediately after the inauguration and that the first heads of state that the President met were those of Canada and Mexico.

Our relations with these key areas of world influence and leadership have first priority in the Administration's policy. We regard our East-West relations and the North-South dialogue as essential elements of policy that will also be actively pursued. Nevertheless, it is upon the well-being of the industrialized democracies that all else depends.

These industrialized democracies are the vital center of the world's economy, technology, military strength, and commitment to freedom. It is from them that the world's
leadership must come. If progress is to be made on the major global problems facing us, it can only be made through the close cooperation of these countries.

That is why the Carter Administration gives such full support to progress in the European Community, to strengthening NATO, and to increasing the effectiveness of the OECD.

The Carter Administration is deeply conscious that allied cooperation is also a prerequisite for the pursuit of an easing of tensions -- both in global trouble spots and with Eastern Europe. President Carter and Secretary Vance see continuing consultations with our allies, at all levels, as an integral part of our foreign policy.

We do not want consultations with our allies on our various initiatives in SALT, the Middle East, and Southern Africa to be simply after-the-fact briefing sessions. They must be genuine consultations in which the interests of our allies are taken into account in the formulation of American policies -- and vice-versa.

The purpose of Vice President Mondale's trip to Europe and Japan in the first days of the Administration was to convey the President's intention to work closely with our friends. Secretary Vance met with the NATO Council on our SALT proposals before he went to Moscow. The allies were also fully briefed following Secretary Vance's return from Moscow.

Responsible officials who have been engaged in our efforts in the Middle East and Southern Africa have periodically met with our allies to discuss our initiatives and to invite allied comment.

In this spirit, the President has announced his intention to attend the two important meetings scheduled for May -- the London Summit and the Ministerial Meeting of the NATO countries.

These conferences will be a test of our common resolve to accomplish a number of vital tasks:

-- To undertake mutually-reinforcing measures toward accelerating growth and slowing inflation;

-- To strengthen our cooperative action in international trade and finance;
-- to respond creatively on urgent global problems such as economic development and nuclear proliferation;

-- And to strengthen Western defenses in the face of the build-up of Warsaw Pact military forces.

4. U.S. foreign policy must seek a detente relationship with the Soviet Union that is both more comprehensive and more reciprocal.

A peaceful, stable, and cooperative relationship with the Soviet Union is an essential goal of our foreign policy. We seek to restrain military competition between East and West, encourage responsible behavior toward crisis areas and enlist Soviet cooperation in international efforts to deal with global issues.

Our relations with the Soviet Union have both competitive and cooperative elements. We have no illusions that we can suddenly eliminate the competitive aspects of the relationship or transform the Soviet system. We will try to expand areas of cooperation wherever possible, but we will not shrink from differing with the Soviet Union when necessary.

President Carter has called for a detente relationship that is both more comprehensive and more reciprocal.

Detente must be more comprehensive in the sense that it cannot be solely a bilateral relationship but must involve the behavior of both the US and USSR toward the rest of the world. There must be basic ground rules limiting Soviet and US intervention in third countries.

The Soviet Union must be persuaded to accept the principle that one country can not impose its own social system upon another through direct military intervention or through the use of a client state's military force -- as with the Cuban military intervention in Angola.

Moreover, the Soviet Union must be encouraged to play its full part in dealing with global problems such as the non-proliferation of nuclear weapons, conventional arms transfers, and the economic development of developing countries.

Detente must be more reciprocal in the sense that the West must get as much as it gives. If the USSR wants continued access to Western food, technology and credits, it should be willing to provide an adequate quid pro quo. It must, for
example, be willing to play a responsible role in a system of international food security, stabilizing its purchases and holding stocks of its own rather than disrupting world price stability by buying massively when its own crops fall short. It must also be willing to provide essential information on its harvests, stocks, and food needs.

5. U.S. foreign policy must be more responsive to the legitimate aspirations of the peoples of the developing world.

Clearly a major issue in foreign policy today is the economic development of the more than 100 countries which are in the process of development. And there is the directly related problem of the relationship between these developing countries and the developed world. This is the heart of the North-South dialogue.

This problem cannot simply be measured by comparing per capita GNP among countries. The problem is far more complex. Indeed, it must take into account the disparity in income that exists in many of the developing countries themselves. President Carter emphasized this point in his election campaign when he said: "We are not interested in taxing the poor people in the rich countries for the benefit of the rich people in the poor countries."

What we seek are arrangements which will have a direct impact on poverty and productivity in the developing countries. The aim of the Carter Administration is to assist the poorest people in meeting their basic human needs in such areas as food and nutrition; health -- including family planning services; education and skills; and productive jobs.

The policies of the Administration aim to make the poor more productive rather than simply supporting them in the limbo of welfare programs. This is a central theme of our economic policies both at home and abroad.

In the economic development process, the Administration believes the international financial institutions must play a key role. These institutions have achieved a high level of technical competence as well as freedom from political influence.

President Carter's commitment to international development is reflected in his recent proposal for a $1.5 billion increase in development assistance for the coming year. This proposal was politically courageous, since it was taken in the face not only of the general lack of enthusiasm for
foreign aid -- and the lack of a strong pressure group to support it -- but also in the context of very strenuous efforts by the Administration to limit the growth in government expenditures.

Beyond the question of the forms and purposes of foreign assistance lie a host of vital issues affecting the developing countries which are now under discussion in several multilateral institutions. We believe that this North-South dialogue, like the East-West dialogue, must be a two-way street. We should emphasize those issues where all countries can derive benefit.

While we seek to assist the developing countries, we will also expect them to undertake certain obligations. Negotiations on a new international economic order will not lead to desired results unless the developing countries move toward a new internal economic order that rewards productivity, uses capital and human resources effectively, and reduces inequalities of opportunity.

These various efforts to assist the developing countries will come to naught if they are not undertaken in the context of an open international trading system. We have extended duty-free treatment to many products from the developing countries, and we have offered substantial trade concessions to these countries on goods of primary interest to them in the present round of trade negotiations.

It is essential that the United States, Western Europe and Japan all do their fair share to absorb the agricultural and manufactured exports of the developing world. In declining to adopt the restrictive recommendations on shoes recently put to him by the U.S. International Trade Commission, President Carter demonstrated his commitment to maintain an essentially liberal trade policy in the face of domestic demands for protection.

6. U.S. foreign policy must focus more urgently on controlling the arms race and seeking genuine disarmament.

There are, in fact, three separate arms races:

-- the competition in nuclear arsenals between the U.S. and the U.S.S.R.,
-- the proliferation of nuclear weapons to those countries that do not now have them, and
-- the flow of conventional weapons to the trouble spots of the globe.
In order to halt the nuclear competition, President Carter seeks a more comprehensive and more reciprocal arms limitation and reduction agreement with the Soviet Union than we now have. SALT I was a useful step and opened the door to further cooperation between the two countries in arms control. But the Vladivostok accord set numerical ceilings that were much too high -- 2,400 strategic delivery vehicles, of which 1,320 could be MIRVed -- and set no meaningful limits on qualitative improvements.

Vladivostok, to be frank, was just a framework for continued arms competition. By building up to its ceilings and continuing to substitute new, more dangerous and more destructive weapons for old ones, we and the Soviet Union could spend a total of $500 billion on additional armaments between now and the year 2000 and both end up less secure than we are now. Needless to say, both countries would be better off spending that money on pressing domestic and international human needs.

Our proposals in Moscow were designed to accomplish two basic purposes:

-- to give both sides the political and the strategic parity to which each of them is entitled, and

-- to seek an agreement which would provide to both sides political and strategic stability.

We are trying to move toward genuine disarmament. We want to achieve a stable balance of strategic forces at the lowest possible level. We therefore proposed a comprehensive disarmament agreement, reducing delivery vehicles on both sides to 1,800-2,000 and MIRVed vehicles to 1,100-1,200, with significant limitations on the development of new weapons systems.

As you know, SALT I expires in October. Secretary Vance's trip to Moscow was the opening move in negotiations to reach a second SALT accord which we expect to accomplish before the deadline. We believe the Soviet Union will gradually come to accept the comprehensive approach to arms reduction as a basis for negotiations in the same way that Brezhnev eventually accepted the ban on defensive missiles proposed to him in 1968.

While this is our primary objective, we also indicated to the Soviet Union that if it could not accept a comprehensive accord immediately we would be willing to accept an agree-
ment on the basis of the Vladivostok accord, leaving to one side the disputed questions of the Backfire bomber and the cruise missile.

Because our nuclear arms proposal had clear political as well as strategic goals in view, it was accompanied by a series of other proposals designed to place the American-Soviet relationship on a more stable basis. These included:

- a comprehensive ban on nuclear testing;
- the desirability of achieving mutual restraint in regard to our respective military presence in the Indian Ocean;
- mutual restraint on conventional arms transfers to third parties;
- controls on anti-satellite capabilities; and
- meetings on non-proliferation.

In my view, it is clearly wrong to regard the Moscow negotiations as a failure. What we are trying to achieve is vitally important and very ambitious. The negotiations will continue. Cautious optimism is in order because both sides have a clear interest in a successful outcome.

The danger to world peace from the second arms race, i.e., the spread of nuclear weapons, is no less serious than that stemming from the US-USSR nuclear weapons competition. The more countries that possess nuclear weapons, the greater is the risk that nuclear warfare might erupt in local conflicts which could trigger a major nuclear war.

The Non-Proliferation Treaty was an important move toward containing the diffusion of atomic weapons, but we must go further. The international community needs to take measures to limit, not just the spread of nuclear weapons, but the spread of nuclear weapons capabilities.

The United States is particularly concerned about the spread of sensitive technologies which entail direct access to plutonium, highly enriched uranium or other weapons grade material. By 1990, the developing nations alone will produce enough plutonium in their reactors to build 3,000 Hiroshima-size bombs a year.
It is absolutely essential, in the opinion of the Carter Administration, to halt the export of enrichment and reprocessing plants, which represent a world-wide security risk. Unlike nuclear reactors, such sensitive nuclear facilities provide nations with direct access to nuclear weapons material. They also represent a target of opportunity for criminals and terrorist groups.

On the other hand, the President recognizes that the energy needs of the non-nuclear weapons states must be taken into account. We will therefore seek new international arrangements to limit the spread of weapons-grade material while making peaceful nuclear power benefits available to the non-nuclear weapons states under an international safeguard system.

Specifically, the President has recently decided that:

-- We will defer indefinitely the commercial reprocessing and recycling of plutonium in the United States. The plant at Barnwell, South Carolina, will receive neither Federal encouragement nor funding for its completion as a reprocessing facility.

-- We will restructure the U.S. breeder reactor program to give greater priority to alternative, less dangerous designs of the breeder (for example, the thorium breeder instead of the plutonium breeder) and we will defer the date when breeder reactors will be put into commercial use.

-- We will redirect funding of U.S. nuclear research to accelerate our research into alternative nuclear fuel cycles which do not involve direct access to materials usable in nuclear weapons.

-- We will increase U.S. production capacity for enriched uranium to provide adequate and timely supply of nuclear fuels for domestic and foreign needs.

-- We will propose the necessary legislative steps to permit the U.S. to offer nuclear fuel supply contracts and guarantee delivery of such nuclear fuel to other countries.

-- We will continue to embargo the export of equipment or technology that would permit uranium enrichment and plutonium processing.
We will explore new measures of international cooperation, including international study of safer, alternative nuclear fuel cycles, as well as international agreements to assure guaranteed access to nuclear fuel supplies and spent fuel storage facilities.

Our purpose in this program is not to gain commercial advantages or to disrupt the efforts of our friends and allies to deal effectively with their energy problems. Our purpose is rather to prevent additional countries from gaining access to weapons-grade material while assuring that all countries are given an opportunity to meet their energy needs.

In considering the third arms race -- the transfer of conventional arms throughout the world -- we Americans must first recognize our own responsibilities. Between 1968 and 1975 U.S. arms transfers rose from $1 billion to over $11 billion per year. We are now the largest seller of arms in the world. Obviously continued military support to our allies is necessary. Some arms sales to certain friendly countries cannot be precluded without damage to our relations with these countries and to our non-proliferation objectives. But excessive military transfers to third world countries fuel regional arms races and divert essential resources from urgent development needs.

There is another aspect to the conventional arms race that presents serious threats to international security. Many of these weapons combine simple operation, easy mobility and high destructive capability. Their proliferation increases the likelihood that they will fall into the hands of terrorists. There they bring a new dimension of instability and menace to private and public security that no civilized society is prepared to accept.

To implement new restraints in US arms sales, the President has established the policy that each transfer will be undertaken only when it clearly promotes U.S. national security. We will not make arms sales solely for commercial or balance of payments reasons.

The President recognizes, however, that unilateral restraint on our part will not solve the problem and we will be talking to the Soviet Union, as I noted earlier, and our allies to seek a common approach to the reduction of conventional arms transfers.
7. U.S. foreign policy should emphasize the building of international institutions needed for the solution of global problems.

Today, more than ever, it is clear that the national security of countries requires stronger international agencies to perform vital functions that no nation can perform alone—conducting international peacemaking and peacekeeping missions, promoting international trade and investment programs, protecting the global environment, assuring a rule of law for the oceans, implementing world-wide human rights standards and combating international terrorism.

In none of these areas has the United Nations lived up to all our expectations, and in some of them it has performed poorly. But in some it has clearly helped to make the world a better place. And let us remember that the UN can only do what its members want it to do—its frustrations mirror the frustrations of a badly divided world.

In recent years the United States and many of our allies in the developed world have had ambivalent feelings toward the United Nations. Certainly few advanced industrial democracies have made the strengthening of global institutions an important element of their foreign policies.

President Carter believes the time has come to change this state of affairs. It is no accident that he has made his Ambassador to the UN an important part of the foreign policy-making process or that his first foreign policy address was made before the United Nations.

During his primary campaign President Carter promised to supplement “balance of power politics” with “world order politics.” This means taking such measures as the following:

--- Trying to end the past diplomatic isolation of the United States in multilateral forums by consulting more closely with friendly nations.

--- Relating bilateral diplomacy more closely to multilateral diplomacy so that other countries will know the importance the United States attaches to their behavior in the UN and other international agencies.
-- Working harder to take positions of principle and comply with our legal obligations (e.g., President Carter pressed successfully for repeal of the Byrd Amendment which had put us in violation of the Security Council's embargo on trade with Rhodesia).

-- Joining with others to reform and restructure the United Nations system so that it can serve its members more effectively.

Having served as the U.S. member of the Group of Experts on UN Restructuring appointed by Secretary-General Waldheim, I confess to having a particular interest in this last point. One central aspect of UN reform should be greater emphasis on consultative procedures to encourage consensus rather than meaningless voting on contested issues.

I have attempted to summarize seven elements of special emphasis in the foreign policy of President Carter. But, you may ask, is there some unifying theme that explains the emphasis on these seven elements and that distinguishes the Carter Administration's foreign policy from that of its predecessors?

I believe that there is such a theme—and that it can be defined as a special concern for the interests of future generations.

The political leaders of all nations, whether they work within four to seven year election cycles or five year plans, are under enormous pressures to deliver short-term benefits to their peoples while passing on the costs to future generations. But as all our countries have learned, shortsighted policies today can lead to insuperable problems tomorrow. Many of our difficulties today stem from yesterday's errors and omissions.

It is understandable that a political leader should try to avoid addressing hard problems and pass these on to his successors. It is always more difficult to deal with a problem than to shove it under the rug. But for most of the vital issues facing our countries today, there is no room left under the rug.

Obviously no political leader can be expected to disregard the claims of the present in favour of those of the future, but there must be a reasonable balance of intergenerational responsibility.
The lead times between action and result are now so long—the future consequences of current mistakes are now so great—that responsible leaders must take decisions within a framework of planning for ten, twenty or even thirty years.

Whether we like it or not, the world of the twenty-first century in which our children and our children's children will live is being shaped irrevocably by what we do or fail to do today. This is true whether the issue is "domestic" (the crisis of the cities, the environment, public education) or "international" (the arms race, world economic development, the energy crisis, or the strengthening of international institutions).

It is this desire to balance the legitimate claims of the future with those of the present, in my view, that helps explain President Carter's special emphasis on the seven themes I have discussed with you today. Some of these themes, to be sure, may complicate our relations with other governments. Our stress on human rights and non-proliferation of dangerous nuclear technology may have already done so.

But I would remind you that the aim of foreign policy is not to minimize disagreement with other governments at any cost. The fundamental aim, as President Carter has emphasized, is to build a world "more responsive to human aspirations." This means, at a minimum, a world of peace and security, of justice and human rights, of economic and social progress.

Such a world will not be achieved by traditional methods, which have brought us into the grave difficulties in which we find ourselves today. The hour is now too late for politics as usual, for business as usual, or for diplomacy as usual. As President Carter said during his campaign, an alliance for survival is now required, transcending regions and ideologies, if we are to assure mankind a safe passage to the twenty-first century.

Two hundred years ago the American founding fathers spoke in our Declaration of Independence of "a decent respect to the opinions of mankind." President Carter now adds another dimension to that moral imperative—a decent respect for the interests of future generations.
In suggesting this theme to you today, I do not imply any claim to American moral superiority. What I do imply is that the United States, favored by history and nature with a greater ability than most countries to take the long view, does have a special responsibility.

In any event, I do believe the unifying theme I have identified explains much of what President Carter has done in his first ninety days. It is a theme that is not unworthy of our country as it embarks upon the third century of its history.
MR. PRESIDENT-

BRIEFING MEMO ON
TUCKER APPOINTMENT:

1) You should ask him questions about CAB philosophy;
2) You should tell him about Kahn being Chair;
3) You should (I think) tell him that you plan to designate him the Vice Chair;
4) Nothing official until after conflict's check, FBI, etc.

JL
Replacement for Minetti

If you decide not to give Minetti an extension, then we will have an additional vacancy on the CAB. It is important that you and the new chairman have a working majority on the Board who will support the CAB's new role.

Recommendation: I would like to recommend that you consider Don Tucker of Florida for membership for these reasons:

1) Don Tucker is an experienced lawyer and politician and would be a good Board member. He was a strong and effective Speaker of the House, and many of these same skills will be useful on the CAB.
2) Regional representation. The South has not been represented on the Board for over two decades. This is probably one of the reasons that Southerners today have to fly to New York or Chicago to get a direct flight overseas.
3) Politically it will help us in Florida. The few Florida appointments that we have made have been from Southern Florida (Dick Pettigrew, Alfredo Duran, etc.) or persons who were not early Carter supporters (Askew as Chair of Ambassadors Commission). Don represents well the rural area of Northern Florida that was so important to us in the general election.

As you well remember, Don publicly supported us when people were still laughing at your candidacy. He gave your candidacy a certain credibility with elected officials and in the rural areas. He blocked Askew's efforts to delay the Florida primary which would have undermined our strategy.

Reubin Askew told me recently that Don had been sick in the Fall (may have had a mild stroke) and that it had had a sobering affect on him. He said that Don had begun to think seriously about his life and future and that his
decision to leave the legislature and seek a position with the Administration was a very serious one.

Don has expressed a strong interest in being Chairman. I don't think that he has the necessary regulatory and economic experience to be Chair, but believe that he would certainly be a good member. The new Chair will need strong and reliable support as he takes the CAB in this new direction.

Comments and biographical information on Tucker follows.
DON TUCKER (41, Tallahassee, Florida)

Speaker of the Florida House of Representatives, 1974-78 (first Speaker to succeed himself since 1915); Vice-Chairman, Council of State Governments - Southern Region, 1976-77; Practicing attorney, 1962 - present; attended Brigham Young University, University of Utah and received J.D. degree at University of Florida, 1962.

Comments:

Governor Reubin Askew: "Don is a good man, very competent. He has been a strong and effective leader of the House. He was elected for a second term which is unusual. Don worked hard for the President...came out early and worked long and hard. Personally I think very well of him and would hope that the President would see fit to appoint him to the CAB."

Charles Kirbo: "Don is an honest man, terribly frank, and a good and decent public servant. He is a man who is fearless, courageous and very outspoken which sometimes causes him to get some criticism. He is of fine character. He would be a good appointment to the CAB."

Dick Pettigrew: "Don Tucker has been a very strong and effective Speaker. We have not always agreed politically, but I respect him as a person and as a politician. I would recommend him for service in the Administration without reservation."

Mike Abrams, Dade County Democratic Chairman: "Tucker and I don’t get along. We are political foes. Everything I say must be put in that context. Tucker was a very early, early Carter supporter, and this shouldn’t be forgotten. He is a good politician and has been an effective Speaker. He's competent and would be loyal to the President. His style is close to 'redneck' politician, but ideologically, he's a moderate. I favor Sylvan Meyer over Don Tucker for CAB."
RESUME

PERSONAL

Name: Donald L. Tucker
Address: 2520 North Monroe Street, Tallahassee, Florida 32303
Telephone: (904) 385-8149 - Office 385-7043 - Home
Born: July 23, 1935, Tallahassee, Florida
Marital Status: Married, Donna K. Basford
Children: Donnie, Age 15 years
Joe, Age 13 years
Richard, Age 10 years
Church: Church of Jesus Christ of Latter Day Saints.
Served two years as missionary to North Western USA. Former President, West Florida District.
(13 Church units).

EDUCATION

Brigham Young University
University of Utah
University of Florida, L.L.B. (J.D.) 1962

PROFESSIONAL MEMBERSHIPS

Tallahassee Bar Association
Florida Bar Association
American Bar Association
American Judicature Society
Admitted to Practice Public Service Commission

EXPERIENCE

Practicing Attorney 1962 to present. I have had broad experience in personal injury, corporate law, and administrative/regulatory law. I have also served in the following positions:

County Attorney
County Prosecutor
City Attorney
School Board Attorney
Speaker, Florida House of Representatives, 1974 to present.
First Speaker to succeed himself since 1915

First elected to State Legislature in 1966, and served as
Chairman of a major committee beginning with my second term.

Commerce Committee Chairman, 1972-74.
Manpower and Development Committee Chairman, 1970-72.
Claims Committee Chairman, 1968-70.

As Speaker of the Florida House of Representatives, I exercise
general supervision over a staff of approximately 350 persons.
It is my responsibility to select Committee Chairman and make
appointments to all committees of the House from among the legislative
members. All legislation introduced is referenced to appropriate
committees by the Speaker. Under my leadership the Florida House
of Representatives has achieved national prominence.

AWARDS

Governor of Florida Boys State. Chairman of Florida Youth Safety
Council. Jaycees Award, "Outstanding Young Men in America, 1966."
Appointed by Lieutenant Governor to Florida State Manpower Planning
Council in 1972. Chosen as Outstanding Legislator by the Tallahassee
Chapter of Florida Senior Citizens in 1972. Selected by Tallahassee
Democrat as "Legislator-Newsmaker, 1972." Chosen in 1973 for the
Allen Norris Award, "Second Most Valuable Member of the House."
Chosen in 1974 for the Allen Norris Award, "Most Effective Member
of the House." Nominated in 1974 for the St. Petersburg Times
Award, "Most Valuable Member of the House. Vice-Chairman, Council
of State Governments - Southern Region, 1976-77.
I would like to interview Tucker.

I want other candidates.
MEMORANDUM FOR THE PRESIDENT
FROM: JIM FALLows
SUBJECT: ASNE Phone Call

All of us have tried to think of subjects for you to discuss. We have some, but I want to introduce them with three warnings:

* if you discuss, say, your energy program, you have to avoid the feeling that you are openly trying to sell it to them, since that will offend their sense of independence.

* if you suggest other tasks they could perform, you must also be careful of implying that they have "duties," since the essence of a free press is that they can publish even if they're irresponsible.

* if you say what they want to hear—that you value them as independent critics—you must take care not to sound like Uriah Heep. It might be better to do what you did so effectively at the Women's Political Caucus—speaking to an "interest group" about subjects which transcend their particular interest.

With that in mind, here are our suggestions:

(1) There will be exceptions to this—primarily in the field of national security—but I generally intend to conduct my presidency on a simple principle.

It is one which guided me as Governor of Georgia as well.

It is, "If you don't want to see it in the papers, don't do it."

If this rule had been followed in the past, our nation would have been spared many of the shocks and disappointments of recent years.
(2) Too often, we who are in government look on the press as an enemy. We react defensively when you uncover cases of corruption, indifference, inefficiency or waste in the programs we manage.

This is a mistake. We should look on the press as valuable allies in helping us find out shortcomings that we should be aware of.

The press could actually be more aggressive in this area. It's hard for Presidents, Congressmen, and everyone else in government to avoid the temptation to keep looking toward new programs, and to forget about those already set up. It is harder to find out what is really working—or not working—in Kansas or California or Maine than to think up a new legislative concept. Newspapers are a vital element in providing that information and making the whole complex system work.

(3) At the same time, you are concerned about a trend—in the nation and in the press—for everyone to "discover" a new problem at the same time, get excited about it for a while, and then move on to something new. The government bears its share of the blame for launching new programs and often neglecting to see how they turn out. But you've often said that there are very few things that ordinary people can't understand if they are explained thoroughly. That's a responsibility that you and the press share.

(4) We've become far more "interdependent," as a nation and as a world. What happens to the weather in Florida and California and Brazil and Russia affects what we eat and what we pay for it. Pollution, energy, and the prospects of war or peace link all of our lives together. This complexity makes it all the more important for the government to get constant reaction to its plans. You need results more quickly—and the press is the best way of finding out what is going on.

(5) Criticism is hard to take—as hard for me as for anyone else. Sometimes I over-react to it, even though I try not to. This is normal.

But I generally find, when I sit down and think about the criticism later, when the sting perhaps isn't so fresh, that I have learned something from it.

So I wouldn't be human if I said I enjoyed some of your more critical attentions. But I wouldn't be truthful if I said they haven't sometimes helped me.
(6) I do not think we need legislation comparable to Great Britain's Official Secrets Act. It is better to risk occasional embarrassment at your hands than to limit the First Amendment. We are strongly backing overhaul in the federal criminal code sponsored this week by Senators McClellan and Kennedy. Their bill leaves intact the First Amendment, and avoids many of the questionable provisions of S.1, the previous omnibus crime bill. This issue is of tremendous importance to each of you, and I hope you'll be able to take the time to familiarize yourselves with the McClellan-Kennedy bill and give it your support.

(7) You realize that your relationship is one with built-in thorns--they criticize, and it's good for you. But the other side of the relationship is that you will constantly keep trying to explain your programs and ideas. To mention a few:

-- human rights (which is of course connected with freedom of the press; as Jody said, we look forward to the time when all people enjoy the right to criticize)
-- the summit
-- SALT
-- energy
-- government reorganization--for example, airline deregulation, since most of them probably came there on planes.
MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT
LYNN DAFT
SUBJECT: US - PRC Trade Development

Carroll Brunthaver, Vice President of Cook Industries, notified us this morning that their firm has completed arrangements for a large sale of cotton to the Peoples Republic of China about 50,000 bales. Since this is the first large sale of an American agricultural commodity to the PRC in about 3 years, it could represent a significant breakthrough in our trade relations with that country. The sale was made at a competitive world market price. It will not be made public until Thursday.

cc: The Vice President
Zbigniew Brzezinski
May 3, 1977

Jody Powell -

For your information the attached letter was sent to Miss Hart today.

Rick Hutcheson

Re: Campaign Tapes
<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enrolled Bill</td>
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<td>Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day</td>
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<tr>
<td>Agency Report</td>
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<td>Executive Order</td>
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</table>

FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND
MEMORANDUM FOR THE PRESIDENT

FROM: Jody Powell

SUBJECT: Requesting release of campaign tapes from Georgia Archives

The audio tapes of your public appearances made during the campaign are now at the Department of Archives and History in Atlanta. We need to obtain their release so they can be shipped here. We need to transcribe them for our records. Carrol Hart, Director of the Department, will release them only on your personal request.

I hope you will sign the attached letter. After we have obtained the tapes and they are transcribed, I will be sure that they are safeguarded.

Attachment
To Carrol Hart

Please release those tapes of my 1975 Presidential campaign which are in your possession to Noel Sterrett.

Thank you for safeguarding these records.

Sincerely,

[Signature]

Miss Carrol Hart
Director of the Department of Archives and History
330 Capitol Avenue, S.E.
Atlanta, Georgia 30334
THE WHITE HOUSE
WASHINGTON
May 3, 1977

Jim Fallows -

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

Rick Hutcherson

Re: NATO Speech
MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS

SUBJECT: NATO Speech

This is our final draft of the speech to the spring session of the North Atlantic Council. Rick Hertzberg of my staff worked with NSC staff people on it.

Electrostatic Copy Made
for Preservation Purposes
Introduction

Mr. President, Mr. Secretary General, Excellencies, and Members of the Council:

We meet at an important time in the development of the industrial world. The international institutions on which our countries rely have served us well. They can continue to do so only if we strengthen and adapt them to meet the realities of the future.

Here in London last week, the leaders of seven nations pledged to join others in strengthening these institutions in the economic field.

Today and tomorrow, this Council will discuss how to adapt the North Atlantic Alliance to meet the military and political challenges of the 1980s.

Taken together, these meetings should give new impetus to relations among our industrial democracies. They could mark the beginning of a renewed common effort toward meeting common needs.

The United States Commitment to Europe

At the center of this effort must be strong ties between Europe and North America. In maintaining and strengthening these ties, my Administration will be guided by certain principles. Simply stated,
We will continue to make the Alliance the heart of our policy. We will remain a reliable and faithful ally. We will join with you to strengthen the Alliance -- politically, economically, and militarily. We will ask for and listen to the advice of our Allies. And we will give our views in return, candidly and as friends.

In all this, we will be working with old and trusted friends to strengthen peace.

This effort rests on a strong foundation. The state of the Alliance is good. Its basic purpose and its fundamental policies are valid. We derive added strength, and new pride, from the fact that all fifteen of our member countries are now democracies. NATO is a pact for peace -- and a pact for freedom.

The Alliance is even stronger because it is a partnership between North America and European countries that have made solid progress toward Western European unification. Twenty years after the Rome Treaties, the European Community plays an expanding role in world affairs. We welcome this growth in its role. We will work closely with the Community. An increasingly united Europe is indispensable to fulfillment of the goals we pursue as allies.
Political

In the aftermath of World War II, the political imperatives were clear. Our task was to build the strength of the West and to deter Soviet aggression. In the years since then, East-West relations have become far more complex. Managing them requires patience and skill.

Soviet power is growing steadily. At the same time, the Soviet Union faces internal problems — some of them unique, others common to industrial societies. As the power at their disposal grows, the leaders of the Soviet Union may be tempted to use it to exert new international pressures. Or they may seek a further relaxation of tensions, the better to concentrate their resources on solving their internal problems.

In these circumstances, our job is to remain firm politically and strong militarily, while holding out to the Soviet leaders every possibility for agreements.

Our approach to East-West relations must be guided both by a humane vision and by a sense of history. Our humane vision leads us to seek broad cooperation with Communist states for the good of mankind; our sense of history teaches us that the Soviet Union and ourselves will continue to compete. Over time, if we manage this dual relationship properly, we can hope that cooperation will eventually overshadow competition, and that an increasingly stable relation between our countries and the Soviet Union will result.
My country is now discussing with the Soviet Union how to work together in controlling strategic arms. We have made two proposals to Soviet leaders. We would prefer to reduce substantially levels of strategic nuclear weapons, to freeze the development of new land-based intercontinental missiles, and in this context to place restraints on strategic range cruise missiles. However, we are also prepared to confirm agreed elements of the Vladivostok understandings by stabilizing equal strategic force levels, while deferring to SALT III the issues of cruise missiles and the Backfire bomber.

Either approach, we believe, would enhance the security of both this Alliance and the Soviet Union. Either would strengthen stable deterrence. And, after either agreement, we could negotiate still further restraints, to preserve that security and stability in the face of advancing technology. By involving the Soviet Union in a continuing effort to control strategic arms, we hope not only to reduce the risks and costs of continuing competition in strategic arms but also to promote broader kinds of cooperation between our countries.

The Soviet Union has not accepted either approach. But it has made clear that it wants an agreement; negotiations continue in Geneva and at the political level. We will persevere in seeking a genuine end to the arms race. And as we pursue this goal, we will continue to consult with you fully -- not only to keep you
informed but also to seek your views.

I hope that our countries can also reach agree-
ment with the Soviet Union in limiting and reducing con-
ventional forces. NATO has made serious proposals for the 
mutual and balanced reduction of forces in Central Europe.
My country strongly supports the efforts of the Alliance to 
gain an accord that would be in the interest of all countries 
concerned -- an accord based on parity in force levels and 
an overall ceiling for the forces of NATO and the Warsaw Pact.

As we pursue arms control with the Soviet Union and 
the Warsaw Pact, we should also try to draw the nations of 
Eastern Europe into cooperative undertakings. Our aim 
is not to turn this region against the Soviet Union, but 
rather to mitigate the division of Europe and enlarge 
the opportunities for Eastern European countries to work 
with us in meeting the challenges of modern society.

Next month, delegates of 35 countries will confer 
in Belgrade to plan for a meeting to review progress since 
the Helsinki Final Act. The United States shares with you 
a desire to make this a useful and constructive meeting. 
The Allies have worked closely together on these matters 
and we are anxious to continue to do so. The NATO 
countries have an excellent record; we have recently taken 
a number of initiatives in the spirit of Helsinki. We 
support a careful review of progress by all countries in 
implementing all parts of the Final Act. We approach these 
meetings in a spirit of cooperation, not of confrontation.
We expect to see good faith in carrying out the Helsinki commitments; we seek positive results, not acrimony. We are prepared to work patiently and steadfastly toward achieving the Helsinki goals.

America's concern for human rights does not reflect a desire to impose our particular political or social arrangements on any other country. It is, rather, an expression of the most deeply felt values of the American people. They believe -- along with the people of your countries and of many other countries as well -- in the right of each person to be free from such intrusions on physical integrity as torture and arbitrary imprisonment; in the right of each person to freedom of conscience, freedom of expression, freedom of movement, and an inner life of his or her own choosing; and in the right of each person to a basic standard of food, shelter, health care, and education. We entertain no illusion that the concerns we express and the actions we take will bring rapid changes in the policies of other governments. But neither do we believe that world opinion is without effect. We will continue to express our beliefs and to shape our policies to reflect them -- not only because we must remain true to ourselves, but also because we believe that the building of a better world rests on each nation's clear expression of the values that have given meaning to its national life.

There are other tasks before the members of this Alliance.
Our countries and indeed all nations would be threatened by the continued spread of nuclear weapons around the world. I hope we can join in international efforts that will enable all nations to meet their needs for nuclear energy without increasing the risk of nuclear proliferation.

Our countries share a responsibility with others to help reduce transfers of conventional arms, and to work for settlement of regional disputes. The United States has begun to control the spread of conventional arms; but any effective program must be cooperative -- including both supplier and purchaser nations.

All our countries are deeply affected by continued conflict in the Middle East. The United States is committed to peace in that region, and will support the efforts of nations there to turn from conflict to a comprehensive settlement that would bring final peace. Your countries' efforts and our can reinforce each other.

Together, our countries share a desire to see the people of Africa shape their own destinies, free from racism, secure in their independent nationhood, and firmly on the road to economic development. To these ends, we welcome the actions of our allies in helping African countries maintain their integrity and independence.
And together our countries share a responsibility to work with other nations in assisting growth throughout the developing world. All of us now recognize that our own future is bound up with that of the world's poor people, and that the tasks of building the peace and creating a more just and humane world are one and inseparable. All countries, industrial and developing alike, have a role to play in these tasks; their varied efforts should be concerted. The concept of a world development program may provide a helpful framework in which this can be done.

If our countries move toward these two broad objectives -- peace and economic development -- in the developing world there will be fewer opportunities for outside interventions. The future of peoples in developing countries should lie in their own hands; it should not be shaped by an extension of East-West competition to the Third World. I hope that the Soviet Union will join other countries in using its influence to help bring peace to troubled regions and in providing aid to poor countries. Our countries should welcome its cooperation, as we resist its intervention.

In all these political tasks, close consultation within the Alliance is the key to success. The North Atlantic Council provides the forum for that consultation. We do not need new institutions, only to make better use of one that has served us so well. To this end:
Our countries should continue to consult in the Council about all matters that involve the Alliance's common interest. I pledge that the United States will share with the Council our views and intentions about the full range of issues affecting the Alliance.

The Council should examine long-range prospects and problems, so as to make this consultation more effective. A special Alliance review of East-West relations, undertaken by the Council and drawing in national experts, could serve this end. Such a review might assess future trends in the Soviet Union, in Eastern Europe, and in East-West relations, and analyze the implications of these trends for the Alliance. The United States is prepared to make a major contribution to this study, whose conclusions could be considered at the May 1978 NATO meeting.

Defense

Achieving our political goals depends on a credible defense and deterrent. The United States supports the existing NATO strategy of flexible response and forward defense. My country will continue to provide powerful forces to help carry it out. We will maintain an effective strategic deterrent -- to deny any military or political advantage to the Soviet Union; we will keep diverse and modern nuclear forces in Europe; and we will maintain and improve conventional
forces based here. United States military forces in Europe are an essential element of Western security, and we will not reduce them unilaterally.

The threat facing the Alliance has grown steadily in recent years. The Soviet Union has achieved essential strategic nuclear equivalence; its nuclear forces have been strengthened; its conventional forces emphasize an offensive posture. The pace of its build-up continues undiminished.

The collective deterrent strength of our Alliance is still effective. But it will remain so only if we work to improve it. The United States is prepared to make a major effort to this end -- as Vice President Mondale told you in January -- in the expectation that our Allies will do the same.

There have been real increases in allied defense spending. But difficult economic conditions set practical limits. We need to use limited resources wisely, particularly in strengthening conventional forces. To this end:

-- We must combine, coordinate, and concert our national programs more effectively.
-- We must find better ways to bring new technology into our armed forces.
-- We must give higher priority to increasing the readiness of these forces.

To fulfill these goals, I hope that our Defense Ministers will, when they meet next week, begin developing a long-term
defense program to strengthen NATO deterrence and defense in the 1980's. That program should address choices and order priorities. It should emphasize greater Alliance cooperation to ensure that our combined resources are used most effectively. It should take full advantage of work already done in NATO to define common problems; and it should begin to solve them.

But plans are not enough. We must ensure that our Alliance has an adequate system for setting overall goals in defense, for measuring national performance against these goals, and for devising and carrying out joint programs. I propose that our defense Ministers, working closely with the Secretary General, consider how best to strengthen the Alliance's machinery so that agreed programs can actually be fulfilled.

After an interim report to the December 1977 NATO meeting, I hope that the Defense Ministers will submit their program to the Spring NATO meeting, which might be held at the Summit to review their recommendations.

As we strengthen NATO forces, we should also improve cooperation in development, production, and procurement of Alliance defense equipment. The Alliance should not be weakened militarily by waste and overlapping. Nor should it be weakened politically by disputes over where to buy defense equipment.

Progress will not be easy. In each of our countries, economic and political factors pose serious obstacles. None of our countries, my own included, has been free from fault.
A major effort is needed -- to eliminate waste and duplication between national programs; to provide each of our countries an opportunity to develop, produce, and sell competitive defense equipment; and to maintain technological excellence in all Allied combat forces. To reach these goals, our countries will need to do three things:

First, the United States must be willing to promote a genuinely two-way trans-Atlantic trade in defense equipment. My Administration's decisions about the development, production, and procurement of defense equipment will be taken with careful attention to the interests of all members of the Alliance. I have instructed the Secretary of Defense to examine whether increased opportunities can be found for buying European defense equipment which would contribute to more efficient use of Allied resources. I will work with the Congress of the United States in reviewing legislation and regulatory practices to achieve this end.

Second, I hope the European allies will continue to increase cooperation among themselves in defense production. I welcome the initiative taken by several of your countries in the European Program Group. A common European defense production effort would help to achieve economies of scale beyond the reach of national programs. A strengthened defense production base in Europe would enlarge the opportunities for two-way transatlantic traffic in defense equipment, while adding to the overall capabilities of the Alliance.
Third, I hope that European members of the Alliance on the one hand, and the North American members on the other, will join in exploring ways to improve cooperation in the development, production, and procurement of defense equipment. This joint examination could involve the European Program Group, as it gathers strength and cohesion; some issues could be discussed in the North Atlantic Council. Whatever the forum, the United States is ready to participate in this examination in the way and at the pace that our allies wish. We are eager to join with you in trying to identify opportunities for joint development of new equipment, and for increasing licensing or direct purchase of equipment that has already been developed. Together, we should look for ways to standardize our equipment and make sure it can be used by all allied forces. We should consider how we can gear the administration of national and international programs to these ends. And we should see if ways can be found to introduce into our discussions a voice that would speak not for any particular country, but for the common interests of the Alliance in offering advice about cooperation in defense equipment.

Conclusion

The time we live in and the time we are about to enter call for greater unity among the industrial democracies. It is not enough for us to share common purposes; we must also strengthen the institutions that fulfill those purposes. We are met today to renew our dedication to one of the most important of those
institutions, and to plan for actions that will help it to meet new challenges. Some of these actions can be taken in the near future. Others can be developed for review by the NATO meeting next year at this time. If other members of the Alliance would wish, I would be glad to offer Washington as the site of that meeting.

In our common tasks, success will depend on common effort. The French writer and aviator, Saint-Exupery, wrote that "the noblest task of mankind is to unite mankind." Our alliance unites but a small portion of the human race. But if we remain true to the values that brought us together, the work we do together, by assuring the survival of those values, can benefit all mankind.

# # #
THE WHITE HOUSE
WASHINGTON
May 3, 1977

Jim Fallows

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

Rick Hutcheson

Re: UAW Speech
Mr. President:

Stu's office suggests that your speech touch on the highlights of your first few months of office, and spell out what can be expected over the remainder of your term.

Rick
MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLONS

SUBJECT: UAW Speech

You are scheduled to speak to the UAW in California on May 17, one week after your return from Europe.

I have not found anyone who can tell me what the subject of the speech should be. Landon Butler is interested in a speech about either medical care or energy. I have heard rumors that you want to talk about foreign trade.

Can you write down a few words of guidance, so that we can work on the speech while you are travelling and have a draft ready when you return? Thank you very much.

At the 100 day list, the list 100 day list, add it on health care (special request of Woodcock) = a "domestic agenda." Make some can be a "foreign agenda" speech. Some overlap ok.

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THE WHITE HOUSE  
WASHINGTON  
May 3, 1977  

Hamilton Jordan -  

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

Rick Hutcheson  

Re: Presidential Appointments to FNMA Board
MEMORANDUM TO THE PRESIDENT
FROM: HAMILTON JORDAN
DATE: MAY 3, 1977
SUBJECT: PRESIDENTIAL APPOINTMENTS TO FNMA BOARD

Under the Housing and Urban Development Act of 1968, FNMA is a wholly-shareholder owned corporation created by Congress. The statutory purpose of FNMA is to provide supplementary assistance in home buying and to improve the distribution of investment capital for home mortgage financing. Congress has given the President extensive power over FNMA and its Board of Directors. The assets of FNMA are estimated at $35-37 billion.

The Board is made up of 15 individuals, five of whom are appointed as public representatives by the President. Ten are elected by the shareholders of FNMA. Under the statute creating FNMA, three of the five appointed by the President must represent real estate, mortgage lending and homebuilding industries respectively. By tradition, one of the other two members has been the General Counsel of DHUD, and the fifth member has been chosen by a number of public groups.

Pat Harris recommends the following five persons for the FNMA Board:

1) Ruth Prokop, the new DHUD General Counsel.
2) Ernesta Procope, a very successful black New York businesswoman with experience in both insurance and real estate. Her husband is the publisher of the Amsterdam News.
3) Ray Lapin, a former president of FNMA, who is backed for a Board position by Senator Cranston.
4) John Thompson, a black realtor who was recommended by the National Association of Realtors.
5) Marvin Gilman, a very well-regarded builder from Delaware.

As mentioned above, the FNMA statute requires that three of the five members appointed represent the real estate, homebuilding and mortgage lending industries; Messrs. Thompson, Gilman and Lapin, respectively, qualify as members of these industries.

I concur with Pat’s recommendations.

Approve Disapprove Other
THE WHITE HOUSE
WASHINGTON

May 3, 1977

Frank Moore
Hamilton Jordan

For your information the original of the attached letter was given to Mr. Harris of OMB for delivery.

Rick Hutcheson
Mr. President—
As you suggested as relates to Berti's salary level.

Yours,
May 3, 1977

To Congresswoman Pat Schroeder

It is my understanding that H.R. 2387 is shortly to be considered by your Subcommittee.

For the record I would like to state my strong feeling that the position of the Director of the Office of Management and Budget should be treated as a Cabinet level position.

Sincerely,

The Honorable Patricia Schroeder
Chairwoman
Subcommittee on Employee Ethics and Utilization
603 House Office Building Annex I
Washington, D.C. 20515
Bert Lance

For your information the attached letter was signed by the President and given to Bob Linder for appropriate handling.

Rick Hutcheson

Re: Supplemental Appropriation for Dept. of Treasury
April 29, 1977

SIGNATURE

MEMORANDUM FOR: THE PRESIDENT
FROM: Bert Lance
SUBJECT: Proposed Amendments to 1977 Supplemental Appropriations and a 1978 Budget Amendment for the Department of the Treasury

Attached for your signature are proposed amendments to fiscal year 1977 supplemental requests totaling -$3,193,535,000 and a proposed budget amendment for fiscal year 1978 in the amount of -$166,000,000. These reductions reflect your decision to withdraw certain elements of the economic stimulus package which you transmitted to the Congress on January 31, 1977.

These proposals will reduce budget outlays by $3,193,535,000 in fiscal year 1977 and $166,000,000 in fiscal year 1978. Full-time permanent employment will not change in either year.

RECOMMENDATION:

I recommend that you sign the letter transmitting these proposals to the Congress.
THE WHITE HOUSE
WASHINGTON

The Speaker of the
House of Representatives

Sir:

I ask the Congress to consider, for the Department of the Treasury, amendments to reduce fiscal year 1977 supplemental appropriation requests by $3,193,535,000 and an amendment to reduce fiscal year 1978 appropriations requests by $166,000,000.

The details of these proposals are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Respectfully,

Enclosure

[Signature]

Jimmy Carter
DEPARTMENT OF THE TREASURY
BUREAU OF GOVERNMENT FINANCIAL OPERATIONS

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<th>Heading</th>
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<th>1977 proposed amendment</th>
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(Delete the above heading and the appropriation language thereunder as shown in H. Doc. 95-89.)

These amended supplemental requests reflect the decision to withdraw the economic stimulus proposals to provide a tax rebate of $50 per person and comparable payments to non-taxpayers. The requests for funds to process the payments are also withdrawn.
This proposed amendment reflects the decision to withdraw the proposal to provide an investment tax credit as part of the economic stimulus program.
The President  
The White House  
Sir:

I have the honor to submit for your consideration, for the Department of the Treasury, proposed amendments to reduce requests for supplemental appropriations for the fiscal year 1977 by $3,193,535,000 and an amendment to reduce requests for appropriations for fiscal year 1978 by $166,000,000. The details of these requests are contained in the enclosure to this letter.

I have carefully reviewed the proposals to decrease appropriations contained in this document and am satisfied that these requests are necessary at this time. I recommend, therefore, that these proposals be transmitted to the Congress.

Respectfully,

Bert Lance  
Director

Enclosure
MEMORANDUM

THE WHITE HOUSE
WASHINGTON

Meeting with Jane Fortson
Tuesday, May 3, 1977
1:45 p.m.
5 minutes
The Oval Office

I. PURPOSE: to discuss a personal matter

II. BACKGROUND, PARTICIPANTS, PRESS:

A. Background: Jane wrote and called asking for 5 minutes prior to departure for London.

B. Participants: The President and Jane Fortson

C. Press: White House Photographer Only
MEMORANDUM
THE WHITE HOUSE
WASHINGTON
Meeting with CBS Records
Tuesday, May 3, 1977
The Oval Office
11:20 a.m.
(by: Fran Vo...)

I. PURPOSE: to present record album of the 1977 Inaugural Concert.

II. BACKGROUND, PARTICIPANTS, PRESS:

A. Background: CBS Records is donating the profits from the sale of these records to the National Endowment for the Arts in the name of the Inaugural Committee.

B. Participants:
The President
Walter Yetnikoff, President CBS Records
Bruce Lundval, CBS Records
Michael Tannen, Inaugural Committee
James Lipton, Exec. Producer, Inaugural Concert
Phil Ramon, Production Engineer
Mac Lipscomb, Rafshoon Agency

C. Press: White House Photographer Only

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THE WHITE HOUSE
WASHINGTON
May 3, 1977

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

Rick Hutcheson
cc: Stu Eizenstat
Jack Watson
Re: Use of Costly X-Ray Device
THE WHITE HOUSE
WASHINGTON

5-27-77

To California
Let's take some action - shape it if possible - and make it as
desirable as possible.

J. C.
Panel Urges Carbon Use Of Costly X-Ray Device

By Lawrence Blevins

The nation's leading panel of medical experts on the X-ray device has been at loggerheads over whether the new device should be adopted in present or previous practice. The panel found a number of experts who recommend the device, but the majority of experts oppose it. They cannot agree on the new device's feasibility and the cost of using it.

At least six of the nation's leading panel have been at loggerheads over whether the new device should be adopted. The panel found a number of experts who recommend the device, but the majority of experts oppose it. They cannot agree on the new device's feasibility and the cost of using it.

The panel of experts, which was assembled by the national council of the latest X-ray device, continues to debate the merits and drawbacks of the new device. The panel has been unable to reach a consensus on the device's feasibility and the cost of using it.

The panel recently met to debate the merits and drawbacks of the new device. The panel has been unable to reach a consensus on the device's feasibility and the cost of using it.
May 3, 1977

Jack Watson

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

Rick Hutcheson

cc: Stu Eisenstat
    Landon Butler

Re: Proposed Letter to CETA
    Prime Sponsors
MEMORANDUM TO: THE PRESIDENT
FROM: Jack Watson               May 3, 1977
SUBJECT: Proposed Letter to CETA Prime Sponsors

Ray Marshall has recommended that the attached Presidential letter be sent to CETA prime sponsors. Because of the withdrawal of the tax rebate, delay in the economic stimulus appropriations, and what Ray senses as a general uncertainty about the Administration's position on unemployment, governors, mayors and county officials have slackened their efforts to prepare for major public service employment expansion. Ray thinks that sending the attached letter would reaffirm our commitment to the program and help to mobilize efforts at the state and local levels.
I am writing you to emphasize the continuing urgency of our battle against high unemployment. I anticipate that Congress will soon approve the funds we have requested to expand the size of our public service employment program. With those funds, we hope to double the number of public service jobs provided under the Comprehensive Employment and Training Act (CETA).

The success of CETA depends in large measure on officials such as you, because the new jobs must be created and matched with people at the state and local levels. I hope you will do everything possible to minimize procedural delays and bureaucratic red-tape in creating and filling these new jobs; we will do everything we can at the Federal level to do the same.

As you know, CETA is aimed at the long-term unemployed, and men and women receiving public assistance. Secretary of Labor Ray Marshall has asked that veterans be hired to fill 35 percent of the new public service jobs. Given the difficulty that so many veterans are having in getting jobs, that assistance is sorely needed and much deserved.

I have asked Secretary Marshall and the Labor Department to assist you in any way possible. I have also asked the State Employment Security Agencies to
provide assistance in determining the eligibility of CETA applicants and in identifying large numbers of low-income and unemployed people.

I am confident that this partnership between the Federal Government and State and local governments can work. It is essential for us to have a common sense of purpose and to move without delay.

I appreciate your help in this important task.
MEMORANDUM FOR: THE PRESIDENT
FROM: STU EISENHOWER
SUBJECT: Cargo Preference

The subject of cargo preference is likely to come up during your discussions with European leaders. This memo is to update you on the status of the legislation and our efforts to develop a compromise.

We have completed discussions with Congressional leaders and representatives of industry and labor. The consensus of these meetings was that the package of possible alternatives to strengthen the maritime industry was not an acceptable substitute for cargo preference. All parties were willing to consider modifications in the cargo preference bill. We are expected to testify in the House in late May.

The Commerce Department has prepared a decision memo which will be forwarded to you on your return. The options are basically:

1) Cargo preference with delayed effective dates and provisions for use of some foreign built tankers.

2) A package of substitute proposals that, while generally not acceptable to the industry as a substitute, can credibly be considered to fulfill our campaign commitment.

The European leaders can be expected to lobby against any cargo preference proposals. I believe that we should reserve judgment on this issue at this time.
Stu:

You should know that right now the President gets about a 24-hour jump on public announcement of figures like the newest inflation/unemployment rate -- an eyes only copy to him. Presumably, you are not talking about that sort of economic figure, but rather more subjective things, such as the forecast for economic growth. I suggest that your memo stress this distinction.

Rick
MEMORANDUM FOR:  THE PRESIDENT
FROM: STU EISENSTAT
SUBJECT: Economic Announcements

Your memorandum concerning the need for better coordination of Administration spokesmen touches upon a related problem of coordination that has recently concerned me: the timing and presentation of economic news.

Last Friday, OMB announced, when sending its revised budget estimates to Congress, that the Administration had changed its 1977 forecasts for economic growth (from 5.4% to 4.9%) and inflation (from 5.3% to 6.7%). Because that announcement came so shortly after the rebate and anti-inflation decisions, questions have been raised (by the press, Congress and others in the Administration) about whether those decisions were based on the unannounced information and, if not, whether different decisions would have been with the new information.

In the short run, I think it will be helpful if Administration spokesmen uniformly respond to inquiries by indicating that the rebate and anti-inflation decision were based on the unannounced information. In my own case, I did not have the unannounced information, but I now understand that a number of others involved in the decisions did.

For the longer term, I recommend a number of ways to ensure that major economic decisions clearly are based on the latest information, and any public announcements reflect that fact:

(1) Prior to any announcement of major economic figures, those figures should routinely be circulated to all of the economic policymakers; the circulation should be made as soon as possible after figures are compiled (even if they are still preliminary.)
(2) The anticipated dates of major economic announcements should also be circulated to major policymakers as far in advance as possible; that will enable them to avoid scheduling their own announcements at inappropriate times.

(3) Each EPG meeting should review anticipated announcements, and make some determination about whether the announcement should be delayed, advanced, or kept on schedule. Any decision about a delay or advance should be reported to you.

(4) There should be clarification about whom among your major economic policymakers announces which decisions (and then continues as the Administration spokesman on the subject).
MEMORANDUM

FOR ACTION:
Stu Eisenstat
Hamilton Jordan
Bob Lipshuts
Frank Moore
Jack Watson
Z. Brzezinski

FOR INFORMATION:
The Vice President
Joe Aragon
Peter Bourne

FROM: Rick Hutcherson, Staff Secretary

SUBJECT:
Report of Task Force on Undocumented Aliens

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:
TIME: 4 P.M.
DAY: FRIDAY
DATE: APRIL 29

ACTION REQUESTED:
X Your comments
Other: ________

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

Please note the President has indicated he wishes to receive this report by April 29.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required

Material, please contact the Staff Secretary immediately (Telephone 30551)
MR. PRESIDENT:

May 2, 1977

At my request Joe Aragon prepared these recommendations on the Task Force report on Undocumented Aliens. Although I don't agree with all of Joe's comments, his memorandum represents a different perspective which I think you should have in making these decisions.

Hamilton Jordan
MEMORANDUM

FOR INFORMATION:
The Vice President
Joe Aragon

FROM: Rick Hutcherson, Staff Secretary

SUBJECT:
Report of Task Force on Undocumented Aliens

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:
TIME: 4 P.M.
DAY: FRIDAY
DATE: APRIL 29

ACTION REQUESTED:

Other:

☐ Your comments

☐ I concur.

☐ No comment.

Please note the President has indicated he wishes to receive this report by April 29.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)
MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT Stu
SUBJECT: Summary and Analysis of Task Force Report on Undocumented Aliens

Attached is the Report of the Task Force on Undocumented Aliens which you requested.

I feel strongly that you should have Zbig’s comments on our recommendations. I have furnished him with a copy.
MEMORANDUM FOR THE PRESIDENT

FROM: Ray Marshall

SUBJ: Report of Task Force on Undocumented Aliens

On behalf of the Secretary of State, the Attorney General, the Secretary of Health, Education and Welfare, and myself, I am herewith transmitting the report you requested on undocumented aliens. The comprehensive plan presented in the report attempts to address the legitimate concerns of the many groups who are interested in this subject. The members of the task force are prepared to meet with you to discuss these recommendations at your convenience.
Executive Summary

A Recommended Program Concerning the Problem of Undocumented Aliens

for the President of the United States

The purpose of this paper is to outline for the President a comprehensive Federal program concerning illegal immigration. Undocumented aliens come to the United States mainly to seek employment and indications are that this flow has been increasing in recent years. The existence of undocumented aliens in the country both displaces domestic workers and creates an underclass of people living outside the legal system.

A complex problem such as this requires a comprehensive approach.

The recommendations of this paper fall into seven basic categories:

I. EMPLOYER SANCTIONS LEGISLATION

A. Focus on enforcement of existing Fair Labor Standards legislation in industries and occupations with a history and likelihood of employing undocumented aliens. Sixty new positions are recommended, at a cost of $1.7 million:

B. Legislation making it unlawful to employ undocumented aliens.
   1. Penalty: civil penalty of up to $500 for each violation, to be administered by the magistrates courts; injunctive relief when appropriate for second or subsequent violations with available contempt sanctions.
   2. As a defense, the employer would rely on prescribed existing identification as designated with regulations promulgated by the Attorney General.
   3. The Secretary of Health, Education and Welfare should take steps to make the Social Security card a more reliable identifier of lawful status.
We estimate this program would require an additional 20 positions and would cost about $2.4 million.

II. ENFORCEMENT

The recommendations on enforcement are a modified version of proposals made by the outgoing INS Commissioner. One element of the proposal would involve some innovative screening and investigative techniques at a cost of $12.5 million. Additional resources would provide augmented personnel for denial of entry at ports, increased expenditures at southern ports of entry (much of this spending would be for hardware items, including a fully operational helicopter unit) and an anti-smuggling program. These items would require about 2,000 additional positions at a cost of $32 million.

III. AMNESTY

The recommended amnesty program would allow the undocumented alien to apply for permanent resident status based upon three conditions: (1) if the individual is either married to a U.S. citizen or is the parent or child of a U.S. citizen; (2) if the individual has one of the above relationships, but has been in the U.S. for five consecutive years immediately preceding the prescribed effective date; and (3) if the individual qualifies under existing statutory conditions precluding the admission of certain aliens who have been convicted of crimes of moral turpitude.

The amnesty would apply to: (a) students -- other than government sponsored students living in this country who overstay their visas; (b) refugees presently in the
IV. FOREIGN POLICY INITIATIVES

A. After the basic policy decisions concerning undocumented aliens are reached and before they are made public, the Department of State should begin consultations with Mexico and other nations most seriously affected by the program.

B. Greater weight in the assessment and approval of loan programs by international lending institutions in which the U.S. has significant voting strength should be given to the development of employment opportunities in the major source countries of undocumented aliens.

C. The Agency for International Development budget for FY 78 should be augmented to fund job-creation development projects in major out-migration countries.

D. A review of trade policies should be undertaken in order to determine the feasibility of increasing the access to U.S. product markets of labor intensive products from out-migration countries.

E. Priority should be given to the ongoing discussions with President Lopez Portillo of Mexico in order to develop cooperative approaches to the full range of U.S./Mexico issues, including undocumented aliens.

V. CERTIFICATION OF ALIEN WORKERS

The report recommends continuing the current policy of limiting the number of temporary worker certifications issued in order to protect the interests of American workers. It suggests that additional efforts be undertaken in the area of employment outreach and labor market rationalization as a means of responding to legitimate employer needs in this area.
VI. FINANCIAL ASSISTANCE TO STATE AND LOCAL GOVERNMENTS HEAVILY IMPACTED BY UNDOCUMENTED ALIENS

The report recommends acknowledging that State and local governments could suffer additional fiscal burdens because of the large population of undocumented aliens, particularly after amnesty is granted. The report suggests that the President should direct appropriate Cabinet officers and staff to examine what financial assistance could be provided without a special financial aid package.

VII. IMMIGRATION POLICY

The report recommends a thorough review of the country's immigration policy. It is suggested that the President support legislation introduced this week by Congressman Ellberg for the appointment of a Select Commission to undertake such a review.
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A Recommended Program Concerning the Problem of Undocumented Aliens
for the President of the United States

You have asked for recommendations for a comprehensive Federal
policy concerning illegal immigration -- a complex issue rooted in
powerful social and economic forces that can be redirected only with
considerable long-term effort. Illegal immigration results from a
combination of strong pull forces within the United States which function
as incentives to the migrants and strong push forces in the countries
of origin which force individuals to seek opportunity elsewhere. Any
successful policy must be directed at these phenomena.

The Problem

Historically, Mexico has been and remains the major source of
unlawful entrants to the United States. However, illegal immigration
presently involves many nations and other migration streams. Estimates of the population and flow of undocumented aliens are educated
guesses at best.

In recent years the number of apprehensions of undocumented aliens
has increased dramatically -- from about 50,000 in 1964 to over 700,000
in 1976 -- without a contemporaneous increase in resources. Thus even
the more modest estimates set the number of undocumented aliens within
the United States at several million. Whatever the figure, the salient
point for policy purposes is that the illegal immigration problem is
significant and growing. Furthermore, the forces which create it...
sustain it will become stronger if present approaches, or the lack of them, persist.

The major domestic impact of undocumented aliens is in the labor market where they compete effectively with native workers, particularly with the minimally skilled and underemployed. However, the overall degree and extent to which they actually displace native workers is unclear from existing studies. Although certain clear cut examples of displacement can be cited in most occupational settings and geographical areas, proving more general propositions about the phenomenon is difficult because of both the lack of data on undocumented aliens and the inherent problems involved in establishing why a person does or does not get a particular job.

The advantages to employers of the low cost labor which these workers provide tends to be offset over time by the range of social costs incurred by the society as large numbers of new communities of families must be absorbed, generally in already congested and beleagured urban settings. In addition, once undocumented aliens are used in employment, a job situation is sometimes created which perpetuates their use. The employment of undocumented aliens often results in depressed working conditions, discouraging domestic workers from taking certain jobs; the consequent inability to recruit domestic workers results in the continued use of foreign workers despite a possible oversupply of domestic workers. Certain parts of the country and sectors of the economy may already be enmeshed in this self-perpetuating process.
In a broader social sense, the settling in of significant numbers of undocumented aliens produces substantial communities of individuals whose underground existence is predicated upon evading contact with any form of law or government. Such groups cannot be protected from abuse and they are unable or unwilling to assert political and legal rights. The possibility, therefore, of a growing underclass existing outside the legitimate institutions and government of the society is real. Over time, particularly in second and subsequent generations, the situation can cause serious civil rights problems. The long-range implications, therefore, are of significant magnitude.

Preliminary Consultations

These recommendations will be controversial. For this reason and for the reason that so many individuals and groups inside and outside the government believe that they have a primary interest in this subject, it will be very important for these persons and groups to be consulted before the specific recommendations contained here are made public. To accomplish such consultation without delaying public awareness of this program, a public announcement of the objectives and broad aspects of the comprehensive program outlined here could be made as soon as Presidential decisions are made. Such consultations will need to be conducted in three spheres: Congress, representatives of foreign governments, and representatives of interested groups. Contacts of this sort should be made either by the President himself, specific designees, or by members of his Cabinet. While it is not necessary to conduct a great number of such meetings, it will be important to be certain that those with the most significant interests at stake be represented.
The Department of State believes it important to the ultimate successful effect of these programs that the cooperation of the Mexican and other major source country governments be enlisted. Effective and meaningful consultation with these governments is significant in obtaining their cooperation. In the case of Mexico, such consultation could be embraced in the follow up talks to the visit of President Lopez Portillo, scheduled for late May.

Category of Recommendations

The complex problem of illegal immigration requires a multifaceted approach. The policy recommended here consists of several parts which in summary focus on: (1) employers who hire undocumented aliens; (2) regularization of many of the undocumented aliens already in the country; (3) prospective prevention of illegal immigration; (4) foreign policy initiatives and cooperation; (5) selected certification of alien workers; (6) financial assistance to State and local governments; and (7) a general review of immigration laws. Some of these initiatives will require legislation, others might be accomplished by presidential directive or executive-level policy directives.

The various recommendations are not guaranteed to solve the problem. They are moderate and realistic proposals based on an attempt to be sensitive to many considerations and views as well as existing efficiencies. Still -- because of the emotional nature of this problem and the intensity of commitment characteristic of many interest groups who have had extensive involvement with this issue -- even a moderate policy is likely to encounter some vocal and powerful opposition.
The primary incentive drawing undocumented aliens to the United States is the availability of jobs that pay higher wages than jobs available in the source country. This pull is a major force which must be diminished if the alien flow is to be decreased.

Our recommendation is that a variety of proposals be employed. Two broad categories are presented: first, increasing enforcement of existing labor standards laws; and second, seeking legislation making it unlawful to employ undocumented aliens.

This second component -- legislation forbidding employment of undocumented aliens -- is complex and controversial and, we believe, requires a simple legal defense upon which the employer can rely to demonstrate the employer's good faith effort to hire only legally employable persons.

A. First Component - Targeted enforcement of existing labor standards legislation.

The potential for exploitation of undocumented aliens is great because of the nature of their skills and because of the essential absence of legal redress on the part of aliens. It is unlikely, for example, that an undocumented alien will file a complaint if an employer is not complying with minimum wage and other labor standards as stipulated in the Fair Labor Standards Act (FLSA). Available evidence indicates that...
among Mexican undocumented aliens, a significant minority -- up to 45 percent in some studies -- earn less than the minimum wage. Therefore, to the extent that employers may exploit undocumented workers by violating wage and hours standards, strict enforcement of employment standards statutes could help to remove the incentives, which cause many employers to hire undocumented aliens.

In addition to labor standards laws, the 1974 amendments to the Farm Labor Contractor Registration Act (FLCRA) provide that farm labor contractors must refrain from knowingly recruiting, employing, or utilizing undocumented aliens. However, the impact of this Act is limited to those who are essentially brokers of farm labor (crew leader).

Present enforcement of the Fair Labor Standards Act reaches only about two percent of the total number of employers in the country. We recommend establishing a special enforcement program under the Fair Labor Standards Act aimed at employers of undocumented aliens. The Labor Department's Employment Standards Administration (ESA) is capable of undertaking "directed" investigations, which would be those conducted not in response to a complaint but rather initiated by ESA in industries and occupations with a history and likelihood of employing undocumented aliens.

This augmented directed or targeted approach of enforcement of existing labor standards has the support of a wide range of community and ethnic groups that oppose general employer sanction legislation. Moreover, the FLSA stands as one of the government's most successful regulatory programs -- with existing experience and machinery.
However, there are serious drawbacks. Where employers pay the
minimum wage but not the prevailing wage, stricter enforcement has no
impact. Existing studies report this is frequently the case. Even if
undocumented aliens were detected and reported, employers may hire other
undocumented aliens again. Finally, labor standards enforcement will
not overcome employer preference for workers like undocumented aliens
who, whatever they are paid, are perceived as more productive and compliant.

Such a directed enforcement program would produce only minimal
results if it were to rely on presently existing resources. By providing
additional resources to the Employment Standards Administration (ESA),
more effective results could be obtained without decreasing ESA's ability
to respond to Fair Labor Standards Act complaints. We recommend that
sixty (60) positions at a cost of $1,700,000 be added to ESA's resources by
legislation. The result would be to increase the number of investigations
by approximately 4,000 above the current levels. If additional resources
are not added, the directed approach can still be pursued by executive level
decision, but only at the expense of other FLSA enforcement efforts.

B. Second Component - Legislation should be sought making
it unlawful to employ undocumented aliens.

While it is unlawful for undocumented aliens to be in the country
or to work here, it is presently not unlawful for an employer to employ them.
Repeated attempts to pass legislation making it unlawful to employ
undocumented aliens have failed. Legislation containing employer sanctions
and introduced by Chairman Rodina was passed in the House of Representatives, but not in the Senate, in the 92nd and 93rd Congress. Again in the 94th Congress, the House Judiciary Committee reported a bill providing for both civil and criminal penalties. This measure was never voted on by the full House. Chairman Eastland introduced employer sanction legislation in 1976, but not with criminal penalties. The issue of criminal penalties -- along with Chairman Eastland's unwillingness to support legislation without a provision for liberalized importation of temporary labor -- has impeded such legislation in the Senate.

The proposed legislation presents the dilemma of providing employers with a simple but sure means of adjudging legal status among potential employees in order to comply with the law, while also ensuring that the sanction does not cause or allow employers to discriminate based upon national origin.

Since most employers would likely seek to comply with the law, enforcement efforts could be effectively directed at the aggravated violator group of employers. Opposition to such legislation in the past has been strong among employers who assert that they should not bear the burden of enforcing the nation's immigration laws. Ethnic, civil liberties and certain religious groups have also voiced opposition to employer sanction legislation, asserting that, whatever the safeguards may be, the law will set in motion serious national origin discrimination practices which will be most heavily felt by Hispanics.

1. **Penalties**

   Employer sanctions should be based on a civil penalty schema. Criminal penalties were felt to be unduly harsh. We propose a scheme that would base enforcement on civil penalties that...
may be imposed within the magistrate's division of the federal judicial system. Injunctive enforcement may be sought when appropriate in the federal courts, with the concomitant contempt sanctions available for violation.

Such penalties are appropriate in a scheme, as detailed below, where employers are required to perform certain straightforward, prescribed steps before hiring an employee. Compliance with these prescribed steps would be an absolute defense to an employer in any proceeding under this new proposed statute. The defense would be available even if the employee were unlawfully within the United States and otherwise forbidden from employment.

The question of just what these steps should be is the most controversial issue in the employers sanction approach. Obviously, for such a system to be fair and reasonable for employers, the steps need to be objective and simply prescribed. However, to be an effective tool against employment of undocumented aliens, taking these steps must also generally ensure that the prospective employee is lawfully employable.

Particular emphasis should be paid to ensuring effective enforcement of the civil rights laws that prohibit employment discrimination based on national origin. The current Administration reorganization of governmental civil rights enforcement efforts should seek to maximize enforcement in this area. This proposal for employer sanctions discourages such discrimination by requiring employers to seek proof of citizenship or permanent alien residency of all applicants.
2. Defense

Various available defenses have been proposed in connection with legislation forbidding employers from hiring undocumented aliens. These proposals include: (a) reliance on a combination of presently-existing identification systems; (b) strengthen the issuance procedures for social security cards; (c) requiring an employer to submit names of prospective employees to a government agency for a "certification" that such individual is employable; (d) requiring a statement under oath from a prospective employee that the applicant is eligible to work; and (e) creating a new secure card.

We recommend the use of a multiple identification defense. We also recommend that procedures for issuance of social security cards be strengthened.

a. Multiple Identification Defense - Requirement that all job applicants show one or a combination of existing identification systems.

A number of identification devices exist which could be used, as prescribed by the Attorney General by regulation, as indicia in determining eligibility to work. Examples might be the social security card, birth certificate, or resident alien and naturalization papers. The Farm Labor Contractor Registration Act, the only similar piece of legislation currently in force, uses this approach.

The major advantages of the multiple-identification approach are that it is already in place, it requires little administrative machinery and opposition based on invasion of privacy grounds is considerably lessened.
However, use of existing systems has serious weaknesses: with the exception of the ADIT card [a secure identification card presently being issued by the Immigration and Naturalization Service (INS) to lawful aliens] they lack any real security; many are easily counterfeited; and they do not link the card necessarily to the holder. Also, the variety and lack of reliability of existing identification systems may lead employers to apply the identification criteria unevenly, thereby fostering potential discrimination and fraudulent document production. Nevertheless, it is believed that this approach will have some ameliorative effect on the pull-factors of illegal immigration, since on balance it will make it more difficult for undocumented aliens to obtain employment. Also, the Attorney General can protect against the possibility of discrimination by issuing strict regulations concerning the procedures employers must follow in all cases.


The social security number system is the most widely used common identifier. Approximately 250 million cards have been used since 1937, 170 million of which are presently held by living persons. The present social security card has been easily counterfeited and cannot be relied upon as an accurate indicator of U.S. citizenship.

The Social Security Administration (SSA) has only been required by law to require proof of citizenship or lawful alien status upon issuance of a number since 1974. Thus very few current social security number holders in the workforce have been required to demonstrate the legality of their presence in the United States.
These limitations notwithstanding, current law requires a showing of eligibility based on citizenship or lawful alien status. Tightening the implementation of this provision would require increased tests and improved methods of determining legal status by the Social Security Administration and further cooperation with state and local governments in enumerating school-age children and strengthening establishment of eligibility for welfare programs. We recommend that the Secretary of the Department of Health, Education and Welfare take measures that this be done.

c. The Administrative Certification Defense -

Require all employers to submit the names of a prospective employee for clearance.

This proposal has been recently advanced by members of the House Judiciary Committee Staff. In brief, the plan would require all employers to submit the names of all new employees to the Immigration and Naturalization Service (INS) for certification that the prospective employee is either a citizen or an employable alien. INS would then be required to contact state or county recordkeeping centers to verify birth, or if unavailable, use other criteria or utilize its own records to verify employable alien status.

Employers could hire the applicant for a temporary sixty (60) day period. If, at the end of that period, no certification can be made by INS, the employee would be permitted to submit his own evidence of citizenship to an INS office, which would then certify or reject the potential employee. One modification to the House Judiciary proposal that has been
suggested is that in the event no certification can be made within the sixty (60) day period, the employer be permitted to accept the employees' averment of legal status made at that time, which would also operate to absolve the employer from liability under the sanction law.

The paramount difficulty to this overall proposal is the administrative impracticalities. It is impossible to estimate how many such checks would be required. About 3-4 million people enter the job market annually. It is estimated that approximately 10 million change jobs annually. Each would require certification, and many, including the Immigration and Naturalization Service, advise that no such capability exists or is practicable.

In addition, certain groups argue that any centralized information verification system threatens individual privacy.

d. Employee Affidavit - Require an averment of all new employees to the effect that they are legally employable.

One defense that has been advanced is that prospective employees be requested, at the time of hire, to attest to their legal or citizenship status.

One method would be to add an oath of work eligibility to the W-4 tax form currently completed by the vast majority of employees to register exemptions. The revision would merely require the person executing the form to check a box indicating whether the applicant is a U.S. citizen or an alien. A person checking the alien box would have to complete a
supplemental form. On the supplemental form, aliens would check an appropriate box opposite a preprinted description of their immigration status and the employer would certify as to the documentary verification of the alien's status. In 1974, the Internal Revenue Service argued that it could not change the W-4 form because of its effort to simplify all tax forms and any proposal to adapt the W-4 form for a non-tax use is contrary to that policy.

Another problem with using the W-4 form as a vehicle for such an averment is that not all legally employable individuals are required to fill out such a form. For example, some Canadian and Mexican non-residents as well as certain domestic household employees are exempt from tax withholding. Another suggestion has been to create a new simple form for such an averment by the employee.

Because little is accomplished by any employee averment requirement toward the overall policy goal of reducing pull-factors, we recommend against its adoption.

e. "Secure Card" Defense - Requires developing a secure identification card system.

An alternative to permitting employers to rely on a number of existing identification devices is to develop a more secure identification system either by improving an existing one or creating a new system.

Consideration of a secure identification system raises many difficult issues and evokes sharp controversy in the public mind. Many groups and individuals view the development of a secure identification system as a
fundamental abrogation of civil liberties. At the core of these objections is the fear that such identification systems will lead to governmental invasions of individual privacy. If such a system were in existence, temptations to enlarge its use and scope would no doubt be advanced, perhaps initially to include credit information and eventually to be used as part of law enforcement procedures. Statutory limitations are seen as too fragile a safeguard, since they could be easily removed in some future time when individual liberties and personal privacy might be less regarded.

In addition, many persons question the very premise of ever creating a truly secure, non-counterfeitable, identification system. Any attempt to do so will be extremely expensive and will require substantial, radical improvements of existing systems.

For example, in order to rely on the social security card as an identifier of an individual's legally employable status, the Social Security Administration eventually would have to issue new cards, upon proof of such status, to the entire adult population of approximately 150 million persons. While there are no current, precise estimates on the cost of issuing new cards to that many people, the Social Security Administration has estimated that issuing a plastic credit-card type of card to 100 million persons would cost approximately one-half billion dollars and would take at least four and one-half years. This cost estimate covers only the issuance of new and replacement cards and the collection of proof. It does not include the creation of any employer verification system, such as a computer bank that
would enable employers to call to verify the validity of a card. In addition, it should be emphasized again that the accuracy of the determination of eligibility made by the Social Security Administration would only be as reliable as the evidentiary documents, such as birth certificates, certificates of citizenship, naturalization certificates and hospital records, accepted as proof for issuance.

Many people believe that the social security system should not be adapted to these purposes. While it is true that the Federal government has in the past sanctioned for itself and on behalf of others, wider and wider use of social security numbers and the social security system for a variety of purposes, this growth in the use of the number and system is drawing increasing criticism.
Summary of Recommendations

We recommend that legislation be enacted prohibiting employers from hiring undocumented aliens. Such legislation would provide that the penalty for each violation would be a civil offense punishable by up to a $500.00 fine to be adjudged by the magistrates division of the federal district courts. Injunctive relief could also be sought for second or additional violations in the federal district courts. The legislation would provide an absolute defense for the employer if the employer demonstrates reliance on certain prescribed existing identification as will be specified by the Attorney General by regulation. A simple record will be required to be kept by the employer on each employee containing the identification relied upon.

The Secretary of Health, Education and Welfare should improve the reliability of the social security card by increasing efforts to ascertain legal status upon issuance by increased cooperation with I.H.S. and state and local governments.

Draft Legislation

Proposed legislation to effect the employment prohibition recommendations is attached hereto as Appendix A.
Costs

It is difficult to estimate the projected costs of the legislation involved in these recommendations because of the difficulty in assessing the breadth of violations and thus the enforcement strategies that would be required pursuant to the Act. Cost estimates made by the House Judiciary Committee for their previous criminal sanction legislation were based on greater anticipated personnel needs than the "civil penalty/absolute defense" plan herein. The estimated cost of the employer legislation sanction scheme proposed would require approximately 117 additional positions, and cost a total of $2,400,000. This would provide for 65 additional investigators ($1,440,000); 27 immigration examiners ($460,000); 25 clerks ($252,000); detention of witnesses ($40,000) and publicity ($200,000).
APPENDIX

Legislation containing employer sanctions and introduced by Chairman Rodino was passed in the House of Representatives, but not in the Senate, in the 92nd and 93rd Congress. Again in the 94th Congress, the House Judiciary Committee reported a bill providing for both civil and criminal penalties. This measure was never voted on by the full House. Chairman Eastland introduced employer sanction legislation in 1976, but with no criminal penalties. The issue of criminal penalties -- along with Chairman Eastland’s unwillingness to support legislation without a provision for liberalized importation of temporary labor -- has impeded such legislation in the Senate.
RELIEF FOR UNDOCUMENTED ALIENS IN THE UNITED STATES

A. Basis for Relief

Another fundamental component of our proposal is the granting of legal status to those undocumented aliens currently in the United States who have built up equities in our society such as family or residence. Significant numbers of undocumented aliens have been in the United States for substantial periods of time during which they may have had children who are United States citizens by birth and have established residence without legal status. For all practical purposes they have become permanent members of our society. We have concluded that aliens meeting certain conditions should have the opportunity to follow that avenue which could in five years result in United States citizenship. Accordingly, the Immigration and Nationality Act would be amended to provide that an alien in the United States without documentation or without proper documentation could apply to the Immigration and Naturalization Service for the status of a lawful permanent resident by meeting certain conditions.

B. Condition for Permanent Resident Status

The first condition necessary for an undocumented alien to become a lawful permanent resident is that the alien must have been in the United States prior to a certain date to be set by the President in the proposed legislation. It would be preferable to choose a past date in order to prevent fraudulent acts by aliens not otherwise qualifying under the language of the legislation.
Aliens in this country could qualify for permanent resident status by coming under one of two conditions: If an undocumented alien is the parent, spouse or child of a United States citizen or a permanent resident and resides continuously in this country subsequent to the effective date of the Act, then that alien can qualify to register for permanent resident status. If an undocumented alien does not have one of those family ties, then that alien must have been in this country five consecutive years immediately preceding the prescribed effective date. Whether an undocumented alien qualifies by the family relationship or by the time period, the alien must not be inadmissible to the United States under the most serious qualitative bars to admission—those relating to criminals, procurers and other immoral persons, subversives, violators of narcotics laws, or smugglers of aliens.

The importance of the time period for residency to the proposal should be emphasized. Although the exact number of undocumented aliens in this country is not known, there are accurate figures on the apprehension of undocumented aliens since 1958. These figures show a sharp increase each year over the preceding year of undocumented aliens apprehended. Inasmuch as the INS experience indicates that two to three times the number of persons evade apprehension as are caught, it is reasonable to assume that the increase each year in numbers of apprehensions indicates an increase each year in those undocumented aliens who evade apprehension and settle in this country. Accordingly, if the number of years of residency requirement is small, the number of aliens under this program increases dramatically.
C. Aspects of Implementation

The programs would not be mandatory. An undocumented alien would not have to register for permanent resident status. Those aliens who did not choose to exercise their right would not be deportable and would remain in this country legally for as long as they choose.

1. Employment of Affected Aliens

Aliens who registered for permanent resident status by an INS office would be given proper papers to authorize their working. Their date of registration would be the date of the creation of a record.

Aliens who did not register but who qualified for permanent resident status would have to obtain a different paper from an INS office allowing them to work. Neither category would be subject to the labor certification requirements.

2. Other Considerations

Various categories of aliens will be affected:

(a) Refugees -- Refugees who are presently in this country pursuant to having been granted special permission by the Attorney General and who meet the requirements would qualify.

(b) Undocumented Aliens Married to Qualified Aliens -- In some cases where there are married undocumented aliens without children and only one spouse has been in the country for five years, then the other spouse will be allowed to remain, in the exercise of the Attorney General's discretion, and in due course will become eligible for legal status through the principal spouse.
(c) Spouses and Children Out of the Country — When the alien obtains lawful permanent resident status, he is able under existing law to confer a visa number preference on his spouse and unmarried children. Consideration was given to waiving numerical limitations for these aliens, but it was judged that this would discriminate unfairly against those aliens waiting their turn at the American consulate who are the spouses and children of resident aliens who have complied strictly with the general immigration laws. Therefore, spouses and children outside of the country applying for admission would be counted against the numerical limitation of 20,000 persons per year per country. There is the possibility that requiring these aliens to obtain visa numbers may create serious delays in visa availability. However, since we do not know the size of the problem it is preferable to wait to recommend a remedy.

(d) Student and Exchange Aliens — Aliens in the United States who originally entered as students or as participants in educational or cultural exchange programs would qualify if they met the relationship or residence criteria. This could bring complaints from foreign governments that this practice is a drain on their human resources. The total number, however, of such aliens is not large compared to the grand total of nonresident aliens in the United States. Many of those who meet the relationship criteria would also be able to qualify for permanent residence under the regular immigration provisions. The number who meet the residence requirement would be relatively small.
A compromise proposal for excluding students relates to exchange program participants. Some such participants are subject to a requirement to return home for two years before becoming eligible for permanent residence. Those possessing skills clearly required in their country and those financed either by the United States or the government of their country are subject to that provision. Therefore, if it were determined to deny benefits to any category of students, it would seem appropriate to deny benefits to this group because of the prohibition elsewhere.

We are presenting this subsection on students as an option and have attached two separate proposed bills -- one excluding the selected exchange participants and one without such a provision.

D. Costs

The experience with past voluntary adjustment programs would indicate that the bulk of applications will be spread out over a number of years rather than coming immediately after enactment.

Assuming that approximately 500,000 aliens would apply annually under this provision, the Immigration and Naturalization Service will require an additional 100 officers and 200 clerical personnel, at a cost of approximately four million dollars annually, until the bulk of eligible aliens is processed.

E. Alternative Legal Status to Undocumented Aliens Considered

Two alternatives to giving undocumented aliens with equities an opportunity for immediate adjustment to lawful permanent resident status were considered. These were: (1) non deportable status, and (2) non deportable status with an opportunity for later adjustment to lawful permanent resident status.
1. Nondeportable Status

Placing undocumented aliens with equities in a nondeportable category without providing any special method for adjustment to lawful permanent resident status might reduce the administrative costs imposed by the procedure for immediate adjustment in the short run. This status would prevent aliens from bringing in relatives from abroad. On the other hand, the status of such nondeportable aliens would be ambiguous. Since they could not look forward to attaining United States citizenship, they would lack political rights and would probably never be fully integrated into our society. The problem of having large groups of aliens outside the mainstream of our society was one of the primary factors supporting the development of an amnesty program. The mere creation of a large class of nondeportable aliens would do little to remedy this problem and would cause resentment in the ethnic community.

2. Nondeportable Status with Waiting Period before Registration for Permanent Resident Status

Another alternative considered was to place undocumented aliens with equities in a nondeportable category for an interim period and offer them an opportunity to adjust to lawful permanent resident status later. A disadvantage of this system is that the nondeportable aliens would have to be documented in some manner. Problems might arise because the procedures for readmitting lawful permanent resident aliens after temporary journeys abroad would not be applicable to readmitting nondeportable aliens in most cases. Eventually, all aliens who wished to change their legal status would be examined in the same manner as in the program for
registration to permanent resident status. In the long run the admin-
istrative costs of this alternative would be more than the costs of the
recommended program. Deferred adjustment would present a significant dis-
advantage of delaying the complete integration of undocumented aliens into
our society.

Summary of Recommendations

We recommend a program providing for the assimilation of large-
numbers of undocumented aliens into this society. The program affords
the option to the alien to attain full rights of citizenship eventually
or merely to remain and work legally in this country.

The program is manageable in that it does not require persons to
appear in large numbers within a given time at government offices in most
instances. The costs are estimated on past experience with similar
voluntary programs at four million dollars per year and would add 300
additional employees to INS.

Although immediate family members will be able to reunite, a large
number of persons outside the country could conceivably enter through
their family relationships. The possible consequences of this multiple
effect of this program on local communities are discussed elsewhere.
A. Introduction

The flow of undocumented aliens into the United States had two major components. One, the migration of Mexicans across our southern border into the southwestern part of the United States, has a long history. The other, a more recent development, is the movement of significant numbers of individuals from a number of developing Caribbean, Central and South American, and Asian countries into the industrial centers of the Northeast and Midwest.

The traditional Mexican flow is made up of large numbers of individuals who enter surreptitiously between designated ports of entry along the United States-Mexican border. Typically, they are young with minimal skills and education and tend, at least initially, to leave their families in Mexico. Due to the large differential in income between our countries (the largest between two contiguous nations in the world), they can often save enough in three to six months of work in the United States to support a family in the rural villages of Mexico for a year. Several studies have shown that generations of families and thousands of towns depend for their existence on the remittances from this migration pattern. However, it is clear that while a certain percentage of Mexican migrants may settle in the United States over time, significant numbers travel back and forth with frequency and ease.
The second migration stream is made up of persons coming through air and land ports of entry who obtained visas by fraud or misrepresentation, entered with altered or counterfeit visas, or used valid documents but thereafter violated status by working illegally. INS estimates that perhaps as many as 300,000 of the 6,300,000 visitors who entered the United States on nonimmigrant visas in 1975 have remained here in violation of the provisions of their visa.

The visa abusers who have entered as temporary visitors may go to considerable lengths to misrepresent the purpose of their visit to the United States, including making false statements during interviews and presenting fraudulent documents. They are often aided by questionable "educational institutions" in the United States which sponsor "students" who actually intend to work rather than attend school.

The demand for nonimmigrant visa has tripled in the past decade, and our embassy consular sections are often under intense pressure. Consular officers reviewing visa applications seek to promote freedom of travel by issuing visas to legitimate travelers as rapidly as possible, but they are repeatedly faced with the difficult task of determining the applicant's real intentions and the truth of his statements.

In recent years, the Immigration and Naturalization Service (INS) makes about three quarters of a million apprehensions per year. Many enforcement experts believe that at least twice that number successfully avoid detection, although it is unclear how many remain in the
United States only temporarily or enter more than once a year. Due to the present allocation of enforcement resources, approximately 95 percent of those apprehended are Mexican. Studies have shown, however, that the undocumented alien flow as a whole is very likely 60 percent Mexican and 40 percent non-Mexican.

B. Recent Developments

While the bulk of INS enforcement efforts continue to be concentrated on the Southwest border, the INS no longer relies heavily on neighborhood-oriented enforcement operations, or "roundups," because they have not been particularly successful and cause tensions in the communities. At this time, the emphasis is on locating and apprehending undocumented aliens at the workplace in order to lessen their impact on the labor market.

From 1969-74, INS received nominal increases in resources while some of its workload was increasing by as much as 200 percent. Since 1974, INS gained a considerable infusion of manpower and funding and has experimented with a number of concepts to improve overall enforcement. These increases amounted to 1500 personnel and $50 million, bringing the INS FY 78 total to about 9,600 personnel and $250 million. In spite of its additional funds and manpower, INS has been unable to cope with the growing problem of illegal immigration.
The Department of State has responsibility for visa issuance abroad. It has received considerable additional resources in recent years to cope with increased visa workloads. Resource increases, however, have not kept pace with caseload increases. From FY 1974 to FY 1976, for example, personnel resources available for the visa function abroad were increased 11 percent (from 1242 to 1381 manyears of employment) while caseloads increased 19 percent (from 3,900,000 to 4,500,000).

In addition to the border workload increases, enforcement has also suffered from bureaucratic rivalries among the U.S. government agencies involved in border enforcement. Competing aims of these various agencies have often prevailed over enforcement considerations. These questions are under active review in connection with reorganization efforts within the Administration.

C. Prevention

A prevention strategy seeks to deter potential entrants in sending countries. It is also the most efficient use of resources and the least offensive to ethnic communities within the United States. Finally, it is an important supplement to the employer sanctions and amnesty proposals made here.

However, there are important countervailing considerations. For example, strict port of entry enforcement impinges on tourism and is believed to discourage bona fide entrants. The most serious concern rests with intensified enforcement on the Mexican border.
If the movement of Mexicans into the United States for work purposes is significantly slowed, some experts argue we would need to substitute a form of temporary worker program in order to avoid serious social and political tensions in Mexico caused by adding to that country's already high unemployment rate. While such results cannot be predicted, it is clear that migration has served as an important stabilizing force over past decades.

Conversely, United States communities, particularly those at the border, are dependant upon the undocumented alien who spends, according to several studies, 40-60% of his income in the United States. These traditionally depressed communities are economically bound to the illegal cross-border movements as well as to legitimate intra-country trade and interchange which they believe will be inhibited by strict enforcement.

D. Recommended Program

In addition to the employer sanction proposals already made, we recommend a strong enforcement policy based on prevention.

1. Prevention Strategy

A maximum effort would require considerable increases in enforcement personnel along the border and at major ports of entry. This concept has some precedent in Operation Intercept which took place in late 1969. In that operation, the government was able effectively to seal off the border by flooding it with enforcement personnel.
a. **Denial of Entry at Ports**

This effort would require improving the quality and thoroughness of the immigration inspection process, without causing undue delay to entrants. It would be done by:

- selecting for in-depth inspection additional "high risk" flights -- that is, flights likely to have passengers entering for illegal purposes;
- scrutinizing more closely entry papers and supporting documentation;
- increasing the number of manned inspection points;
- increasing training of customs inspectors in immigration law and procedures;
- utilizing more inspection areas for greater in-depth processing; and
- emphasizing the full implementation of secure alien identification cards and related automated systems.

b. **Apprehensions Between Southern Ports-of-Entry**

This effort would require the latest communications technology including secure voice radios and expanded mobile communications capability tying together airborne and ground personnel. It would utilize a second line of electronic sensors and complementary radar and human identification equipment. An improved observation capability and a fully operational helicopter...
unit to intercept aliens who have crossed the border and are moving toward the interior would be used. In addition, fencing and accompanying high intensity lighting units are needed. This equipment would be supported by a fully-equipped border patrol force employing night viewing devices and undercover vehicles. Specifically, it will mean doubling the current patrol force at the four principal entry sectors: Chula Vista and El Centro, California; El Paso, Texas; and Yuma, Arizona.

c. Anti-Smuggling Program

This effort would be composed of units of investigators devoted solely to apprehending and deterring organized smuggling rings which move aliens into our interior urban areas.

d. Overseas Operation

A maximum effort would also require significant increases in personnel available for screening functions at Foreign Service posts. These additional personnel would permit an even more exhaustive increase in the length and number of personal interviews required in processing nonimmigrant visa applications.

E. Summary of Recommendations

We recommend a strong enforcement policy based on prevention. This will require an increase of 2200 positions and a cost of about $98 million over a two-year period.
The program to diminish the flow of undocumented aliens to the United States has important foreign policy implications and to be successful will require action in some fields by foreign governments. The foreign reaction to the announcement of the program could be strongly negative, particularly in Mexico and the Caribbean states. To avoid damage to our other foreign affairs interests with them, it is important that we consult with these countries through diplomatic and other channels beforehand to elicit their understanding and cooperation.

For long-term success, our program must also deal, to the extent possible, with the "push" factor that impels aliens to enter the United States illegally -- i.e., the lack of employment opportunities in their countries -- from which most of the illegal migration comes. We must recognize that the imposition of effective immigration restrictions will shut off an important escape valve for our Latin neighbors and could lead to destabilizing social, economic and political pressures there.

While the development of their economies is primarily the responsibility of the countries involved (Mexico, the Caribbean, and Central America), we can nevertheless encourage them to design and implement development plans that would provide greater employment opportunities for their population and thus ease the "push" factor. We have three main tools at our disposal to support such development.
The first tool is multilateral assistance through the international lending agencies. We can use our voting power to encourage the development of projects that will increase employment opportunities and upgrade our support for family planning efforts in this area.

Second, there is bilateral assistance through the Agency for International Development (AID). AID programs emphasize assistance to the poor or low income countries. Currently we have programs in Central America, in the non-English speaking Caribbean and a modest program in the English-speaking Caribbean, largely through the Caribbean Development Bank. However, special consideration could be given to increasing development assistance to generate local employment and improve family planning efforts in English-speaking islands of the Caribbean which have relatively high average per capita incomes but nevertheless produce large numbers of illegal immigrants. Additional assistance for these purposes could also be considered for Central American countries. This would require some increase in overall assistance levels.

Third, we can encourage the development of employment opportunities in these countries by providing greater, perhaps preferential, access to U.S. markets for their labor-intensive products, both agricultural and manufactured. The Mexicans have been particularly insistent that greater access to our market is critical to their plan to develop increased employment opportunity in Mexico. Whereas it may be true that this would be a useful way to help alleviate the "push" from Mexico, we must recognize that such proposals will involve tariff
reductions and other measures that will adversely affect U.S. production and consumers and which will evoke strong protests from affected segments of United States industry, agriculture, and labor.

Summary of Recommendations

1. The Department of State should undertake consultations with Mexico and other nations most seriously affected by our program (e.g., Haiti, Jamaica, and the Dominican Republic) as soon as its basic outlines are set and before it is made public.

2. The criteria applied by the United States Government for assessment and approval of loan proposals by international lending institutions should be reviewed with the goal of providing greater weight for the development of employment opportunities in the countries from which the bulk of the undocumented aliens come.

3. The budget for FY 1978 should be augmented for development assistance programs in the Caribbean and Central America which have high out-migration rates. This money would be spent to stimulate job-providing development projects and could increase aid by 25-50% in certain countries.

4. An immediate review should be undertaken by State, Treasury, Commerce, Labor and the Special Trade Representative to determine whether it is feasible to increase the access of labor-intensive products from out-migration countries, particularly Mexico, to the U.S. market in light of dislocations which may occur in the United States.
5. High priority should be given to follow-up work agreed upon by you and President Lopez Portillo at your recent meeting to develop approaches to the full range of U.S.-Mexico issues including undocumented aliens.
The United States has traditionally allowed some aliens to enter and work legally in this country. The number of such admissions has varied considerably over time. The workers have normally fallen into two categories: (a) legal immigrants who enter to fill permanent jobs and (b) nonimmigrant aliens who enter to fill temporary jobs. The criteria by which these individuals are certified have an important bearing on the question of undocumented aliens because allowing an increased number of legal admissions in either of the categories would most likely reduce the pressures for illegal immigration.

In 1976, approximately 50,800 work certifications were issued; 25,600 to permanent immigrants, 10,000 to temporary workers in non-agricultural industries and 15,200 to temporary workers in agricultural industries. In principle, these certifications were made only after a determination by the Labor Department that allowing the entrant to work would not have an adverse effect on domestic employment opportunities. In fact, however, an entirely accurate determination of this impact is impossible since it would require checking with every domestic worker to see if he or she is qualified for and would accept the job in question. Because of this problem rough rules of thumb are normally used in the certification process in order to determine labor market impact.

It is noteworthy that the total number of certifications issued in 1976 was quite low relative to the probable flow of undocumented
aliens. Thus the labor market dislocation resulting from certified entrants must be judged as minor. However, it is also true that the number of permanent immigrants who are certified represents only a small fraction of the total number of permanent immigrants who enter the country and work (about 200,000 annually) since the vast majority of legal immigrants enter under family preferences with no consideration of potential labor market impact.

There are also serious difficulties involved in the certification of temporary workers. Critics contend that since under current regulations these workers are contracted to one employer before they are certified, the practice represents a type of indentured servitude that is contrary to American principles and offers the potential for exploitation. Furthermore, the presence of such workers is said to depress wages and working conditions for non-alien workers. If the job is judged unacceptable to domestic workers because of low wages and/or poor working conditions, it may be because alien workers were willing to fill it in the past at these substandard conditions. In effect, the employment of alien workers may be a phenomenon which justifies and perpetuates itself. Additionally, employers have sometimes been found to have made only cursory efforts to recruit domestic workers because they find the work habits of the aliens preferable. Despite intense political pressures, the Labor Department has, in order to protect the interests of domestic workers, maintained a conservative posture towards the certification of temporary workers requiring convincing evidence that the labor market effects will not be adverse.
The current relationship between the number of aliens entering the country annually with labor certifications and the probable flow of undocumented aliens has not always existed. For example, from 1942-1964 large numbers of temporary agriculture workers were imported under the "bracero" program of contract labor. The size of the "bracero" program peaked between 1955 and 1959 when more than 400,000 temporary workers were admitted annually. This program had the same shortcomings discussed above; that is, the employee could work for only one employer and there were opportunities for exploitation. It was, however, a popular program with many employers who regarded it as a source of the sort of dependable low wage labor that is not available in domestic labor markets. Instituting a similar program, even without provisions tying workers to one employer, would be popular with both agricultural employers and, quite probably, the Mexican government although the Mexicans have in a recent policy change announced they will no longer seek such temporary worker arrangements. Additionally, such a program would likely reduce the pressure for illegal immigration.

Pressure to allow nonimmigrant aliens into the country to fill temporary jobs often results from legitimate employer concerns about procuring a satisfactory work force within a reasonable time frame. Additional efforts can be undertaken to respond to these concerns without the need for more resources. Employment outreach efforts can be organized to seek out more actively workers who would be willing to take the jobs in question. Experience has demonstrated, for example, that workers can often be found by taking the simple step of looking
for them outside of the immediate geographical area. Additionally, recent studies have demonstrated that work on unattractive jobs can sometimes be reorganized (rationalized in the language of labor economists) to improve pay and working conditions without raising per unit labor costs. These approaches may have the advantage of lessening political pressures to certify temporary workers. If outreach and labor market rationalization efforts fail to produce a reliable work force and negotiations regarding labor standards are met, temporary alien workers should be certified.

It should also be noted, however, that employers sometimes have illegitimate motives for requesting temporary alien workers. For example, employers at times have indicated a preference for foreign labor because the workers will accept conditions and pay U.S. workers will not or because social security taxes can be evaded. Careful efforts must be undertaken to sort out legitimate and illegitimate employer concerns in this area.

Summary of Recommendations

We recommend continuing the current policy of limiting the number of temporary worker certifications issued in order to protect the interests of American workers. We suggest additional efforts in the area of employment outreach and labor market rationalization as a means of responding to legitimate employer concerns in this area.

Budget Impact

None.
UNDOCUMENTED ALIENS AND COMMUNITY ASSISTANCE

State and local governments, particularly those in areas thought to have large undocumented alien populations, currently claim that the presence of such individuals imposes on them substantial fiscal burdens. Likewise, the Federal government itself may bear certain additional costs because of the presence of this population group. The granting of any form of "amnesty" could certainly intensify the pleas and perhaps the real need for increased expenditures especially with respect to income maintenance, health care, education, public safety and the justice system.

The primary rationale for state and local requests for aid lies in the proposition that the regulation of immigration is an activity which the Constitution has reserved exclusively for the Federal government. The contention of many State and local governments is that whatever fiscal problems occur are caused by the Federal government's policy -- or absence of policy -- toward undocumented aliens. For example, it is pointed out that undocumented aliens are probably not counted for purposes of developing the distribution formula under the general revenue sharing program.

Because of the very nature of the problem, we lack sufficient data accurately to measure the present fiscal impact which undocumented aliens may have on various units of State or local government. We believe that the average undocumented alien possesses characteristics which make it
unlikely that the existing population of undocumented aliens creates any sizeable financial burden. Undocumented aliens are typically young, have no spouse or children, and are employed. It is unlikely therefore that these individuals place any substantial burden on State or local social services agencies. Nor would such persons be major recipients of income maintenance or health care programs because this type of financial assistance is available only to those citizens or other persons in the U.S. under color of law who are aged or disabled, single parent families with children, or, in only half the States, intact families with children and an unemployed father. Furthermore, young adults are not heavy consumers of health care and would not be a major burden on health services financed solely by State or local governments.

It must also be recognized that the Federal government itself bears some fiscal burden for the present population through such programs as food stamps, the provision of legal services by Legal Services Corporation agencies, and through the criminal justice system generally.

The future fiscal impact of undocumented aliens will depend upon the nature of the status which is granted these persons. If a decision is made to grant legal immigrant status, we believe there may be an important fiscal impact because those persons granted this form of status will be permitted to have their spouses and children reunited with them in the U.S. This result will certainly increase the ardor of those state and local governments which feel they are bearing an unfair burden. We saw
clear evidence of the political effectiveness of State and local governments when they were able to secure Congressional enactment of special Federal assistance programs for Cuban refugees and, more recently, for Southeast Asian refugees. The Cuban refugee program has assisted 465,000 persons at a cost to the Federal government of $1.25 billion since 1963. The Southeast Asian program has cost $203 million and has assisted approximately 145,000 refugees since 1975.

On the Federal level, the influx of spouses and children could well qualify some individuals for income maintenance and health care assistance (depending, of course, upon what decisions are made to bring about reform in these two areas). Additionally, the employer sanction and amnesty program will add certain costs to the justice system: a possible major increase in the use of Legal Services Corporation attorneys in civil immigration disputes and generally because of a recognition of the availability of legal rights; an increase in the utilization of attorneys under the Criminal Justice Act if more violators are apprehended through our greater enforcement efforts; and a possible increase in the entire law enforcement apparatus if persons resort to crime because they cannot find jobs but do not qualify for welfare and yet decide not to return to their native country.

Recommendation

Because of the difficulty of estimating the impact of the amnesty program, we believe that you should acknowledge that the problem could
become a difficult one for certain units of State and local government as well as for the Federal government itself. In view of these possibilities, you should assure that alternative approaches are examined within the context of existing Federal financial assistance programs and special new programs should be considered as more facts are developed. Administrative proposals with respect to welfare reform and health care financing will also bear on this issue.

A mechanism to deal with these and related problems arising from your program on aliens should be established within the Executive Office of the President. It is not necessary to hire new assistants or provide new facilities. It will be necessary for there to be a designated "President's representative" to be responsive to such concerns, inform the President of them, and assist localities in dealing with their new problems in this field.
IMMIGRATION POLICY

The immigration policy of the United States is based on the Immigration and Nationality Act of 1952, enacted by the Congress over President Truman's veto. The basic statute has been amended many times, most extensively in 1965 and 1976.

In many respects the law is out of date, contradictory, and difficult to administer. There is a clear need to develop a new immigration policy that will reconcile our commitment to humanitarian principles and our heritage as a nation of immigrants with the fundamental economic, social, political, and demographic realities of American life.

On April 26, Congressman Joshua Eilberg, Chairman of the Subcommittee on Immigration, Citizenship, and International Law, introduced a bill calling for the establishment of a select commission on immigration and refugee policy. The purpose of the select commission is to conduct a complete and detailed review of our immigration policy. (A copy of this bill is attached as Appendix C.)

Recommendation

We recommend that you strongly endorse Mr. Eilberg's proposal.
A BILL

To amend the Immigration and Nationality Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That this Act may be cited as the "Alien Employment Act of 1977."

RESTRICTION OF EMPLOYMENT OF ALIENS

Sec. 2. (a) Section 274 of the Immigration and Nationality Act (8 U.S.C. §1324) is amended --

(1) by inserting after subsection (b) the following new subsection:

"(c) (1) It shall be unlawful for any employer to employ any alien in the United States who has not been lawfully admitted to the United States for permanent residence, unless the employment is authorized by the Attorney General.

"(2) Any employer who unlawfully employs any alien in violation of paragraph (1) shall be subject to a civil penalty of not more than $500 for each alien in respect to whom any violation of paragraph (1) is found to have occurred.

"(3) From a date to be determined by the Attorney General by regulation, all employers who employ persons within the United States shall maintain a record with

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respect to each person employed subsequent to that date. That record shall indicate the name of the employee, the date of employment and a description of the identification documents furnished by the employee and relied on by the employer as evidence of the employee's eligibility to be employed. Identification documents sufficient to provide an employer with an absolute defense to an action under this subsection shall be determined by the Attorney General by regulation.

"(4) The production by an employer of a record prescribed by paragraph (3) for an employee employed subsequent to the date established under paragraph (3) shall constitute an absolute defense to any action brought by the Attorney General under this subsection. Such records shall be maintained by every employer on every employee currently employed and for 90 days after termination of employment and shall be made available to the Attorney General or his agents charged under subsection (b) of this section with enforcement of this section. Upon request, an employer will furnish to the Attorney General or his agents a complete list of all persons then in its employ or having been in its employ within the preceding 90 days who entered that employment status subsequent to the effective date of this Act.
"(5) Upon determination that cause exists to believe that an employer has violated this subsection, the Attorney General shall bring a civil action in the United States District Court in the District in which the employer is alleged to have violated this subsection. This action shall be tried before a federal magistrate without a jury, who shall have the power to assess a civil penalty of up to $500 for each alien employed by the employer for whom the employer is unable to produce the record prescribed by paragraph (4). A hearing, if demanded by the employer or the United States, shall be of record.

"(6) No direct appeal from the decision of the magistrate shall be available to the employer. The United States may, within 30 days of a decision adverse to the Government, seek review of a magistrate's decision by the United States District Court. The court shall accept the magistrate's findings of fact if supported by substantial evidence on the record taken as a whole. If the employer against whom a civil penalty is assessed fails to pay the penalty within the time prescribed in an order entered by a federal magistrate, the Attorney General shall file a civil action to collect that penalty in that same United States District Court. Such suit shall be determined solely upon
the record before the magistrate, and the magistrate's findings of fact, if supported by substantial evidence on the record considered as a whole, shall be conclusive.

"(7) After any employer is finally adjudged to be in violation of this subsection, the Attorney General may, within two years of that final judgment, bring an action in the appropriate United States District Court for injunctive relief should he have reason to believe that that employer continues to be in violation of this subsection, whether that violation is occurring within the District in which the final judgement was entered or within any other District. This action shall be tried in a United States District Court, which shall have jurisdiction to grant appropriate injunctive relief. The appropriate District Court shall be the same District Court in which the final judgment against that employer was entered or the District Court in any other District in which that employer is believed to be in violation of this subsection."

(2) by inserting after new subsection (c) the following new subsection:

"(d) This Act and the provisions contained therein are intended to supplement State action and compliance with this chapter shall not excuse anyone from compliance with appropriate State law and regulations."
To amend the Immigration and Nationality Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That this Act may be cited as the "Alien Adjustment Act of 1977."

RECORD OF ADMISSION FOR PERMANENT RESIDENT IN THE CASE OF CERTAIN ALIENS

Sec. 2. Section 249 of the Immigration and Nationality Act (8 U.S.C. 1259) is amended to read as follows:

"(a) A record of lawful admission for permanent residence may, in the discretion of the Attorney General and under such regulations as he may prescribe, be made in the case of any alien physically present in the United States on the effective date, if no such record is otherwise available and such alien satisfies the Attorney General that he:

(1) on the effective date, is the spouse, parent, or child of a United States citizen or of an alien lawfully admitted for permanent residence or has resided in the United States for not less than five consecutive years immediately preceding the effective date;

(2) has resided in the United States continuously since the effective date; and

(3) is not inadmissible to the United States under section 212(a) insofar as it relates to criminals, procurers and other immoral persons, subversives, violators of the narcotic laws, or smugglers of aliens.

"(b) Upon approval of an application under this section the Attorney General shall record the alien's lawful
admission for permanent residence as of the date of the application, except that in the case of an alien who entered the United States prior to July 1, 1924, and has resided here continuously since that date the Attorney General shall record the alien's lawful admission for permanent residence as of the date of entry.

"(c) A record of lawful admission for permanent residence as of the date of application may, in the discretion of the Attorney General and under such regulations as he may prescribe, be made in the case of any alien who as of the effective date is the parent, spouse or child residing in the United States with an alien whose lawful admission is recorded under paragraph (b) of this section if:

(1) the relationship of parent, spouse, or child existed on the effective date and continues to exist; and

(2) the parent, spouse, or child meets the qualifications specified in paragraph (3) of subsection (a).

"(d) This section shall not apply to any alien who advocated or assisted in the persecution of any person or group of persons because of race, religion, nationality or political opinion."

Sec. 3. Section 241 of the Immigration and Nationality Act (8 U.S.C. 1251) is amended by inserting after subsection (f) the following new subsection:

"(g) A deportation proceeding shall not be instituted on a ground arising prior to the effective date against an alien who meets the qualifications set forth in subsection [241(a)], regardless of whether or not the alien has submitted an application under that section."
Sec. 4. Section 201(a) of the Immigration and Nationality Act (8 U.S.C. 1151(a)) is amended to read as follows:

"(a) Exclusive of special immigrants defined in section 101(a)(27), immediate relatives of United States citizens as specified in subsection (b) of this section, and of aliens in whose case a record of lawful admission for permanent residence is made pursuant to section 245, (1) the number of aliens born in any foreign state or dependent area located in the Eastern Hemisphere who may be issued immigrant visas or who may otherwise acquire the status of an alien lawfully admitted to the United States for permanent residence, or who may, pursuant to section 203(a)(7), enter conditionally, shall not in any of the first three quarters of any fiscal year exceed a total of 45,000 and shall not in any fiscal year exceed a total of 170,000; and (2) the number of aliens born in any foreign state of the Western Hemisphere or in the Canal Zone, or in a dependent area located in the Western Hemisphere, who may be issued immigrant visas or who may otherwise acquire the status of an alien lawfully admitted to the United States for permanent residence, or who may, pursuant to section 203(a)(7), enter conditionally, shall not in any of the first three quarters of any fiscal year exceed a total of 32,000 and shall not in any fiscal year exceed a total of 120,000."

Sec. 5. The term "effective date" as used in section 249 on the Immigration and Nationality Act, as amended by this Act, shall mean
To amend the Immigration and Nationality Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That this Act may be cited as the "Alien Adjustment Act of 1977."

RECORD OF ADMISSION FOR PERMANENT RESIDENT IN THE CASE OF CERTAIN ALIENS

Sec. 2. Section 249 of the Immigration and Nationality Act (8 U.S.C. 1259) is amended to read as follows:

"(a) A record of lawful admission for permanent residence may, in the discretion of the Attorney General and under such regulations as he may prescribe, be made in the case of any alien physically present in the United States on the effective date, if no such record is otherwise available and such alien satisfies the Attorney General that he:

(1) on the effective date, is the spouse, parent, or child of a United States citizen or of an alien lawfully admitted for permanent residence or has resided in the United States for not less than five consecutive years immediately preceding the effective date;

(2) has resided in the United States continuously since the effective date; and

(3) is not inadmissible to the United States under section 212(a) insofar as it relates to criminals, procurers and other immoral persons, subversives, violators of the narcotic laws, or smugglers of aliens.

"(b) Upon approval of an application under this section the Attorney General shall record the alien's lawful
admission for permanent residence as of the date of the applica-
tion, except that in the case of an alien who entered the United
States prior to July 1, 1924, and has resided here continuously
since that date the Attorney General shall record the alien's lawful
admission for permanent residence as of the date of entry.

"(c) A record of lawful admission for permanent residence
as of the date of application may, in the discretion of the Attorney
General and under such regulations as he may prescribe, be made in
the case of any alien who as of the effective date is the parent,
spouse or child residing in the United States with an alien whose
lawful admission is recorded under paragraph (b) of this section if:

(1) the relationship of parent, spouse, or child existed
on the effective date and continues to exist; and

(2) the parent, spouse, or child meets the qualifications
specified in paragraph (3) of subsection (a).

"(d) This section shall not apply to:

(1) Any alien who advocated or assisted in the
persecution of any person or group of persons because of
race, religion, nationality or political opinion; or

(2) Any alien who is subject to the provisions of
section 212(e) of this Act.

Sec. 3. Section 241 of the Immigration and Nationality Act
(8 U.S.C. 1251) is amended by inserting after subsection (f) the
following new subsection:

"(g) A deportation proceeding shall not be instituted on
a ground arising prior to the effective date against an alien who
meets the qualifications set forth in subsection 240(a), regardless
of whether or not the alien has submitted an application under that
section."
Sec. 4. Section 201(a) of the Immigration and Nationality Act (8 U.S.C. 1151(a)) is amended to read as follows:

"(a) Exclusive of special immigrants defined in section 101(a)(27), immediate relatives of United States citizens as specified in subsection (b) of this section, and of aliens in whose case a record of lawful admission for permanent residence is made pursuant to section 245, (1) the number of aliens born in any foreign state or dependent area located in the Eastern Hemisphere who may be issued immigrant visas or who may otherwise acquire the status of an alien lawfully admitted to the United States for permanent residence, or who may, pursuant to section 203(a)(7), enter conditionally, shall not in any of the first three quarters of any fiscal year exceed a total of 45,000 and shall not in any fiscal year exceed a total of 170,000; and (2) the number of aliens born in any foreign state of the Western Hemisphere or in the Canal Zone, or in a dependent area located in the Western Hemisphere, who may be issued immigrant visas or who may otherwise acquire the status of an alien lawfully admitted to the United States for permanent residence, or who may, pursuant to section 203(a)(7), enter conditionally, shall not in any of the first three quarters of any fiscal year exceed a total of 32,000 and shall not in any fiscal year exceed a total of 120,000."

Sec. 5. The term "effective date" as used in section 242 of the Immigration and Nationality Act, as amended by this Act, shall mean
IN THE HOUSE OF REPRESENTATIVES

Mr. Eilberg introduced the following bill; which was referred to the Committee on

A BILL

To establish a Select Commission on Immigration and Refugee Policy.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) there is established a Select Commission on Immigration and Refugee Policy (hereinafter in this Act referred to as the "Commission") which shall be composed of--

(1) four members appointed by the President, one of whom shall be designated by the President as Chairman;

(2) the Secretary of State, the Attorney General, the Secretary of Labor, and the Secretary of Health, Education, and Welfare;

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(3) four members appointed by the Speaker of the House of Representatives from the membership of the House Committee on the Judiciary; and

(4) four members appointed by the President pro tempore of the Senate from the membership of the Senate Committee on the Judiciary.

(b) A majority of the Commission shall constitute a quorum for the transaction of its business, but the Commission may provide for the taking of testimony and the reception of evidence at meetings at which there are present not less than four members of the Commission.

(c) Each member of the Commission who is not otherwise in the service of the Government of the United States shall receive the sum of $100 for each day spent in the work of the Commission, shall be paid actual travel expenses, and per diem in lieu of subsistence expenses, when away from his usual place of residence, in accordance with chapter 57 of title 5, United States Code. Each member of the Commission who is otherwise in the service of the Government of the United States shall serve without compensation in addition to that received for such other service, but while engaged in the work of the Commission shall be paid actual travel expenses, when away from his usual place of residence, in accordance with chapter 57 of title 5, United States Code.
Sec. 2. (a) It shall be the duty of the Commission to study and evaluate, in accordance with subsection (b), existing laws, policies, and procedures governing the admission of immigrants and refugees to the United States and to make such administrative and legislative recommendations to the President and to the Congress as are appropriate.

(b) In particular, the Commission shall—

(1) conduct a study and analysis of the effect of the provisions of the Immigration and Nationality Act (and administrative interpretations thereof) on (A) social, economic, and political conditions in the United States; (B) demographic trends; (C) present and projected unemployment in the United States; and (D) the conduct of foreign policy;

(2) conduct a study and analysis of whether and to what extent the Immigration and Nationality Act should apply to the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and the other territories and possessions of the United States;

(3) review, and make recommendations with respect to, the numerical limitations (and exemptions therefrom) of the Immigration and Nationality Act on the admission of permanent resident aliens.
(4) assess the social, economic, political, and demographic impact of previous refugee programs and review the criteria for, and numerical limitations on, the admission of refugees to the United States;

(5) make semiannual reports to each House of Congress during the period before publication of its final report (described in paragraph (6)); and

(6) make a final report of its findings and recommendations to the President and each House of Congress, which report shall be published not later than September 30, 1980.

(c) The Commission is authorized to appoint and fix the compensation of a staff director and such other additional personnel as may be necessary to enable the Commission to carry out its functions without regard to the civil service laws, rules, and regulations. Any Federal employee subject to those laws, rules, and regulations may be detailed to the Commission, and such detail shall be without interruption or loss of civil service status or privilege.

(d) Staff members of the Committee on the Judiciary of the Senate or of the Committee on the Judiciary of the House of Representatives may be detailed to serve on the staff of
the Commission by the Chairman of the respective committee.

Staff members so detailed shall serve on the staff of the
Commission without additional compensation except that they
may receive such reimbursement of expenses incurred by them as
the Commission may authorize.

(e) The Commission may call upon the head of any Federal
department or agency to furnish information and assistance
which the Commission deems necessary for the performance of
its functions, and the heads of such departments and agencies
shall furnish such assistance and information, unless pro-
hibited under law, without reimbursement.

(f) The Commission is authorized to make grants and enter
into contracts for the conduct of research and studies which
will assist it in performing its duties under this Act.

Sec. 3. The Commission shall cease to exist upon the
filing of its final report, except that the Commission may
continue to function for up to sixty days thereafter for the
purpose of winding up its affairs.

Sec. 4. There are authorized to be appropriated such
sums as may be necessary to carry out the purposes of this
Act.

Sec. 5. The provisions of this Act shall become effective
on October 1, 1978.

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Stu Eizenstat -

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

Rick Hutcheson

cc: The Vice President
    Frank Moore
    Jack Watson
    Jim Schlesinger

Re: Coal Slurry Pipelines
MEMORANDUM FOR THE PRESIDENT
FROM STU EIZENSTAT
SUBJECT: Coal Slurry Pipelines

OVERVIEW

Your guidance is requested on the Administration's position on legislation concerning coal slurry pipelines.

BACKGROUND

H. R. 1609, the Coal Pipeline Act of 1977, delegates to coal pipeline operators the federal power of eminent domain if the operator obtains a certificate of public convenience and necessity from the Department of the Interior. Such a certificate will be issued if the Secretary determines that the pipeline project is in the national interest. Once a project is built, the ICC would regulate the pipeline as a common carrier.

The bill does not permit the acquisition of any right to use or develop water through the exercise of the right of eminent domain. Water use regulation would remain a responsibility of the states.

Coal slurries have been discussed primarily with respect to long-distance movement of coal in the Western states. In this technology coal is crushed and mixed with water, then transported by pipeline from a mine to a utility. The one slurry line in operation, The Black Mesa Line (between Arizona and Nevada), is owned by a railroad and was built because the geography made railroad construction impractical.

DISCUSSION

The central issue at this point is whether the federal power of eminent domain should be granted to private
coal pipeline operators. Obtaining this power is the top priority of the coal slurry interests.

Coal pipeline operators have sought eminent domain power from several states because railroads refuse to permit these pipelines to cross under their rights of way. The major pending proposal is a 1,030-mile pipeline (sponsored by Peabody and Bechtel) to run from Wyoming to Arkansas. Two states situated on the preferred route of the proposed pipeline, Kansas and Nebraska, have refused to grant eminent domain for coal slurry operation within their boundaries.

Proponents of H. R. 1609 argue that the purpose of the bill is to establish a regulatory structure for a new energy transportation system and not to approve a specific project. Opponents claim that the bill's actual goal is to circumvent the decisions of those states that have rejected coal slurry pipelines.

DOT and CEQ oppose the bill at this time. They would like to see the unanswered policy issues raised by the bill addressed in the Energy Transportation Study that you proposed in your Energy Message. Interior agrees with DOT and CEQ; in addition, they feel that if the bill passes, Interior should retain jurisdiction.

Representatives Kazen, Eckhardt and Udall, members of the subcommittee that held hearings on the bill, support H. R. 1609. Schlesinger and FEA generally support the bill, although they would vest licensing authority in the new Energy Department rather than in Interior.

Among the unsettled policy issues are:

- Potential effects on the railroads (how much coal would be diverted to pipelines and how would rail rates for all commodities be affected).
- Water resource diversion (what kind of water would be used by slurries and from what source would it be derived).
- Potential impact of encouraging Western coal development at the expense of Eastern development.
An extensive study of coal slurries, commissioned by Congress, will be available in December, 1977. It may answer some of the unresolved policy questions.

The economic benefits of slurries are unclear. FEA believes that it is physically possible for the anticipated increases in coal production to be moved to market by rail in almost every case. But, FEA also feels that the public interest will be served by encouraging this alternative transportation mode as sound competition for the railroads with respect to the movement of coal.

A coal pipeline bill was introduced in the Senate by Senator Johnston. The Energy and Commerce committees have concurrent jurisdiction. At this point, the Commerce Committee does not appear inclined to act favorably on this bill.

I had a conversation with Bennett Johnston last night about this bill. He made the following points:

1. The Energy Plan calls for major shift from natural gas to coal and he doesn't feel Louisiana has sufficient incentive to do so.

2. He feels that the railroads need some competition in order to insure that coal transportation costs remain reasonable.

3. He feels that sufficient studies have been performed on coal slurries.

I would note that fundamental policy questions remain despite numerous studies. In addition, the subject of studies is touchy because the major government study was performed by Bechtel, one of the major coal slurry interests, a situation which led Congress to sponsor the Office of Technology Assessment study expected in December. I would also note that not supporting the bill at this time does not preclude support of some slurry in the future if the Energy Transportation Study so indicates.

A decision on this issue must be made soon. FEA testified before the House subcommittee and promised an Administration position in time for mark-up on the bill next week.
OPTIONS

1. Support the bill. This might include a suggested amendment on agency jurisdiction for the regulatory process. Dr. Schlesinger feels that it is desirable to provide for the option of coal slurries as an incentive to the railroads to "stay honest." He feels that this does not preclude case-by-case decisions on the merits of any particular coal slurry proposal. This position would displease the bill's opponents, which include railroads, environmentalists, agricultural interests and some Western governors. It will also be construed as federal pre-emption of state decision-making.

2. Adopt the position that we cannot support the bill at this time on the grounds that coal slurry pipelines should be considered in the context of the Energy Transportation Study you have ordered in the energy plan. This position need not be construed as outright opposition to the substance of the bill, although it would be based on major concerns. This would allow taking into account the results of the Office of Technology Assessment study, and is consistent with your statements counselling caution in the development of Western coal. This option should be entered into bearing in mind the likely outcome on Capitol Hill. Our assessment is that while the House may act favorably, the Senate probably will not and thus delay is a politically practical option. OMB supports this position.

3. Support the concept of an enabling bill for coal slurry pipelines but suggest that a new bill is needed (or major amendments) which would further restrict the eminent domain provision, and make an Administration recommendation on the agency jurisdiction issues. This might involve a joint Department of Energy/Department of the Interior jurisdiction similar to the leasing arrangement determined in the Department of Energy bill.

RECOMMENDATION: Option 2: do not support the bill at this time.
Decision
____ Option 1 -- support bill
____ Option 2 -- do not support at this time
____ Option 3 -- support concept only
____ Other

NOTE: IF YOU CHOOSE OPTION 1 OR 3, SEVERAL SUB-ISSUES NEED TO BE RESOLVED:

1. Jurisdiction over permitting process
   Options
   A. Retain jurisdiction in Interior
   B. Give jurisdiction to the Department of Energy
   C. Establish a division of responsibility between Energy and Interior

   Recommendation: Option C

   Decision
   _____ Option A
   _____ Option B
   _____ Option C
   _____ Other

2. Specificity of environmental findings
   Options
   A. Retain language of bill which states general environmental considerations, including a Secretarial judgment on water impacts
B. Strengthen language of bill to provide for explicit findings on key environmental questions including water

C. Delete separate environmental findings, anticipating that environmental impact statement will suffice

Recommendation: Option B

Decision

____ Option A
____ Option B
____ Option C
____ Other

3. Impact on railroads

Options

A. Provide for explicit finding by Department of Transportation that the impact on rail transportation (for all commodities) will not be harmful

B. Retain existing language in bill which requires only consideration of coal transportation alternatives as part of determination of national interest

Recommendation: Option A

Decision

____ Option A
____ Option B
____ Other

ATTACHED MEMO FROM DR. SCHLESINGER -- An option paper prepared by FEA and transmitted by Dr. Schlesinger is attached.
Recommendation by Dr. Schlesinger:

That the Administration indicate that the enactment of H.R. 1609 with amendments would be consistent with the program of the President. The principle amendment proposed should be to delete the requirement for a special finding by the Secretary of the Interior (supplemental to existing Federal environmental review requirements and any existing state water rights legislation) with regard to the water requirements of a proposed pipeline project.

The bill is consistent with the President's energy and environmental objectives because it would provide a guaranteed Federal forum for case-by-case review of the merits of coal slurry pipeline proposals and competing transportation systems on the basis of the economic, environmental and energy features. This additional potential competition would help restrain tariff increases by existing modes of transportation, in the face of increasing demand for transportation of coal.

This measure would be parallel to the 1942 amendment to the Natural Gas Act which authorized the Federal Power Commission to issue certificates of public convenience and necessity for natural gas pipelines, thereby granting the right of eminent domain in order to overcome substantial efforts by the railroads to block the use of natural gas pipelines.

Jim Wright, House Majority Leader and Mo Udall, Chairman of the House Interior and Insular Affairs Committee, as well as Representative Kazen, Chairman of the Interior Subcommittee on Mines and Mining all favor this bill as does Senator Bennett Johnston of Louisiana.
MEMORANDUM FOR THE PRESIDENT
FROM STU EISENSTAT
SUBJECT: Coal Slurry Pipelines

OVERVIEW
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BACKGROUND
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The bill does not permit the acquisition of any right to use or develop water through the exercise of the right of eminent domain. Water use regulation would remain a responsibility of the states.

Coal slurries have been discussed primarily with respect to long-distance movement of coal in the Western states. In this technology coal is crushed and mixed with water, then transported by pipeline from a mine to a utility. The one slurry line in operation, The Black Mesa Line (between Arizona and Nevada), is owned by a railroad and was built because the geography made railroad construction impractical.

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Coal pipeline operators. Obtaining this power is the top priority of the coal slurry interests.

Coal pipeline operators have sought eminent domain power from several states because railroads refuse to permit these pipelines to cross under their rights of way. The major pending proposal is a 1,030-mile pipeline (sponsored by Peabody and Bechtel) to run from Wyoming to Arkansas. Two states situated on the preferred route of the proposed pipeline, Kansas and Nebraska, have refused to grant eminent domain for coal slurry operation within their boundaries.

Proponents of H. R. 1609 argue that the purpose of the bill is to establish a regulatory structure for a new energy transportation system and not to approve a specific project. Opponents claim that the bill's actual goal is to circumvent the decisions of those states that have rejected coal slurry pipelines.

DOT and CEQ oppose the bill at this time. They would like to see the unanswered policy issues raised by the bill addressed in the Energy Transportation Study that you proposed in your Energy Message. Interior agrees with DOT and CEQ; in addition, they feel that if the bill passes, Interior should retain jurisdiction.

Representatives Kazen, Eckhardt and Udall, members of the subcommittee that held hearings on the bill, support H. R. 1609. Schlesinger and FEA generally support the bill, although they would vest licensing authority in the new Energy Department rather than in Interior.

Among the unsettled policy issues are:

- Potential effects on the railroads (how much coal would be diverted to pipelines and how would rail rates for all commodities be affected).
- Water resource diversion (what kind of water would be used by slurries and from what source would it be derived).
- Potential impact of encouraging Western coal development at the expense of Eastern development.
An extensive study of coal slurries, commissioned by Congress, will be available in December, 1977. It may answer some of the unresolved policy questions.

The economic benefits of slurries are unclear. FEA believes that it is physically possible for the anticipated increases in coal production to be moved to market by rail in almost every case. But, FEA also feels that the public interest will be served by encouraging this alternative transportation mode as sound competition for the railroads with respect to the movement of coal.

A coal pipeline bill was introduced in the Senate by Senator Johnston. The Energy and Commerce committees have concurrent jurisdiction. At this point, the Commerce Committee does not appear inclined to act favorably on this bill.

I had a conversation with Bennett Johnston last night about this bill. He made the following points:

1. The Energy Plan calls for major shift from natural gas to coal and he doesn't feel Louisiana has sufficient incentive to do so.

2. He feels that the railroads need some competition in order to insure that coal transportation costs remain reasonable.

3. He feels that sufficient studies have been performed on coal slurries.

I would note that fundamental policy questions remain despite numerous studies. In addition, the subject of studies is touchy because the major government study was performed by Bechtel, one of the major coal slurry interests, a situation which led Congress to sponsor the Office of Technology Assessment study expected in December. I would also note that not supporting the bill at this time does not preclude support of some slurry in the future if the Energy Transportation Study so indicates.

A decision on this issue must be made soon. FEA testified before the House subcommittee and promised an Administration position in time for mark-up on the bill next week.
OPTIONS

1. Support the bill. This might include a suggested amendment on agency jurisdiction for the regulatory process. Dr. Schlesinger feels that it is desirable to provide for the option of coal slurries as an incentive to the railroads to "stay honest." He feels that this does not preclude case-by-case decisions on the merits of any particular coal slurry proposal. This position would displease the bill's opponents, which include railroads, environmentalists, agricultural interests and some Western governors. It will also be construed as federal pre-emption of state decision-making.

2. Adopt the position that we cannot support the bill at this time on the grounds that coal slurry pipelines should be considered in the context of the Energy Transportation Study you have ordered in the energy plan. This position need not be construed as outright opposition to the substance of the bill, although it would be based on major concerns. This would allow taking into account the results of the Office of Technology Assessment study, and is consistent with your statements counselling caution in the development of Western coal. This option should be entered into bearing in mind the likely outcome on Capitol Hill. Our assessment is that while the House may act favorably, the Senate probably will not and thus delay is a politically practical option. OMB supports this position.

3. Support the concept of an enabling bill for coal slurry pipelines but suggest that a new bill is needed (or major amendments) which would further restrict the eminent domain provision, and make an Administration recommendation on the agency jurisdiction issues. This might involve a joint Department of Energy/Department of the Interior jurisdiction similar to the leasing arrangement determined in the Department of Energy bill.

RECOMMENDATION: Option 2: do not support the bill at this time.
Decision

Option 1 -- support bill
Option 2 -- do not support at this time
Option 3 -- support concept only
Other

NOTE: IF YOU CHOOSE OPTION 1 OR 3, SEVERAL SUB-ISSUES NEED TO BE RESOLVED:

1. Jurisdiction over permitting process
   Options
   A. Retain jurisdiction in Interior
   B. Give jurisdiction to the Department of Energy
   C. Establish a division of responsibility between Energy and Interior
   Recommendation: Option C

Decision

Option A
Option B
Option C
Other

2. Specificity of environmental findings
   Options
   A. Retain language of bill which states general environmental considerations, including a Secretarial judgment on water impacts
B. Strengthen language of bill to provide for explicit findings on key environmental questions including water

C. Delete separate environmental findings, anticipating that environmental impact statement will suffice

Recommendation: Option B

Decision

Option A
Option B
Option C
Other

3. Impact on railroads

Options

A. Provide for explicit finding by Department of Transportation that the impact on rail transportation (for all commodities) will not be harmful

B. Retain existing language in bill which requires only consideration of coal transportation alternatives as part of determination of national interest

Recommendation: Option A

Decision

Option A
Option B
Other

ATTACHED MEMO FROM DR. SCHLESINGER -- An option paper prepared by FEA and transmitted by Dr. Schlesinger is attached.
Recommenodation by Dr. Schlesinger:

That the Administration indicate that the enactment of H.R. 1609 with amendments would be consistent with the program of the President. The principle amendment proposed should be to delete the requirement for a special finding by the Secretary of the Interior (supplemental to existing Federal environmental review requirements and any existing state water rights legislation) with regard to the water requirements of a proposed pipeline project.

The bill is consistent with the President's energy and environmental objectives because it would provide a guaranteed Federal forum for case-by-case review of the merits of coal slurry pipeline proposals and competing transportation systems on the basis of the economic, environmental and energy features. This additional potential competition would help restrain tariff increases by existing modes of transportation, in the face of increasing demand for transportation of coal.

This measure would be parallel to the 1942 amendment to the Natural Gas Act which authorized the Federal Power Commission to issue certificates of public convenience and necessity for natural gas pipelines, thereby granting the right of eminent domain in order to overcome substantial efforts by the railroads to block the use of natural gas pipelines.

Jim Wright, House Majority Leader and Mo Udall, Chairman of the House Interior and Insular Affairs Committee, as well as Representative Kazen, Chairman of the Interior Subcommittee on Mines and Mining all favor this bill as does Senator Bennett Johnston of Louisiana.
Date: May 3, 1977

MEMORANDUM

FOR ACTION: 

FOR INFORMATION: The Vice President (Nel)
Frank Moore (Les)

concur Jack Watson

FROM: Rick Hutcherson, Staff Secretary

SUBJECT: Stu Eisenstat memo 4/29/77 re Coal Slurry Pipelines.

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:
TIME: 3:00 P.M.
DAY: TODAY
DATE: MAY 3, 1977

ACTION REQUESTED:
X Your comments
Other:

STAFF RESPONSE:
I concur. No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.
If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)
MEMORANDUM FOR THE PRESIDENT
FROM STEWART EIXENSTAT
SUBJECT: Coal Slurry Pipelines

OVERVIEW

Your guidance is requested on the Administration's position on legislation concerning coal slurry pipelines.

BACKGROUND

H. R. 1609, the Coal Pipeline Act of 1977, delegates to the coal pipeline operators the federal power of eminent domain if the operator obtains a certificate of public convenience and necessity from the Department of the Interior. Such a certificate will be issued if the Secretary determines that the pipeline project is in the national interest. Once a project is built, the ICC would regulate the pipeline as a common carrier.

The bill does not permit the acquisition of any right to use or develop water through the exercise of the right of eminent domain. Water use regulation would remain a responsibility of the states.

Coal slurries have been discussed primarily with respect to long-distance movement of coal in the Western states. In this technology coal is crushed and mixed with water, then transported by pipeline from a mine to a utility. The one slurry line in operation, The Black Mesa Line (between Arizona and Nevada), is owned by a railroad and was built because the geography made railroad construction impractical.

DISCUSSION

The central issue at this point is whether the federal power of eminent domain should be granted to private
coal pipeline operators. Obtaining this power is the top priority of the coal slurry interests.

Coal pipeline operators have sought eminent domain power from several states because railroads refuse to permit these pipelines to cross under their rights of way. The major pending proposal is a 1,075-mile pipeline (sponsored by Peabody and Bechtel) to run from Wyoming to Arkansas. Two states situated on the preferred route of the proposed pipeline, Kansas and Nebraska, have refused to grant eminent domain for coal slurry operation within their boundaries.

Proponents of H. R. 1609 argue that the purpose of the bill is to establish a regulatory structure for a new energy transportation system and not to approve a specific project. Opponents claim that the bill's actual goal is to circumvent the decisions of those states that have rejected coal slurry pipelines.

DOT and CEQ oppose the bill at this time. They would like to see the unanswered policy issues raised by the bill, addressed in the Energy Transportation Study that you proposed in your Energy Message. Interior agrees with DOT and CEQ; in addition, they feel that if the bill passes, Interior should retain jurisdiction.

Representatives Kazen, Eckhardt and Udall, members of the subcommittee that held hearings on the bill, support H. R. 1609. Schlesinger and FEA generally support the bill, although they would vest licensing authority in the new Energy Department rather than in Interior.

Among the unsettled policy issues are:

- Potential effects on the railroads (how much coal would be diverted to pipelines and how would rail rates for all commodities be affected).

- Water resource diversion (what kind of water would be used by slurries and from what source would it be derived).

- Potential impact of encouraging Western coal development at the expense of Eastern development.
An extensive study of coal slurries, commissioned by Congress, will be available in December, 1977. It may answer some of the unresolved policy questions.

The economic benefits of slurries are unclear. FEA believes that it is physically possible for the anticipated increases in coal production to be moved to market by rail in almost every case. But, FEA also feels that the public interest will be served by encouraging this alternative transportation mode as sound competition for the railroads with respect to the movement of coal.

A coal pipeline bill was introduced in the Senate by Senator Johnston. The Energy and Commerce committees have concurrent jurisdiction. At this point, the Commerce Committee does not appear inclined to act favorably on this bill.

I had a conversation with Bennett Johnston last night about this bill. He made the following points:

1. The Energy Plan calls for major shift from natural gas to coal and he doesn't feel Louisiana has sufficient incentive to do so.

2. He feels that the railroads need some competition in order to insure that coal transportation costs remain reasonable.

3. He feels that sufficient studies have been performed on coal slurries.

I would note that fundamental policy questions remain despite numerous studies. In addition, the subject of studies is touchy because the major government study was performed by Bechtel, one of the major coal slurry interests, a situation which led Congress to sponsor the Office of Technology Assessment study expected in December. I would also note that not supporting the bill at this time does not preclude support of some slurry in the future if the Energy Transportation Study so indicates.

A decision on this issue must be made soon. FEA testified before the House subcommittee and promised an Administration position in time for mark-up on the bill next week.
OPTIONS

1. Support the bill. This might include a suggested amendment on agency jurisdiction for the regulatory process. Dr. Schlesinger feels that it is desirable to provide for the option of coal slurries as an incentive to the railroads to "stay honest." He feels that this does not preclude case-by-case decisions on the merits of any particular coal slurry proposal. This position would displease the bill's opponents, which include railroads, environmentalists, agricultural interests and some Western governors. It will also be construed as federal pre-emption of state decision-making.

2. Adopt the position that we cannot support the bill at this time on the grounds that coal slurry pipelines should be considered in the context of the Energy Transportation Study you have ordered in the energy plan. This position need not be construed as outright opposition to the substance of the bill, although it would be based on major concerns. This would allow taking into account the results of the Office of Technology Assessment study, and is consistent with your statements counselling caution in the development of Western coal. This option should be entered into bearing in mind the likely outcome on Capitol Hill. Our assessment is that while the House may act favorably, the Senate probably will not and thus delay is a politically practical option. OMB supports this position.

3. Support the concept of an enabling bill for coal slurry pipelines but suggest that a new bill is needed (or major amendments) which would further restrict the eminent domain provision, and make an Administration recommendation on the agency jurisdiction issues. This might involve a joint Department of Energy/Department of the Interior jurisdiction similar to the leasing arrangement determined in the Department of Energy bill.

RECOMMENDATION: Option 2: do not support the bill at this time.
Decision

- Option 1 -- support bill
- Option 2 -- do not support at this time
- Option 3 -- support concept only
- Other

NOTE: IF YOU CHOOSE OPTION 1 OR 3, SEVERAL SUB-ISSUES NEED TO BE RESOLVED:

1. Jurisdiction over permitting process
   Options
   A. Retain jurisdiction in Interior
   B. Give jurisdiction to the Department of Energy
   C. Establish a division of responsibility between Energy and Interior
   Recommendation: Option C

Decision

- Option A
- Option B
- Option C
- Other

2. Specificity of environmental findings
   Options
   A. Retain language of bill which states general environmental considerations, including a Secretarial judgment on water impacts
a. Strengthen language of bill to provide for explicit findings on key environmental questions including water

b. Delete separate environmental findings, anticipating that environmental impact statement will suffice

Recommendation: Option B

Decision

Option A
Option B
Option C
Other

3. Impact on railroads

Options

A. Provide for explicit finding by Department of Transportation that the impact on rail transportation (for all commodities) will not be harmful

B. Retain existing language in bill which requires only consideration of coal transportation alternatives as part of determination of national interest

Recommendation: Option A

Decision

Option A
Option B
Other

ATTACHED MEMO FROM DR. SCHLESINGER -- An option paper prepared by FCA and transmitted by Dr. Schlesinger is attached.
Recommendation by Dr. Schlesinger:

That the Administration indicate that the enactment of H.R. 1609 with amendments would be consistent with the program of the President. The principle amendment proposed should be to delete the requirement for a special finding by the Secretary of the Interior (supplemental to existing Federal environmental review requirements and any existing state water rights legislation) with regard to the water requirements of a proposed pipeline project.

The bill is consistent with the President's energy and environmental objectives because it would provide a guaranteed Federal forum for case-by-case review of the merits of coal slurry pipeline proposals and competing transportation systems on the basis of the economic, environmental and energy features. This additional potential competition would help restrain tariff increases by existing modes of transportation, in the face of increasing demand for transportation of coal.

This measure would be parallel to the 1942 amendment to the Natural Gas Act which authorized the Federal Power Commission to issue certificates of public convenience and necessity for natural gas pipelines, thereby granting the right of eminent domain in order to overcome substantial efforts by the railroads to block the use of natural gas pipelines.

Jim Wright, House Majority Leader and Mo Udall, Chairman of the House Interior and Insular Affairs Committee, as well as Representative Kazen, Chairman of the Interior Subcommittee on Mines and Mining all favor this bill as does Senator Bennett Johnston of Louisiana.
FEA Option Paper
MEMORANDUM FOR STUART EIZENSTAT

FROM: JAMES SCHLESINGER

SUBJECT: COAL SLURRY PIPELINE ISSUE

Attached is a memorandum which outlines the issues and options I believe are pertinent to the coal slurry pipeline question which we discussed yesterday.

Jack O'Leary tells me that both Jim Wright, House Majority Leader and Mo Udall, Chairman of the House Interior Committee, strongly support the passage of this legislation.

When testifying Monday, Jack made a commitment that he would do his best to see that the Administration's position would be delivered to the subcommittee either by Friday, April 29 or no later than Monday, May 2, which is when markup of H.R. 1609 will begin. Chairman Kasin was most insistent that this be done.

Attachment
ISSUE
What position should the Administration take with respect to H.R. 1609, "Coal Slurry Pipeline Act of 1977?"

STATUS
Legislation to grant the right of eminent domain to coal slurry pipelines by the Secretary of the Interior and to require that these pipelines operate as common carriers, was submitted to the House Interior Committee on January 10, 1977.

This Committee announced that it will complete hearings on H.R. 1609 the week of April 25 and plans to markup the legislation the week of May 2.

Similar legislation has been introduced in the Senate (S. 707). Hearings have not yet been scheduled; however, two attempts have been made to attach it as an amendment to the S. 7, the Surface Mining Bill.

This type of legislation has been considered by the Congress for over 10 years and has been a subject under active deliberation since 1974. In that year, a bill which would have provided the powers of eminent domain for the establishment of coal slurry pipeline rights-of-way was passed by the Senate but died in the House. In 1976 similar legislation was considered by the House Committee on Interior and Insular Affairs, but was not reported out of Committee. The Office of Technology Assessment was commissioned to assess technical, legal, environmental, and economic aspects of coal slurry pipelines. The study is expected to be completed in December of 1977.

Various coal slurry pipeline issues have been studied by Federal agencies since the early 1950's. Most of these studies have been devoted to transportation economics, but many recent studies have addressed environmental issues.

BACKGROUND
The coal slurry pipeline is not an untried technology. The first major coal slurry pipeline in this country was built in Ohio in 1957. A decline in unit train rates made this slurry line uneconomical, and the coal that was
handled in it is now delivered by rail. The coal slurry pipeline now operating between Black Mesa, Arizona, and a power plant in Nevada carries five million tons of coal per year a distance of 273 miles. It has operated successfully for several years.

As distances from the coal mines to the coal markets increase, the economics of slurry pipeline transportation improve, however, factors such as the terrain to be traversed and the possibility that an alternate transportation system may already be in place, are of equal or greater influence than distance in the economic competition between modes of transportation. It takes a case-by-case analysis to determine the most economical transportation mode. Slurry pipelines have a high capital cost, but low-operating cost resulting in a relatively stable tariff. Railroads are somewhat less capital intensive but have higher operating costs which result in rates more sensitive to inflation.

The rapidly increasing demand for Western coal to replace gas-fired electric generating units in Texas, Oklahoma, Arkansas and Louisiana adds a sense of urgency to this issue since the lead times involved to switch to coal require early decisions on the sources of coal and the transportation mode to be used.

The discussion over coal slurry pipelines focuses on two major concerns:

Competition: Right of Eminent Domain - If coal slurry pipelines are to be afforded an opportunity to compete with alternative forms of coal transportation some Federal right of eminent domain is required since some states do not have laws which grant rights-of-way to coal slurry pipelines; a situation which does not exist for railroads. In the absence of such a Federal grant, the public is being arbitrarily denied the economic benefits that would result if a coal slurry pipeline could deliver coal less expensively than a railroad.

Railroads contend that coal slurry pipelines by their nature connect a consumer of large amounts of coal with a producer of the coal, and tend to "skim the cream" off the coal transportation market. Because the pipeline is designed to operate at nearly full capacity, it cannot be
considered a true common carrier -- one that holds itself ready to transport coal for all who request it to do so -- even though it was be legally so classified.

Water Usage - Concern has been raised over the amount of water that will be required by a coal slurry pipeline. The slurry is 50 percent water by weight, and 736 acre feet of water are required for the transportation of a million tons of coal. Water demand for coal slurry pipelines, however, is only 1/4 of that required by an electric generating station using the same amount of coal; compares favorably with water demand for coal liquefaction, and is essentially the same as for coal gasification.

The current bill, H.R. 1609, addresses this issue by requiring that the Secretary "consider and make an independent finding," regarding water usage. Unfortunately, the language is vague and would at least require further clarification. There is also a question of overlap with the environmental impact assessments required under the National Environmental Policy Act.

Options

At the present time the Administration is faced with the choice of (1) supporting current legislation with some modifications or (2) seeking a delay pending 6 to 9 months of further study on key issues.

Option 1: Support effort to enact legislation and develop Administration position on key policy issues pertaining to certificating authority and water control.

Advantages

- Will provide Administration the opportunity to influence content of legislation.

- Will signal Administration decision that there should be a full and fair opportunity for coal slurry pipelines to be considered as an alternative transportation mode.

- Will indicate policy to establish Federal Regulatory framework for certificating of proposed projects. (Energy Transportation Systems, Inc. (ETSI) has announced that with the Oklahoma
legislature recently granting eminent domain to coal slurry pipelines it now has the option of building a pipeline from Wyoming through Colorado and Oklahoma to destinations in Arkansas.)

- Will establish policy that coal slurry pipelines are to be considered on project specific basis based upon energy, environmental, and economic considerations.

Disadvantages
- Some will argue that potential impacts on railroads and on water usage have not been fully analyzed.
- Existing analysis indicates that railroads and other forms of transportation could physically handle volumes of coal production presently expected since railroads will fill the gap.

Option 2: Seek 6-9 month delay in consideration of legislation pending further Administration study which would analyze economic need for pipelines, effect on railroads, and impact on water availability.

Advantages
- Would allow new Administration opportunity to review the need for coal slurry pipelines as a transportation alternative.
- Will provide the Administration with additional time to determine what changes, if any, are needed in the bill.
- The delay involved would be small and would not be critical to coal development since any increase in coal demand can be satisfied by railroad transportation at least in the short-run.

Disadvantages
- Numerous studies (41 page bibliography) have already been conducted including several by Federal agencies and some members of Congress will view this option as bureaucratic delay.
If coal slurry pipelines are ultimately concluded to be acceptable, result will merely have been to delay their ultimate implementation. Congress will probably not accept the delay and proceed to markup and vote without Administration inputs.

Issues Relating to Current Legislation

In the inter-agency review which preceded the recent FEA testimony on H.R. 1609, two major issues emerged which will require an Administration decision if the option to work with the current bill is selected.

Issue 1: Which agency will have jurisdiction to approve and issue a certificate of public convenience and necessity. The bill as now written authorizes the Secretary of the Interior to issue the certificate after determining the acceptability of the project, but authorizes the Interstate Commerce Commission (ICC) to set rates and regulate the pipelines as a common carrier.

Options:

(a) Place authority to issue certificate for Public Convenience and Necessity in DOI, i.e., accept bill as currently written.

Advantages

- Requires no Administration amendment to current bill.
- Places jurisdiction in Federal agency with responsibility for Federal management of water resources.

Disadvantages

- Will divide authority to approve and control operation of coal slurry pipelines between DOI and ICC. Ultimate establishment of DOE will still leave authority divided between DOI and DOE which is proposed to obtain ICC authority.
- DOI mandate to protect and preserve other uses of Federal lands and to promote Indian rights
may conflict and cause difficulties in discharging its responsibilities under the coal slurry bill, particularly with respect to water rights.

(b) Propose that authority to issue certificate for Public Convenience and Necessity be given to DOI now with provisions for transfer to the new Department of Energy (DOE) when it is established.

Advantages

- Ultimately placing such authority in DOE is consistent with that agency's planned role in energy development and regulation.
- Will eliminate possible conflict of interest within DOI relative to its other authorities dealing with Federal lands and Indian rights.

Issue 2: What requirements or findings, if any, should be imposed regarding water availability for the pipeline proposal.

The language currently in the bill regarding water requirements is vague, but could be interpreted to require that an independent finding be made by the Secretary of the Interior regarding water usage. Since the project could involve permanent loss of water from the coal supply area, unless a water return line is to be built, or unless the water is to come from a different, more water-abundant area, the Secretary may be required to make a judgment on whether this is ultimately a better use of water than other uses, even though these other users are not planning to use this water and even though water rights have been obtained within the existing legal and regulatory framework. In effect, the Secretary would be making a judgment on water use which would override State and local laws and without regard to existing water rights.

Review of any coal slurry pipeline proposal will need to include the development of an Environmental Impact Statement which will discuss this water availability issue in detail and will evaluate any alternatives to the pipeline proposals. Thus the absence of any language in the bill
on water availability or water rights will not mean that this problem will be ignored.

Additionally, the Western States have extensive experience, statutes, and case law covering water rights and will have a say in whether water in a particular State can be used in a coal slurry pipeline.

The key issue is whether the needs of a coal slurry pipeline should be subject to a separate finding not imposed on any other planned or possible users of water.

Some will view such independent decisionmaking by the Secretary on this issue of water availability as a precursor to increased Federal control on water usage in general.

Options

(a) Require a separate environmental finding either by retaining current language and interpreting accordingly by regulation or by recommending language to make this requirement explicit.

Advantages

- Will ensure support from environmentalists.
- Will guarantee that water used by the pipelines will not conflict with other possible uses.

Disadvantages

- The Secretary will be required to make a subjective judgment regarding uses of water without considering State laws or traditional water rights. This will be difficult if not impossible to accomplish and can be construed as overriding State authority.
- May result in very few if any coal slurry pipelines being approved.
- Will impose on coal slurry pipelines a constraint which other water users do not have to meet.
(b) Delete this requirement for a separate Federal finding on water availability.

Advantages
- Will allow coal slurry pipeline project to be considered on equal basis with other users of water.
- Environmental Impact Statements should adequately treat this issue.
- Substantial State regulation and case law has established a well defined framework for addressing water rights and usage issues.

Disadvantages
- Will not satisfy concern raised by environmentalists.
- May result in water usage for coal slurry pipelines when rail transportation is physically available.
May 3, 1977

MEMORANDUM

FOR ACTION

FOR INFORMATION: The Vice President (Dock)
Frank Knares (200)
Jack McLean (2)

1977 MAY 3 AM 10 03

FROM: Rick Knareson, Staff Secretary

SUBJECT: Site Nominat ratio 4/29/77 re Coal Slurry Pipelines.

| YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY: |
| TIME: 3:00 P.M. |
| DAY: TODAY |
| DATE: MAY 3, 1977 |

ACTION REQUESTED: 

[X] Your comments

Other:

STAFF RESPONSE: 

[ ] Agree.

Please note other comments above:

[ ] No comment.

PLEASE ANNOUNCE THE FOLLOWING:

If you have any questions about the above, please contact [Staff Secretary].

[Signature]

[Date]
MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT
                   KURT SCHMOKE

SUBJECT: Secretary Adams' Comments On Concorde

During your upcoming trip President Giscard or Prime Minister Callaghan may ask you to comment on recent statements made by Secretary Adams regarding Concorde.

The chronology of events is as follows:

May 3 - article in New York Post quotes Adams as saying, "If the district court judge's decision is adverse to Transportation Department interests, the department would consider recommending that the Justice Department file a brief in the appeal." The article interprets this and other Adams' comments to mean that DOT may support anti-Concorde forces by asserting that the Port Authority, not the court, has the right to control the landing issue.

May 4 - article in New York Daily News. Adams denies the report that Transportation would enter the case between the Port Authority and the Concorde operators.

At our request the Transportation Department will send a letter tomorrow to the New York Post to deny any intention on our part to intervene in the law suit.

Apparently, no other newspapers carried these stories, but the agents for the British-French airlines read the stories as indicating a change in our policy on Concorde.

Although the May 4 article should allay the concerns of Giscard and Callaghan, you can assure them, if asked, that we have not altered our position on this issue, and that any confusion created by Adams' statement has been cleared-up.
Concorde foes may get legal assist from U.S.

By HANK RODEN

The federal government may throw its support behind the embattled anti-Concorde forces by asserting that the Port Authority has the right to control the issue.

The U.S. Transportation Dept. is considering joining in an appeal should the courts decide to let Concorde take off at Kennedy Airport.

A White House spokesman last night declined comment on the appeal, terming it "preliminary.

YEAR-OLD BAN

The Transportation Secretary for U.S. transportation already sued the airlines in the past year to land at Dulles Airport or to land at Kennedy Airport, where the讼uits were filed.

Adams said yesterday, "If the district court judge's decision is adverse to the Transportation Dept., the department will consider whether the Justice Dept. has the legal basis on appeal.

As to federal interests, although the Transportation Secretary William Colman approved the flights for Kennedy, the FAA did not want more than a year ago and for the Dulles Dulles Airport (from which Concorde have been operating).

Adams said that did not overrule the FAA's power, but "the FAA has the legal basis on appeal." Adams said that does not preempt the issue.

TOKEN BOOSTS

Some of the TA's proposals were rejected because they were considered service cuts. For example, claimed productivity savings of $77,000 as a result of cutting certain travel schedules.

And Adams yesterday rejected the elimination of the single constant service cut, and the Port Authority's attempts to land at Dulles Airport.

White House spokesman made a point of answering why Treasury Dept. had not intervened in the case. "The U.S. government just does not intervene in cases," Adams said yesterday.

JOINT ACTION

UNsuccessful attempt by the New York State Legislature to require stricter noise standards for Concorde than for subsonic planes was cuted by the airlines as discriminatory.

The federal government has no role in the Concorde issue, but Adams said court intervention would involve joint action by the Transportation, Justice and State Dept.

A spokesman for State admitted that an agency lawyer had informed the PA that Treasury Dept. had the right to control Concorde.

State had tried slightly yesterday, saying the Carter decision was "a tentative legal view on a pending decision," Adams said that did not preempt the Concorde issue, but "the FAA has the legal basis on appeal." Adams said that did not preempt the issue.

Adams said when asked if the Port Authority was powerful, "We are not preempted by the federal government." Adams said that did not preempt the issue.

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Britain Playing Landing Rights Tit for SSTat

By BRUCE DRAKE

Washington (News Bureau)—Transportation Secretary Brock Adams said yesterday that New York's refusal to let the supersonic Concorde land at Kennedy Airport had "complicated" negotiations with Britain over the landing rights of U.S. airlines in that country.

Adams said that the British, partners with the French in the SST venture, had injected the issue into talks on the renewal of the Bermuda Treaty, which governs commercial airline operations between the two countries. The treaty will expire June 23.

In an interview with The News, Adams responded with an emphatic "yes" when asked whether the negotiations had been complicated by the refusal of the Port Authority of New York and New Jersey to let the SST into Kennedy. William T. Coleman, Adams' predecessor, last year gave the green light for Concorde landings at Kennedy and Washington's Dulles Airport on a 16-month trial basis.

"The British and, of course, the French are very unhappy about the matter of Concorde landings in New York," Adams said, "and this is a complicating factor. They take the position that they have treaty rights to land."

Treaty Signed in 1946

Under the Bermuda Treaty, signed in 1946, there are now three American airlines — two passenger and one cargo — that fly to Britain and one British airline that flies to the United States. The British want to limit both the number of American airlines and their passenger and cargo capacity to an amount equal to the British share of the market, an Adams aide said.

"They have been using the Concorde issue as a bargaining chip by injecting it into these negotiations," the aide said. "Our position is that it doesn't belong here."

Adams and a top aide denied reports that the Transportation Department would enter the battle in Manhattan Federal Court between the Port Authority and the SST's operators.

"We are not considering entering that suit at this time," Adams said. "Our decision at this point is that the litigation is between the Port Authority and the British and we have left it there."

As to whether the department would support the Authority's position in an appeal, Adams said: "I have not recommended any intervention in that lawsuit."
Bob Lipshutz -

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

The signed order on David Aaron has been given to Bob Linder for handling.

Rick Hutcheson

cc: Richard Harden
Bob Linder
THE WHITE HOUSE
WASHINGTON

April 26, 1977

MEMORANDUM FOR THE PRESIDENT
FROM: Robert J. Lipshutz
SUBJECT: Senior Staff Salaries

Attached are two authorization forms which you personally need to sign, if you approve them:

David Aaron
Richard Pettigrew

You will recall the discussion and communications concerning Zbig Brzezinski's desire that David Aaron, his Deputy, be a member of the White House staff itself.

I recommend your approval of both of these.

[Handwritten notes:]
1) Zbig says this is not a status change
2) I prefer Pettigrew be in office

Electrostatic Copy Made
for Preservation Purposes
ORDER

I hereby fix the compensation

of David L. Aaron at the rate of $51,000

per annum effective February 27, 1977.

THE WHITE HOUSE,
MEMORANDUM FOR THE PRESIDENT
FROM: Robert J. Lipshutz
SUBJECT: Senior Staff Salaries

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David Aaron
Richard Pettigrew

You will recall the discussion and communications concerning Zbig Brzezinski's desire that David Aaron, his Deputy, be a member of the White House staff itself.

I recommend your approval of both of these.
ORDER

I hereby fix the compensation of David L. Aaron at the rate of $51,000 per annum effective February 27, 1977.

THE WHITE HOUSE,
THE WHITE HOUSE
WASHINGTON
May 4, 1977

The Vice President
Jim Schlesinger
Frank Moore

Re: Congressional Procedure
on the Omnibus Energy
Bill

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

Rick Hutcheson
MEMORANDUM

THE PRESIDENT HAS SEEN.

THE VICE PRESIDENT
WASHINGTON

May 3, 1977

MEMORANDUM FOR:  THE PRESIDENT
FROM:  THE VICE PRESIDENT
SUBJECT: CONGRESSIONAL PROCEDURE ON THE OMNIBUS ENERGY BILL

The submission of one omnibus energy bill is a matter of concern to the Senate Leadership, with whom Frank Moore and Bill Smith met last week.

In the House, the Ashley ad hoc Energy Committee will farm out the bill to standing committees under reporting deadlines, then mark it up in the Ashley committee, reporting that committee’s final version to the House floor. Charlie Ferris expects the House to pass an omnibus bill before the August recess.

Since there is no way for one Senate committee to process the omnibus bill, it either has to be split into two or more bills or jointly or multiply referred. The bill is now being held in the Senate pending resolution of committee jurisdictional claims. It will not be formally introduced and referred until these problems are resolved.

Under the Senate rules there are only two ways to keep the omnibus bill intact and avoid splitting it up:

1) Joint or multiple referral of the omnibus bill by unanimous consent, to which someone would surely object.

2) Joint or multiple referral by motion which must be made by both Byrd and Baker. Baker would have to be persuaded to agree to this. Again, unlikely.
Thus, the Senate is not likely to process an omnibus bill as such. The bill, therefore, will be split into at least two bills when introduced -- revenue and nonrevenue -- and referred to Long and Jackson, respectively. Five other Senate committees may also claim jurisdiction: Housing, Public Works, Human Resources, Government Affairs and Commerce. Jackson wants all the nonrevenue parts of the package, and there may be a jurisdictional fight which the Republicans would be glad to encourage.

Thus, the omnibus bill is likely to end up on the Senate calendar as at least two and possibly as many as seven separate bills.

Byrd, Jackson and Long, each perhaps for their own private reasons, believe an omnibus bill would be filibustered in the Senate, probably on more than one occasion from the motion to take it up through consideration of a conference report. Byrd does not foresee the votes for cloture as too many members would have particular features they would want killed.

They also foresee difficulties of having a conference with a 35 member Ashley committee on the House side and with two or more committees on the Senate side.

Long would like to split the omnibus bill into revenue and nonrevenue parts. He would like the House to do the same; have the House pass the revenue part first, send it to the Senate; and have the Senate pass the nonrevenue part first, sending it to the House, keeping them separate all the way through.

Charlie Ferris says Tip won't buy any splitting of the omnibus bill on the House side. He also thinks the Senate ought to be forced to vote on an omnibus bill and that the Administration should hold to its position that it wants an omnibus bill out of the Congress.

There is a way to achieve this result in the Senate. It would involve the following steps.

1) The omnibus bill would be introduced as several bills in the Senate, referred to Jackson, Long and others if necessary.

2) The bills would be reported by the respective Senate committees and held on the calendar, awaiting House passage of its omnibus bill.
3) The omnibus House bill would then be put on the Senate calendar under Rule 14, paragraph 4 (a House bill automatically goes on the Senate calendar if committee referral is objected to after second reading).

4) The House omnibus bill would then be motioned up for floor debate, the respective Senate bills substituted for the House titles, debated and further amended.

5) The Senate would then pass the House omnibus bill as amended by the Senate.

6) The Senate and House versions of the omnibus bill would then go to conference.

Recommendations

1) That you meet with Byrd, Cranston, Long and Jackson to suggest this procedure, emphasizing that you are not suggesting how the Senate conduct its business but that you want the Congress to pass an omnibus energy bill.

2) That you urge Long to proceed with consideration of the revenue portions of the energy bill and report it to the Senate by the end of July, not waiting for the House bill to come over and go to his committee. (The Senate can, despite the Constitutional requirement that revenue measures originate in the House, proceed that far with a revenue bill without subjecting it to a point of order. The point of order would be valid if the Senate were to take up and try to pass its own revenue bill.)

cc: Frank Moore
THE WHITE HOUSE
WASHINGTON

May 4, 1977

Stu Eizenstat
Frank Moore
Jack Watson

Re: H.R. 4877
Supplemental Appropriations
Act of 1977

For your information the President
signed the above bill without a
statement.

Rick Hutcheson
MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT
SUBJECT: Enrolled Bill H.R. 4877

Supplemental Appropriations
Act of 1977

You must decide by Monday, May 9, whether to sign or veto this bill. If you agree to sign the bill, prompt signature is recommended. Current funding authority for certain activities contained in this bill -- mainly health and education -- is provided by P.L. 95-16, the extension of the continuing resolution. This authority expired at midnight, April 30.

THE BILL

H.R. 4877 provides supplemental 1977 appropriations of $29,073,260 for all cabinet departments and many other agencies.

The new total budget authority is $4.7 billion below your request. The two most substantial reductions are $3.5 billion for waste water treatment plants and $2.7 billion for subsidized housing. Neither of these reductions affects outlays significantly until after 1978.

At the same time the bill contains the following major unrequested add-ons:

+$637 million for HEW including $310 million for direct student loans and $108 million for health professions;
+$282 million for the Community Services Administration for fuel assistance to poor families ($200 million) and the home weatherization program ($82.5 million);
+$125 million for alteration and repair of Federal buildings;
+$119 million for the Forest Service; and
+$117 million for military construction.
A detailed description of the bill is contained in the memorandum from OMB.

THE VOTES IN CONGRESS
Conference Report - passed
264 to 142 House
Voice Vote Senate

ARGUMENTS FOR SIGNING
-- There is an urgent need for some of the funds in the bill.
-- It will still be possible to recommend rescission or deferral of some of the undesirable items in the bill.
-- It may be possible to divert some of the unrequested Community Services Administration fuel assistance funds to home weatherization programs.
-- Most of the unrequested HEW funds involve programs which previous Administrations have also been unable to cut.

AGENCY AND STAFF RECOMMENDATIONS
Although the bill contains departures from Administration policy, OMB, the affected agencies, and the senior staff recommend that you sign the bill. I strongly concur.

Jack Watson recommends that you make clear your intention to discuss certain deferrals and rescissions with the Congress. He also suggests that you express appreciation to the Congress for in the main honoring your requests but at the same time express your concern over undesirable add-ons and reductions. OMB believes it is premature to discuss possible deferrals and rescissions and recommends that you issue no statement on the signing of the bill. I agree with OMB.

DECISION

--- Sign H.R. 4877 without statement

--- Sign H.R. 4877 with statement

--- Veto H.R. 4877
THE WHITE HOUSE
WASHINGTON

May 4, 1977

Jack Watson

The attached letter was sent to Mr. Skutt today. The attached copies are for your information and passing to Secretary Marshall.

Rick Hutcheson

Re: Letter to National Alliance of Businessmen
MEMORANDUM TO: THE PRESIDENT
FROM: Jack Watson
RE: PRESIDENTIAL LETTER TO THE NATIONAL ALLIANCE OF BUSINESSMEN

As you know, the National Alliance of Businessmen (NAB) has been one of the Labor Department's primary points of contact with the private sector. Ray Marshall wants to continue the Department's relationship with NAB and believes that utilization of the NAB organizational structure and its contacts with the business community will materially enhance implementation of the HIRE program. Ray has asked that you send the attached letter to Mr. V. J. Skutt, Chairman of the Board of NAB. Ray has also recommended that we kick off the HIRE program with a White House Conference. If you approve of the idea, my staff and I will work with Ray on the project.

Attachment
THE WHITE HOUSE
WASHINGTON
May 3, 1977

To V. J. Skutt

Successful implementation of our employment and other economic stimulus programs will depend heavily on the active participation of the private sector. I know how much the National Alliance of Businessmen (NAB) has done in the past to involve the business community in various government employment and training programs and want you to know how vitally important your continued support is to our present efforts.

In the months ahead, I hope that NAB will not only continue its current efforts but will join with me in implementing new initiatives to help the nation's unemployed. I would specifically appreciate your joining me and the Business Round Table in implementing the HIRE program, that part of my economic stimulus program which is dedicated to helping disabled and Vietnam era veterans find private sector jobs. I have asked Secretary of Labor, Ray Marshall, to discuss the program with you in more detail and to solicit your help.

I thank you for the invaluable contributions NAB has made to the country and look forward to working with you.

Sincerely,

[Signature]

Mr. V. J. Skutt
Chairman of the Board
National Alliance of Businessmen
1730 K Street, Northwest
Washington, D. C. 20006
THE WHITE HOUSE
WASHINGTON

May 4, 1977

Stu Eisenstat -

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

Rick Hutcheson

cc: The Vice President
    Frank Moore
    Jack Watson
    Landon Butler

Re: Minimum Wage
Mr. President:

Tom O’Malley called me today (Sunday, 5-1-72) and said the AFL-CIO and other members of the minimum wage coalition they have put together would be willing to accept the following:

1. A minimum wage of $2.63 effective one month after passage.

2. Indexing at 5 1/2% of straight time hourly earnings.

3. Indexing based on the least six months of the year, rather than the average for the whole year.

4. The effective date for indexing to be April rather than July of each year.

Ray Marshall
THE WHITE HOUSE
WASHINGTON
May 4, 1977

Z. Brzezinski

The signed letter concerning budget amendment for the Department of Defense has been signed and given to Bob Linder for appropriate handling.

Your classified file is returned herewith.

Rick Hutcheson

cc: Bert Lance
    Bob Linder
MEMORANDUM FOR: THE PRESIDENT
FROM: Bert Lance
SUBJECT: Proposed Fiscal Year 1978 Budget Amendment for the Department of Defense

Attached for your signature is a request for a fiscal year 1978 budget amendment to cover development and procurement costs for a high priority, classified project funded in the Department of Defense. This request would increase outlays by $5.0 million in 1978.

RECOMMENDATION:
I recommend that you sign the letter transmitting the proposed amendment to the Congress.

Attachments
The Speaker of the
House of Representatives

Sir:

I ask the Congress to consider a budget amendment for the fiscal year 1978 in the amount of $5,000,000 for the Department of Defense.

The details of this proposal are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur in his comments and observations.

Respectfully,

Enclosure
The President

The White House

Sir:

I have the honor to submit for your consideration a proposed budget amendment for the fiscal year 1978 in the amount of $5,000,000 for the Department of Defense. The details of this request are contained in the enclosure to this letter.

I have carefully reviewed this proposal and am satisfied that this request is necessary at this time. I recommend, therefore, that this proposal be transmitted to the Congress.

Respectfully,

Bert Lance
Director

Enclosure
<table>
<thead>
<tr>
<th>1978 amendment pending</th>
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<td>250 PROCUREMENT</td>
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<td>Other Procurement,</td>
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<td>Air Force</td>
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<td>$5,000,000</td>
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This request will provide additional funds for a high priority, classified project.
THE WHITE HOUSE
WASHINGTON

MEMORANDUM

Date: April 23, 1977
FOR ACTION:
Stu Eizenstat
Jack Watson
Zbigniew Brzezinski

FOR INFORMATION:
[Redacted]

FROM: Rick Hutcherson, Staff Secretary

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:
TIME: 1:00 P.M.
DAY: Tuesday
DATE: April 26, 1977

ACTION REQUESTED:
_ X_ Your comments
Other:

STAFF RESPONSE:
_ X_ I concur.
_ _ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.
If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)
THE WHITE HOUSE  
WASHINGTON  
May 4, 1977

Bert Lance -

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

For your information the original letter to The Speaker has been given to Bob Linder for appropriate handling.

Rick Hutcheson

Re: Budget Amendments for Dept. of State & Arms Control & Disarmament Agency

cc: Z. Brzezinski
May 2, 1977

SIGNATURE

MEMORANDUM FOR: THE PRESIDENT
FROM: Bert Lance
SUBJECT: Proposed 1977 supplemental appropriations and 1978 budget amendments for Department of State and Arms Control and Disarmament Agency

Attached for your signature are requests for fiscal year 1977 supplemental appropriations and fiscal year 1978 budget amendments to cover the executive pay costs of the Department of State and the Arms Control and Disarmament Agency. Although the stated policy is to absorb these costs, these two agencies have exceptionally large executive pay costs (e.g., all of the 134 U.S. Ambassadors to foreign governments are executive level positions and all are financed from one State Department appropriation). The State Department accounts have very little flexibility to absorb these expenses. The Arms Control pay costs could be absorbed only by reducing planned research on nuclear nonproliferation and safeguards which Paul Warnke considers of prime importance. The reason that these requests are submitted so late is that OMB staff required the agencies to develop extensive materials to demonstrate that these costs cannot be absorbed.

These requests would increase outlays by $3.7 million in 1977, $6.4 million in 1978, and $0.2 million in 1979.

RECOMMENDATION:

I recommend that you sign the letter transmitting the proposed supplementals and amendments to the Congress.

Enclosures

Electrostatic Copy Made
for Preservation Purposes
The Speaker of the

House of Representatives

Sir:

I ask the Congress to consider supplemental appropriations for the fiscal year 1977 in the amount of $3,693,000 for the Department of State and $220,000 for the Arms Control and Disarmament Agency and amendments to the request for appropriations for the fiscal year 1978 in the amount of $6,076,000 for the Department of State and $345,000 for the Arms Control and Disarmament Agency.

The details of these proposals are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur in his comments and observations.

Respectfully,

Enclosure
The President

The White House

Sir:

I have the honor to submit for your consideration, proposed supplemental appropriations for the fiscal year 1977 in the amount of $3,693,000 for the Department of State and $220,000 for the Arms Control and Disarmament Agency and amendments to the request for appropriations for the fiscal year 1978 in the amount of $6,076,000 for the Department of State and $345,000 for the Arms Control and Disarmament Agency.

I have carefully reviewed these proposals and am satisfied that these requests are necessary at this time. I recommend, therefore, that these proposals be transmitted to the Congress.

Respectfully,

[Signature]

[Name]
Director
DEPARTMENT OF STATE
ADMINISTRATION OF FOREIGN AFFAIRS
Salaries and Expenses

For an additional amount for "Salaries and expenses", $3,500,000.

INTERNATIONAL ORGANIZATIONS AND CONFERENCES
Missions to International Organizations

For an additional amount for "Missions to international organizations", $145,000.

INTERNATIONAL COMMISSIONS

American Sections, International Commissions

For an additional amount for "American sections, international commissions", $20,000.

OTHER

Migration and Refugee Assistance

For an additional amount for "Migration and refugee assistance", $28,000.

OTHER INDEPENDENT AGENCIES

ARMS CONTROL AND DISARMAMENT AGENCY
Arms Control and Disarmament Activities

For an additional amount for "Arms control and disarmament activities", $220,000.

These proposed supplemental appropriations are to provide for the costs of executive pay increases affecting these appropriations. These agencies have an unusually high number of officials receiving these pay raises.
### DEPARTMENT OF STATE
Administration of Foreign Affairs

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### International Organizations and Conferences

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### International Commissions

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### OTHER INDEPENDENT AGENCIES

#### ARMS CONTROL AND DISARMAMENT AGENCY

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<td>$13,600,000</td>
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These amendments are to provide for the costs of executive pay increases affecting these agencies. These agencies have an unusually high number of officials receiving executive pay raises.
Tim Kraft -

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

Rick Hutcheson

cc: Mrs. Carter

Re: Reception for the Corporate Fund for The Performing Arts at Kennedy Center May 23, 1977
MEMORANDUM TO: THE PRESIDENT
FROM: GRETCHEN POSTON
SUBJECT: RECEPTION FOR THE CORPORATE FUND FOR THE PERFORMING ARTS AT KENNEDY CENTER

May 2, 1977

At Roger Stevens request, the reception for the Corporate Fund for the Performing Arts at Kennedy Center will be in the Rose Garden at 5:00 p.m. The Board of Governors is included.

Sixty-nine invitations will be issued, including wives.

The Kennedy Center will bear all costs for wine and cheese served the guests. Invitations will also be paid by Roger Stevens.

Approved V Mrs. Carter and I will attend
Disapproved

Attachments: Sample invitation
Guest list

cc: Mrs. Carter
THE WHITE HOUSE
WASHINGTON
May 2, 1977

MEETING WITH CONGRESSMAN STEPHEN SOLARZ

Wednesday, May 4, 1977
8:55 a.m. (5 minutes)
The Oval Office

From: Frank Moore

I. PURPOSE

Congressman Solarz wants to discuss the problem of Syrian Jews before the President meets with President Assad in Geneva.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

Background: The National Security Council takes issue with the statement made by Solarz (see attached memo) that "... a number of single girls who requested permission from the Syrian authorities to come to our country have been denied the documents that would enable them to leave." The Jewish community leaders in Syria are preparing the ground for some test cases involving travel to the U.S. for unmarried women. Our understanding is that no unmarried woman has yet applied for a passport to go to the U.S. A widow with three children has recently received permission to go to the U.S. ostensibly for a visit, and the Syrians are aware she probably will not return. Syrian readiness to accept notarized marriage proposals from Jewish men in New York to Syrian maidens, and to provide these women with passports to travel to the U.S. to marry their suitors will constitute our first major test.

Participants: The President, Congressman Solarz (D-13, N.Y.: The 13th district is situated in south central Brooklyn, along the Ocean Parkway, from Prospect Park to Coney Island. There is a large Italian-American community (16%) and the district is probably the most heavily Jewish one in the country. 64% of the district is white collar, 28% blue collar; 61% of the district is of foreign stock, and only 2% of that is black. Solarz was elected in 1974, and received 81.7% of the vote in 1976. He sits on the International Relations Committee where he is #15, and the Post Office and Civil Service Committee as #12), Valerie Pinson.

Press Plan: White House photographer only.
I. PURPOSE

This brief meeting has been scheduled to discuss the social security financing proposals presented by HEW.

II. BACKGROUND AND PARTICIPANTS

A. Background: Secretary Califano has provided you with a memorandum outlining his proposals. Other memos were prepared by OMB, EPG and Bob Ball. You have already indicated general approval of the HEW proposals on the decision memo which we have provided you.

B. Participants: Secretary Califano, Secretary Marshall, Secretary Blumenthal, Secretary Kreps, Secretary Harris, Lyle Gramley, Jack Watson and Stu Eizenstat.

III. TALKING POINTS

The HEW proposal has a number of significant features.

A. Use of General Revenue -- HEW proposes to use $14 billion over a three-year period to help finance the OASDI trust funds, and prevent the need for sharper tax or wage-base increases.

B. Removing the Wage Base Limit on Employers Only -- This breaks the traditional 50-50 sharing of the tax burden by the employer and employee. It will cost employers $30 billion over the period from 1978 to 1982. This impact is ameliorated by the offsetting advantage that by not raising the employee wage base you do not increase eligibility for benefits in the future.
C. **Simple Decoupling** -- This proposal, together with the actions described above, reduces the long-term deficit over the next 75 years from 8.7% to 2.5% of payroll. It means holding the value of the social security benefit constant as a percentage of wages. Alternatives which eliminate more of the deficit require decreasing the value of the benefit as a percentage of wages either beginning immediately or beginning in 15 years. Senator Long is said to favor this approach -- a "declining wage-replacement rate."

D. **Remainder of the Deficit** -- HEW proposes to leave the question of how to fund the remainder of the deficit (2-1/2 percent of payroll) to the soon-to-be-appointed Advisory Council. An alternative favored by Bob Ball would be to use some of the HI tax revenues to fund OASDI.

E. **Presidential Message** -- Would you like to have your proposals announced by a message to Congress or by Secretary Califano in his testimony on May 10?
April 13, 1977

TO: The President of the United States
FROM: Congressman Stephen J. Solarz
RE: Syrian Jews

There are approximately 4,500 Syrian Jews still living in Syria -- the beleaguered remnant of a community that once numbered close to 50,000.

Until recently, they suffered from a series of repressive restrictions which made them probably the most oppressed Jewish community in the world today.

They were, for example, unable to travel from one part of Syria to another without the permission of the military authorities. They were unable to dispose of the proceeds from the sale of their personal property. They were precluded from employment in the public or nationalized sectors of the economy. They were required to carry internal identification papers indicating in large letters that they were "mussawi" or members of the Jewish faith.

And they were, most importantly, denied the opportunity, in contravention of the Universal Declaration of Human Rights, to emigrate from Syria for a life of freedom and fulfillment abroad.

As a result of the public pressure and private persuasion which has been brought to bear on the Syrian government by our own and other concerned countries, virtually all of these restrictions appear to have been recently removed and there has been a significant improvement in their status and situation as a kind of captive population in Syria.

Yet, for all the progress that has been made in getting the Syrian government to treat Jews on the same basis as all other...
Syrians, the fundamental problem remains: they are still forbidden to leave Syria, except on a temporary travel basis, and even then only if they post a substantial bond of several thousand dollars (with roughly equivalent bribes to the authorities who process such requests) and leave members of their immediate family behind to make sure they return.

There is absolutely no doubt that if they were given permission to leave -- and Syria, by the way, is the only Arab country that has refused to grant its Jewish citizens such a right -- the great majority would promptly depart.

It appears, however, that President Assad has come to the conclusion that they can be used as bargaining chips in the forthcoming negotiations with Israel and he has, therefore, steadfastly refused to let them go in spite of the many representations on their behalf that have been made to him by our own and other governments.

From the point of view of the Jewish community in Syria itself, however, the most pressing problem they face is the sad status and situation of about 540 single Jewish women (from the ages of 15 to 45) for whom there are hardly any marriageable Jewish men available. The reason for this demographic imbalance has to do with the fact that over the last 20 years most of the single Jewish men surreptitiously escaped from Syria, because they realized there was no real future for them as Jews in the country of their birth. Those who remain are unwilling to get married, because they don't want to be tied down if they should have an opportunity to escape as well.

In a strictly orthodox culture and community such as the one that has prevailed among Syrian Jews for 500 years now, the failure of a girl to marry by a relatively early age is a social disaster and the current situation has brought great despair, not only to the girls involved, but to their families too.

Several weeks ago, during his visit to Damascus, Secretary Vance raised this problem with President Assad and was told that the girls would be given permission to leave in order to marry abroad so long as the operation was kept quiet.

This was, of course, very encouraging news and those of us who have been actively involved in the struggle for Syrian Jewry were enormously grateful to Secretary Vance for asking President Assad to let these girls go as well as to President Assad himself for his willingness to permit a humanitarian resolution of this pressing problem.
Since that time, however, a number of single girls who requested permission from the Syrian authorities to come to our country have been denied the documents that would enable them to leave. And it is not at all clear that the commitment President Assad gave to Secretary Vance has yet been, or ever will be, transmitted to the lower levels of the Syrian bureaucracy which will have the responsibility for carrying it out.

In light of this situation, Mr. President, we are asking you to raise the matter with President Assad, when you meet with him in Geneva next month. The hope is that by so doing you can persuade him to facilitate their departure to the United States. The Syrian Jewish community in our own country -- all 25,000 of them -- has already indicated it will welcome them with open arms. The leaders of the community have, in fact, already pledged to raise the several million dollars that may be necessary to get them out of Syria and bring them to the United States.

This is a matter of intense political and personal concern to me, as the Congressman from the district in which practically the entire Syrian Jewish community in our country actually lives. But it is also a matter of great concern to the Jewish community throughout the country, and I know, Mr. President, that anything you could do to make it possible for these unfortunate women to leave Syria so they can lead full and fulfilling Jewish lives abroad would be enormously appreciated by millions of Jews throughout America.
III. TALKING POINTS

1. It is premature for Solarz to cast doubt on Aqad's assurances that he would try to be helpful about the plight of Syrian Jewry.

2. A proposal now under consideration is for a limited parole procedure designed to take into account the realities of the Syrian situation. When proposals have been fully cleared, the NSC will inform you. These proposals will also require consultation with the Attorney General and key members of the House and Senate Judiciary Committees.

3. Solarz has asked in his April 13 memo that the President raise the issue of Syrian Jewry with the Syrian President during their May 9 meeting in Geneva. He will certainly mention it in this meeting.
MEMORANDUM FOR THE PRESIDENT

FROM: Lyle Gramley

SUBJECT: Wholesale Prices in April

Wholesale prices in April rose 1.1 percent -- the same as in March. This is now the third month in a row in which wholesale prices have increased at a double-digit rate, owing mainly to developments affecting farm and food prices.

These figures will be released at 10:00 A.M. on Thursday, May 5.

Prices of farm and food products rose even faster in April than they had the previous month. Farm products were up 3.4 percent, and processed foods rose 2.5 percent.

For industrial commodities, on the other hand, price increases were somewhat less in April than in March -- 0.6 percent for all industrial commodities, and 0.5 percent for industrial commodities excluding energy items -- and about in line with the average rate of rise thus far in 1977.

The large increases in wholesale prices of agricultural commodities in April are discouraging, but not entirely surprising. There were sharp increases in prices of vegetable oils and animal fats and oils -- probably reflecting the shortage of soybeans. Livestock and poultry prices were also up, and cattle prices have risen still further since the pricing date for the April survey.

Food prices in the Consumer Price Index rose rather moderately in March, but recent unfavorable trends in wholesale food prices suggest that food prices at the consumer level will be rising substantially over the next few months.
THE WHITE HOUSE
WASHINGTON
May 4, 1977

Bert Lance
Frank Moore

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

Rick Hutcheson

cc: Z. Brzezinski

Re: HR 6689 - Foreign Service
Authorization for FY 78
May 3, 1977

TO: THE PRESIDENT
FROM: FRANK MOORE

Attached is a copy of the report which you requested regarding HR 6689, Foreign Service authorization for FY 78.

This item was mentioned in my recent weekly Legislative report.
May 3, 1977

TO: THE PRESIDENT
FROM: FRANK MOORE

Attached is a copy of the report which you requested regarding HR 6689, Foreign Service authorization for FY 78. This item was mentioned in my recent weekly legislative report.
THE WHITE HOUSE
WASHINGTON

May 4, 1977

The Vice President
Stu Elsenstat
Frank Moore
Jack Watson

Re: Water Projects Funding

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

Rick Hutcheson
Mr. President:
See attached Lance memo.

Rick
MEMORANDUM FOR: THE PRESIDENT
FROM: THE VICE PRESIDENT
STU EISENSTAT
FRANK MOORE
SUBJECT: Water Projects Funding

This memorandum reviews the current status of funding for the deleted and modified water projects and makes recommendations about how the Administration should proceed. It is based on communications with Secretary Andrus, OMB and Frank Moore.

I. STATUS

A. House

Yesterday, the Public Works Subcommittee reported to the full Appropriations Committee the FY'78 Appropriations Bill for water projects (Bureau of Reclamation and Corps of Engineers). The Subcommittee's bill recommends full funding for all but one of the deleted projects (Grove Lake in Kansas); it also includes language recognizing safety and environmental problems with five of the projects, but the language is cautionary and involves no budget savings.

The full Appropriations Committee will markup the Subcommittee's bill on May 25. The Committee is expected to follow the Subcommittee's recommendations and provide virtually full funding for the projects.

If the Committee does that, the full House can be expected to follow, if the vote last week on an amendment offered at the instance of the Administration is any indicator. That amendment, offered by Representatives George Miller (D-California) and Dave Emery (R-Maine) would have eliminated from the First Concurrent Budget Resolution, $100 million from the funding of water projects. The Amendment was soundly defeated, 252 to 143.
That vote indicates on a preliminary basis, the baseline support we would probably have in the House when the same issue is raised in the appropriations bills. Some greater support on the House Floor can be expected, though, if a more intensive lobbying effort is employed. (Of the 55 members on the full House Appropriations Committee, only eight voted for the Miller-Emery Amendment).

The full House will consider the water projects appropriation bill sometime between June 9 and June 24, when all appropriation bills are now scheduled for consideration.

B. Senate

The Senate Appropriations Committee will take no action on funding for FY'78 until the House completes its action. However, it is possible to get some idea of the level of support for the Administration's position on water projects. By looking at the Johnston Amendment, which mandated the expenditure of all appropriated water project funds in FY'77.* That amendment was overwhelmingly passed, 65-24. Since then, there has been no indication that our support in the Senate on this issue has increased.

II. RECOMMENDATIONS FOR ADMINISTRATION ACTION

A. 1977 Funds

It is our judgment that we should not recommend any deferrals or rescissions for 1977 funds already appropriated for these projects but rather, for the following reasons, we should seek support for our position on 1978 funds:

-- The action by the Senate on the Johnston Amendment indicated the Senate's intentions with respect to 1977 funds. The House/Senate conferees on the Jobs Bill accepted the Senate language requiring the President to make available all funds appropriated in 1977 for water projects, notwithstanding the provisions of the Budget and Impoundment Control Act.

-- A deferral or rescission amounts to an impoundment and could be overridden by a simple majority in either House. On the other hand, if the

* with the exception of Meramac Park Lake
1978 appropriations bill were vetoed that veto could be overridden only by a 2/3 vote in each House. If the rescission route were pursued, we would not only be weakening our position for the 1978 appropriations fight but would be faced with a Congress which views the rescissions as an improper impoundment.

-- Based on the presumed availability of the 1977 appropriated funds, contracts have already been let, and persons are working on the projects. However, some bids have not been let: the Bureau of Reclamation could save $33.4 million of 1977 money if Congress approved a deferral.

-- With the exception of Meramac Park Lake, it was indicated, in the announcement of your final decision, that no rescissions or deferrals would be sought for appropriated 1977 funds.

-- Despite the foregoing, Secretary Andrus believes the Administration has an obligation to seek rescissions and deferrals on projects we have carefully determined are unjustified; in his view that lack of justification does not begin with 1978. He recognizes, though, that such a course has political problems.

B. 1978 Funds

We think it is clear that our emphasis must be placed on 1978 funds, and we recommend the following strategy:

1) We initially considered the possibility of issuing a statement criticizing the work of the Public Works subcommittee of the House Appropriations Committee. However, Frank Moore feels that this would not help our cause. He recommends instead, and we agree, that you should send a personal letter to each member of the full Appropriations Committee indicating the seriousness with which you view the need to delete funding for the projects. The letter should emphasize the budgetary, rather than environmental, reasons for our position. Attached is a suggested draft of such a letter; it does not directly threaten a veto.

2) In both Appropriations Committees and on both the Senate and House floors, we would secure sponsors to delete all 18 projects. We do not
believe we should be in the position of offering amendments to delete only some of the projects; that would appear to place the Administration in the posture of further conceding.

3) At an appropriate time, you might call in the Senate and House Appropriations Committees to stress your strong feelings on this matter and to begin the process of consultation on new criteria for water projects, which we have promised.

4) If the Appropriations Bill (which will ultimately contain appropriations for ERDA, TVA, Corps of Engineers, Bureau of Reclamation, a part of the Interior, the Appalachian Regional Commission, the Federal Power Commission and the Nuclear Regulatory Commission) includes funding for an unacceptable number of water projects, a veto could be used, with a veto statement indicating that the only concern you had with the full Appropriations Bill was the water resources portion.

Frank Moore believes we would have a decent chance of sustaining such a veto in the House, which would vote first in an override.

5) Expressions of concern from you, the Vice President, and Secretary Andrus in the interim can be effectively used before the floor votes in the House and Senate. In addition, privately the leadership should be told explicitly that a veto is likely, so there can be no complaint that Congress did not know your intentions.

✓ approve
___ disapprove
___ comment

Electrostatic Copy Made
for Preservation Purposes
DRAFT LETTER TO MEMBERS OF THE HOUSE APPROPRIATIONS COMMITTEE

Dear:

I am deeply disappointed by the failure of the Subcommittee on Public Works to include my recommendations on eliminating unnecessary water projects in the bill they have reported out on May 3 to the full Committee on Appropriations.

My recommendations, announced April 18, were the result of a thorough and detailed review. They would save the American taxpayer nearly $4 billion, including nearly $200 million in FY 1978.

If wasteful spending is to be curtailed and the budget balanced by FY 1981, the Congress will have to assist me in eliminating needless and counterproductive projects and programs. I look forward to working with you to achieve these goals.

Sincerely,

[Signature]

Electrostatic Copy Made for Preservation Purposes
MEMORANDUM FOR: THE PRESIDENT
FROM: Bert Lance
SUBJECT: Water project deferrals and rescissions

I will shortly be forwarding the formal 1978 budget revision documents on the water resource projects to you for signature.

In the course of review and preparation of these documents it has become clear that, viewed strictly from the standpoint of efficient management, some 1977 funds appropriated for projects to be modified or terminated in 1978 should be proposed for deferral or rescission. Indeed such action has been recommended by Secretary Andrus and suggested by General Graves.

However, I do not plan to recommend any deferrals or rescissions for the following reasons - among others:

- In announcing your decisions on the projects, Stu Eizenstat made it clear that no rescissions or deferrals of appropriated funds would be sought.
- The conferees on the jobs bill accepted the Senate language requiring the President to make all funds appropriated for water projects available for obligation notwithstanding the provisions of the Budget and Impoundment Control Act.
- Steps can and will be taken to minimize the cost to the Government of terminating those new contracts that must yet be let in 1977, absent deferrals or rescissions.

There may need to be one or two exceptions to my no impoundment position in cases where de facto deferrals occurred during the review and must be reported even though they are no longer in effect, or perhaps for Meramec Park Lake which was specifically excepted from the Senate jobs bill amendment cited above.
MEMORANDUM FOR:  THE PRESIDENT
FROM:  THE VICE PRESIDENT
SUBJECT: Water Projects Funding

This memorandum reviews the current status of funding for the deleted and modified water projects and makes recommendations about how the Administration should proceed. It is based on communications with Secretary Andrus, OMB and Frank Moore.

I. STATUS
   a. House

   Yesterday, the Public Works Subcommittee reported to the full Appropriations Committee the FY'78 Appropriations Bill for water projects (Bureau of Reclamation and Corps of Engineers). The Subcommittee's bill recommends full funding for all but one of the deleted projects (Grove Lake in Kansas); it also includes language recognizing safety and environmental problems with five of the projects, but the language is cautionary and involves no budget savings.

   The full Appropriations Committee will markup the Subcommittee's bill on May 25. The Committee is expected to follow the Subcommittee's recommendations and provide virtually full funding for the projects.

   If the Committee does that, the full House can be expected to follow, if the vote last week on an amendment offered at the instance of the Administration is any indicator. That amendment, offered by Representatives George Miller (D-California) and Dave Emery (R-Maine) would have eliminated from the First Concurrent Budget Resolution, $100 million from the funding of water projects. The Amendment was soundly defeated, 252 to 143.
That vote indicates on a preliminary basis, the baseline support we would probably have in the House when the same issue is raised in the appropriations bills. Some greater support on the House Floor can be expected, though, if a more intensive lobbying effort is employed. (Of the 55 members on the full House Appropriations Committee, only eight voted for the Miller-Emery Amendment).

The full House will consider the water projects appropriation bill sometime between June 9 and June 24, when all appropriation bills are now scheduled for consideration.

**D. Senate**

The Senate Appropriations Committee will take no action on funding for FY'78 until the House completes its action. However, it is possible to get some idea of the level of support for the Administration's position on water projects. By looking at the Johnston Amendment, which mandated the expenditure of all appropriated water project funds in FY'77. That amendment was overwhelmingly passed, 65-24. Since then, there has been no indication that our support in the Senate on this issue has increased.

**II. RECOMMENDATIONS FOR ADMINISTRATION ACTION**

**A. 1977 Funds**

It is our judgment that we should not recommend any deferrals or rescissions for 1977 funds already appropriated for these projects but rather, for the following reasons, we should seek support for our position on 1978 funds:

--- The action by the Senate on the Johnston Amendment indicated the Senate's intentions with respect to 1977 funds. The House/Senate conference on the Jobs Bill accepted the Senate language requiring the President to make available all funds appropriated in 1977 for water projects, notwithstanding the provisions of the Budget and Impoundment Control Act.

--- A deferral or rescission amounts to an impoundment and could be overridden by a simple majority in either House. On the other hand, if the

* with the exception of Meramac Park Lake
1978 appropriations bill were vetoed that veto could be overridden only by a 2/3 vote in each House. If the rescission route were pursued, we would not only be weakening our position for the 1978 appropriations fight but would be faced with a Congress which views the rescissions as an improper impoundment.

-- Based on the presumed availability of the 1977 appropriated funds, contracts have already been let, and persons are working on the projects. However, some bids have not been let; the Bureau of Reclamation could save $33.4 million of 1977 money if Congress approved a deferral.

-- With the exception of Meramac Park Lake, it was indicated, in the announcement of your final decision, that no rescissions or deferrals would be sought for appropriated 1977 funds.

-- Despite the foregoing, Secretary Andrus believes the Administration has an obligation to seek rescissions and deferrals on projects we have carefully determined are unjustified; in his view that lack of justification does not begin with 1978. He recognizes, though, that such a course has political problems.

B. 1978 Funds

We think it is clear that our emphasis must be placed on 1978 funds, and we recommend the following strategy:

1) We initially considered the possibility of issuing a statement criticizing the work of the Public Works subcommittee of the House Appropriations Committee. However, Frank Moore feels that this would not help our cause. He recommends instead, and we agree, that you should send a personal letter to each member of the full Appropriations Committee indicating the seriousness with which you view the need to delete funding for the projects. The letter should emphasize the budgetary, rather than environmental, reasons for our position. Attached is a suggested draft of such a letter; it does not directly threaten a veto.

2) In both Appropriations Committees and on both the Senate and House floors, we would secure sponsors to delete all 18 projects. We do not
believe we should be in the position of offering amendments to delete only some of the projects; that would appear to place the Administration in the posture of further conceding.

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Frank Moore believes we would have a decent chance of sustaining such a veto in the House, which would vote first in an override.

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[Check boxes for] approve [ ] disapprove [ ] comment [ ]
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Sincerely,

[Signature]

[Title and Department]
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- In announcing your decisions on the projects, Stu Eizenstat made it clear that no rescissions or deferrals of appropriated funds would be sought.
- The conferees on the jobs bill accepted the Senate language requiring the President to make all funds appropriated for water projects available for obligation notwithstanding the provisions of the Budget and Impoundment Control Act.
- Steps can and will be taken to minimize the cost to the Government of terminating those new contracts that must yet be let in 1977, absent deferrals or rescissions.

There may need to be one or two exceptions to my no impoundment position in cases where de facto deferrals occurred during the review and must be reported even though they are no longer in effect, or perhaps for Meramec Park Lake which was specifically excepted from the Senate jobs bill amendment cited above.
MEMORANDUM FOR THE PRESIDENT

FROM: Robert J. Lipshutz

SUBJECT: Intelligence Oversight Board and PFIAB

Pursuant to your direction, we have taken the following actions relative to these matters:

1. Instituted and completed security clearances for all three appointees to the IOB.

2. At the request of the Vice President, I personally telephoned all three of the present members of the Board to thank them for their service and advise that you are appointing three new people to the Board. Each of them responded gracefully.

3. I have prepared personal letters from you to each of the three members accepting their resignations, etc., and I would appreciate your signing them. They will be dated consistent with the date of the Order appointing the new members.

4. I have prepared and am attaching hereto for your signature two orders: appointment of the three new members of the Board and designation of Tom Farmer as Chairman.

5. I am proceeding directly with each of the three new members relating to the "conflicts" question, but since we do not require the same actions for Board members as for full-time government employees, there will be no problem here which would inhibit their serving on the IOB.
6. We have prepared and I am attaching for your signature an Executive Order for the purpose of abolishing the President's Foreign Intelligence Advisory Board.

7. I have gotten with the press office regarding a press release to be issued after you have signed these documents.

8. The CIA has already had an initial briefing for Tom Farmer and will proceed promptly with similar briefings for Governor Scranton and Senator Gore.

9. We anticipate that the formal swearing in of the members of the Board will take place after you have returned from the European trip, but of course if some emergency should arise we can proceed at least with the swearing in of the new Chairman at any time. I do not anticipate any such need, but at least Tom Farmer and Joe Denin can handle the business of the IOB in a defacto capacity in any interim period.

We already have furnished to the three new appointees background material so that each already has begun to become familiar with the operation of the Board. This is in addition to the personal briefings to which I referred above.
THE WHITE HOUSE
WASHINGTON
May 4, 1977

To Stephen Ailes

I have your letter and I accept your resignation as a member of the Intelligence Oversight Board, effective on this date.

Throughout your public service, you have carried out your responsibilities with dedication, energy, and purpose and have truly earned the respect of your colleagues. I know that in the years ahead you will be able to look back with pride on your accomplishments.

You may be sure that you have my best wishes for every future success and happiness.

Sincerely,

The Honorable Stephen Ailes
Steptoe and Johnson
1250 Connecticut Avenue, N.W.
Washington, D.C. 20036
To Robert Murphy

I have your letter and I accept your resignation as Chairman and member of the Intelligence Oversight Board, effective on this date.

Throughout your many years of public service, you have carried out your responsibilities with dedication, energy, and purpose and have truly earned the respect of your colleagues. I know that in the years ahead you will be able to look back with pride on your accomplishments.

You may be sure that you have my best wishes for every future success and happiness.

Sincerely,

[Signature]

The Honorable Robert D. Murphy
Corning International Corporation
717 Fifth Avenue
New York, New York 10022
To Leo Cherne

I have your letter and I accept your resignation as a member of the Intelligence Oversight Board, effective on this date.

Throughout your public service, you have carried out your responsibilities with dedication, energy, and purpose and have truly earned the respect of your colleagues. I know that in the years ahead you will be able to look back with pride on your accomplishments.

You may be sure that you have my best wishes for every future success and happiness.

Sincerely,

[Signature]

The Honorable Leo Cherne
Executive Director
Research Institute of America, Inc.
589 Fifth Avenue
New York, New York 10017
ORDER

Pursuant to the provisions of Section 6(a)(2) of Executive Order 11905 of February 18, 1976, I hereby designate Thomas L. Farmer as Chairman of the Intelligence Oversight Board.

THE WHITE HOUSE,
May 4, 1977
ORDER

Pursuant to the provisions of Section 6(a)(1) of Executive Order 11905 of February 18, 1976, I hereby appoint the following-named persons as Members of the Intelligence Oversight Board:

Albert A. Gore
William W. Scranton
Thomas L. Farmer

THE WHITE HOUSE,
May 4, 1977
EXECUTIVE ORDER

ABOLISHING THE PRESIDENT'S FOREIGN INTELLIGENCE ADVISORY BOARD

By virtue of the authority vested in me by the Constitution and statutes of the United States of America, and as President of the United States of America, in order to abolish the President's Foreign Intelligence Advisory Board, Executive Order No. 11460 of March 20, 1969, is hereby revoked.

THE WHITE HOUSE,
May 4, 1977

[Signature]
THE WHITE HOUSE
WASHINGTON

May 4, 1977

Mr. President:

I have added the phrase "effective with the 1977 crop" to all operative documents. I also have had Secretary Bergland emphasize this at his joint news conference with Ambassador Strauss, which began at 3:30 p.m. This will take care of the concern you mentioned.

Stu Eizenstat
MEMORANDUM FOR: THE PRESIDENT
FROM: STUART EISENSTAT
LYNN DAFT
SUBJECT: Implementing Documents for Sugar Decisions

Your recent decisions to: (a) deny import relief for the sugar industry, (b) institute an income support program for domestic sugar producers, and (c) concur with the determination that sugar remain eligible for duty-free treatment under the Generalized System of Preferences can be implemented by signing the attached.

We are planning to make your decision public at 4:00 p.m., Wednesday, May 4.

FOUR SIGNATURES NEEDED on letters to:
STR Secretary Bergland
Speaker of the House
President of the Senate
MEMORANDUM FOR  
THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

SUBJECT: Decision on Sugar Under Section 202(b) of the Trade Act of 1974

Pursuant to Section 202(b) of the Trade Act of 1974 19 U.S.C. 1330, 88 Stat. 2044, I have determined the action that I will take with respect to the report of the U.S. International Trade Commission on the results of its investigation regarding sugar, dated March 17, 1977. This investigation was undertaken at the request of the Senate Finance Committee.

I have determined that import relief for sugar is not in the national economic interest. Import relief, achieved either through quotas or tariff increases, would have an inflationary impact on the economy, raising prices to consumers without the promise of off-setting price stabilization benefits. Import relief would be of questionable benefit to the domestic sugar industry, because it would encourage increased market penetration by substitute sweeteners, particularly high-fructose corn syrup which can be produced at a lower cost than most U.S. sugar. Finally, import relief would adversely affect the export earnings of a large number of developing countries which depend on sugar exports for their economic growth and prosperity.

I firmly believe that it is important to maintain a viable domestic sugar industry in this country. I have therefore requested the Secretary of Agriculture to institute an income support program for sugar producers, effective with the 1977 crop, offering supplemental payments of up to 2 cents per pound, whenever the market price falls beneath 13.5 cents a pound. Such a program will help cover the costs of production of U.S. sugar producers, pending the negotiation of an International Sugar Agreement (ISA).
The United States has made a strong commitment to the negotiation of an ISA, which, if successful, will provide some long-term assurance of greater stability of world sugar prices and supplies. The successful negotiation and implementation of an ISA would render unnecessary further consideration of unilateral measures by the United States.

Finally, I am asking you to continue to follow the sugar import situation closely and, in consultation with the Secretary of Agriculture, to advise me with respect to any need for consideration of further actions.

I have also concurred with the determination by the Trade Policy Staff Committee that sugar will remain eligible for duty-free treatment under the Generalized System of Preferences (GSP).

This determination shall be published in the Federal Register.
To Secretary Bob Bergland

On March 17, 1977, the United States International Trade Commission (USITC) reported to me the results of its investigation, conducted under Section 201 of the Trade Act of 1974, in which the Commission determined that increased imports of sugar are a substantial cause of the threat of serious injury to the domestic sugar industry. The USITC recommended the imposition of an annual quota of 4.275 million short tons, raw value, for a five-year period beginning with calendar year 1977, to be allocated among supplying countries in an equitable manner.

I have determined today that import relief is not in the national economic interest. However, I believe that a strong and viable domestic sugar industry is vital to the economic well-being of the American people, and that this can best be achieved by the negotiation and implementation of an International Sugar Agreement. As you know, I have instructed our negotiators to enter into negotiations regarding such an agreement and discussions are now underway in Geneva.

In the interim, pending completion of these negotiations, I have decided that the implementation of domestic measures are necessary to help U.S. producers and processors through the present period of low prices. Accordingly, I hereby request that you institute, pursuant to Section 301 of the Agricultural Adjustment Act of 1949, a program for sugar
producers, effective with the 1977 crop, offering
supplemental payments of up to two cents a pound,
whenever the market price falls beneath 13.5 cents
per pound, for the interim period, until an International
Sugar Agreement is successfully negotiated and implemented.

Sincerely,

[Signature]

The Honorable Bob S. Bergland
Secretary of Agriculture
Washington, D.C. 20250
Dear Mr. Speaker:

In accordance with Section 203(b)(2) of the Trade Act of 1974, enclosed is a report to the Congress setting forth my determination that import relief for the U.S. sugar industry is not in the national economic interest, together with the reasons for that determination.

Sincerely,

The Honorable Thomas P. O'Neill, Jr.
Speaker of the U.S. House of Representatives
Washington, D.C. 20515
In accordance with Section 203(b)(2) of the Trade Act of 1974, I am transmitting this report to the Congress setting forth the actions I will take with respect to sugar imports covered by the affirmative finding on March 17, 1977, of the United States International Trade Commission (USITC) under Section 202(d)(1) of the Trade Act of 1974.

I have determined that import relief for the sugar industry is not in the national economic interest. Import relief, achieved either through quotas or tariff increases, would have an inflationary impact on the economy, raising prices to consumers without the promise of offsetting price stabilization benefits. It would be of questionable benefit to the domestic sugar industry, because it would encourage increased market penetration by substitute sweeteners, particularly high-fructose corn syrup, which can be produced at a lower cost than most U.S. sugar.

In addition, the U.S. has entered into negotiations for an International Sugar Agreement (ISA) which, if successful, would provide some long-term assurance of greater stability in world prices. Imposition of import relief now would likely jeopardize the success of these negotiations. Finally, imposition of import relief would adversely affect the export earnings of a number of developing countries which depend on sugar exports for their economic growth and prosperity.

However, in recognition of the problems facing much of the U.S. sugar industry due to low sugar prices, I am requesting the Secretary of Agriculture to institute an income support program, for sugar producers, effective with the 1977 crop, offering supplemental payments of up to two cents a pound whenever the market price falls beneath 13.5 cents per pound. Such a program will help cover the costs of production of many U.S. sugar producers, pending the successful negotiation and implementation of an ISA. The United States has made a strong commitment to the negotiation of an ISA which, if successful, will provide some long-term assurance of greater stability of world sugar prices and supplies. The successful implementation of an ISA would also make further consideration of unilateral measures unnecessary.

Finally, I have asked the Special Trade Representative to continue to follow closely the sugar import situation and in consultation with the Secretary of Agriculture, to advise me with respect to any need for consideration of further action.
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Sincerely,

[Signature]

The Honorable Walter F. Mondale
President of the Senate
Washington, D.C. 20510
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THE WHITE HOUSE
WASHINGTON

Bill Gulley -

Eliska Hasek's office said to
send this whole package to you
and that you would take care of
sending it to Stripping, etc.

Trudy Fry
5/4/77
1977 MEMORIAL DAY MESSAGE
TO THE ARMED FORCES

On this Day we pay special tribute to the sacrifices of those Americans who died in the service of their country and whose selflessness preserved intact our priceless heritage of freedom.

Inscribed on our National Archives building are words of special significance to us all: "Eternal vigilance is the price of liberty." As we honor those who paid for that liberty with their lives, let us also salute the military men and women of today who best memorialize their fallen comrades by carrying forward their noble spirit and celebrated tradition of public service.

[Signature]
On this Armed Forces Day, I ask all Americans to join with me in honoring the men and women of the Army, Navy, Air Force, Marine Corps and Coast Guard. Their vigilance is our strength. Their selfless dedication and readiness to respond to the defense needs of our nation sustain the freedom we cherish.

We owe them our wholehearted appreciation, and this traditional observance gives us a splendid opportunity to unite in showing it.

Jimmy Carter
THE WHITE HOUSE
WASHINGTON
May 4, 1977

The First Lady
Z. Brzezinski
Evan Dobelle
Tim Kraft

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

Rick Hutcheson

Re: Queen Elizabeth's Silver Jubilee June 5-12, 1977
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**FOR STAFFING**

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<th>FOR INFORMATION</th>
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THE WHITE HOUSE
WASHINGTON

May 4, 1977

Jack Watson

For your information the letter to Walter Mirisch was sent today.

Rick Hutcheson

cc: Mrs. Carter

Re: 50th Anniversary of the Academy of Motion Picture Arts & Sciences
### Action

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### Enrolled Bill

- Agency Report
- CAB Decision
- Executive Order

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

### For Staffing

### For Information

### From President's Outbox

Log in/to President today

Immediate Turnaround

### From

- Aragon
- Bourne
- Bresliski
- Butler
- Carp
- H. Carter
- Clough
- Fellows
- First Lady
- Gammill
- Harden
- Hoyt
- Hutcheson
- Jagoda
- King

### To

- Kraft
- Lance
- Linder
- Mitchell
- Pfeiffer
- Press
- B. Rainwater
- Schlesinger
- Schneider
- Schultze
- Siegel
- Smith
- Strauss
- Wells
- Voorhees
THE WHITE HOUSE
WASHINGTON
May 3, 1977

To Walter Mirisch

Please accept my warm congratulations on the occasion of the 50th Anniversary of the Academy of Motion Picture Arts and Sciences. The Academy's first fifty years have been filled with achievement, not only in advancing the art and science of motion pictures, but also in making countless cultural, educational and technological contributions to the people of this country and the world. The motion picture industry itself has been, and continues to be, a vital and dynamic force in the cultural and economic life of the United States, and "Oscar" has become a symbol of excellence, recognized throughout the world, for every branch of motion picture production.

I join with you and other members of the Academy in celebrating the Academy's 50th Anniversary and send you all my warm regards and best wishes.

Sincerely,

[Signature]

Mr. Walter Mirisch
President
Academy of Motion Picture Arts and Sciences
1600 Eye Street, Northwest
Washington, D.C. 20006
Jack Valenti wrote me a letter to say that on May 11, in Los Angeles, the Academy of Motion Picture Arts and Sciences will celebrate its 50th Anniversary. There will be a luncheon on that date which, according to Jack, will be "bedazzled by stars, craftsmen, creative people and executives in the movie industry." Walter Mirisch, the celebrated film producer and President of the Academy, will preside.

The purpose of Jack's letter was to ask if you might send a Presidential representative to the luncheon to extend your congratulations and greetings. He attached a rather long and formal resolution, replete with "whereas's" and "therefores" which he suggested might be read by your representative at the luncheon. I have reduced the resolution to a short letter from you to Mr. Mirisch. Although it is certainly not necessary for us to have a representative at the luncheon, you might consider sending Chip or some other member of the family. If we do not send a representative, I think it would be entirely appropriate to send the attached letter to Jack Valenti for delivery to Mr. Mirisch. I know they would greatly appreciate it.
THE WHITE HOUSE
WASHINGTON
May 4, 1977

The Vice President
Stu Eisenstat
Jack Watson

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

Rick Hutcheson

Re: Income Support (Target Price)
Levels for 1977 Crops
Mr. President:

No comment from Jordan or Watson.

Rick
Though the prospect of an additional $450 to $750 million in FY 1978 is not a happy one, it is difficult to argue against somewhat higher target prices, given that we have already proposed a sharp increase for the 1978 crop based on the current price/income situation.

The 1977 target prices recommended by Secretary Bergland represent a reasonable compromise, in our opinion, if the House and Senate Agriculture committees are willing to accept lower target prices in 1978 and beyond. We estimate that the target prices contained in the bill now in mark-up by the Senate Agriculture Committee would cost $3.8 to $4.0 billion annually, assuming favorable weather. This is nearly twice the cost of our proposal.

We recommend that you ask Secretary Bergland to explore with Senator Talmadge and Congressmen Foley and Poage the opportunity for compromise between target price levels in 1977 and in 1978 and beyond. If they are willing to accept lower levels in 1978 and beyond, we recommend that you authorize Secretary Bergland to endorse the levels he has suggested for 1977 ($2.70 wheat and $1.85 corn).

Approve

Disapprove

Electrostatic Copy Made for Preservation Purposes
Date: May 2, 1977

FOR ACTION: The Vice President
Hamilton Jordan NC
Frank Moore
Jack Watson N.

FOR INFORMATION: 

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Stu Eizenstat/Lynn Daft memo 5/2/77 re Income Support (Target Price) Levels for 1977 Crops.

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:
TIME: 9:00 A.M.
DAY: WEDNESDAY
DATE: MAY 4, 1977

ACTION REQUESTED:
X Your comments
Other:

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

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

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Stu Eizenstat/Lynn Daft memo 5/2/77 re Income Support (Target Price) Levels for 1977 Crops.

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ACTION REQUESTED:

Other: ☑ Your comments

STAFF RESPONSE:

☑ I concur.

Please note other comments below:


PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)
The income support (target price) levels for the 1977 grain crops are determined by a formula set forth in the existing authority. Our prior discussions of the farm bill have related to crop years 1978 through 1981 and have implicitly assumed that 1977 crop target prices would remain as determined by existing authority.

The Agriculture Committees are preparing to offer an amendment to the existing authority to increase target prices for the current crop. USDA proposes that we support an increase in target prices that will take us half-way toward the levels contained in our earlier proposal for crop year 1978. For wheat and corn this means the following:

<table>
<thead>
<tr>
<th>Crop</th>
<th>1977 Crop as determined by existing authority</th>
<th>1977 Crop as proposed by USDA Administration</th>
<th>1978 Crop as proposed by USDA Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>$2.47</td>
<td>$2.70</td>
<td>$2.90</td>
</tr>
<tr>
<td>Corn</td>
<td>$1.70</td>
<td>$1.85</td>
<td>$2.00</td>
</tr>
</tbody>
</table>

OMB concurs with $1.85 for corn but recommends $2.60 (rather than $2.70) for wheat. Congressmen Foley and Poage are going to propose $2.65; the Senate Agriculture Committee is expected to be a good bit higher, perhaps $2.90.

The major consideration is budget cost, principally for wheat. There would be practically no inflationary impact. For every additional cent the target price of wheat is raised, budget cost will be increased by about $20 million. Thus, the USDA proposal would cost $450 million in FY 1978. Though Agriculture feels the odds are high that corn prices will remain above their proposed target level, if they are wrong we could pick-up another $200 or $300 million in cost.
Though the prospect of an additional $450 to $750 million in FY 1978 is not a happy one, it is difficult to argue against somewhat higher target prices, given that we have already proposed a sharp increase for the 1978 crop based on the current price/income situation.

We recommend that you approve the USDA proposed levels for 1977 ($2.70 wheat and $1.85 corn) with the understanding that the USDA will seek to use this position to bargain for 1978 rates below those now being considered within the Committees.

Approve _________
Disapprove _________
<table>
<thead>
<tr>
<th>Department</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enrolled Bill</td>
<td>Agency Report</td>
</tr>
<tr>
<td>CAB Decision</td>
<td>Executive Order</td>
</tr>
</tbody>
</table>

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

Here is a replacement page 2 for Stu's May 2 memorandum to the President on Income Support (Target Price) Levels for 1977 Crops.

Joanne

3 May 77
Though the prospect of an additional $450 to $750 million in FY 1978 is not a happy one, it is difficult to argue against somewhat higher target prices, given that we have already proposed a sharp increase for the 1978 crop based on the current price/income situation.

We recommend that you approve the USDA proposed levels for 1977 ($2.70 wheat and $1.85 corn) with the understanding that the USDA will seek to use this position to bargain for 1978 rates below those now being considered within the Committees.

Approve
Disapprove
THE WHITE HOUSE
WASHINGTON

May 4, 1977

Stu Eizenstat
Bob Lipshutz
Jack Watson

Re: Report on Undocumented Aliens

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

Rick Hutcheson

cc: Joe Aragon
Peter Bourne
Z. Brzezinski
Tim Kraft
To Stu,

Set up meeting when I return. Have agreement sharply focussed.

4) We should be as effective as possible about future entries

b) Temporary visas a possibility

c) Employee penalties ok

d) Social security bond and re-

f) Joint payment if payment thru same bank best proof. Can compare with
the Soc Sec files to confirm legitimacy.

5) Border patrol strengthening
should be emphasized for long term control in statements. Not worth
The White House
Washington

I. Cause help with aliens

1. Amnesty should not go beyond 3 years pending require-
ment, but extra two years could be given significant
in citizenship, etc.

2. No more study commissions
3. In doubt if rep payments
to local communities
4. Public must understand

5. We can't raise Mexico living

6. State Dept. consultation on

7. AG & SEC labor issue report

8. Set penalties for employer
abuse of workers (minimum wage,
health care, unemployment/worker's
Compensation, etc.)

7) "Race" program may be modified to eliminate tying to a certain employer but with short time limit

Let's expedite - US laws are not being enforced.

Jimmy
Mr. President:

Summary of the task force recommendations and analysis by Eizenstat is attached, along with a summary of comments by Aragon, Watson and Bourne.

(The full comments by Aragon, Watson, Bourne are attached inside the notebook, should you wish to look at them.)

Rick
MEMORANDUM FOR THE PRESIDENT

FROM:  STU EISENSTAT
        ANNIE GUTIERREZ
        BOB MALSON

SUBJECT:  Summary and Analysis of Task Force
          Report on Undocumented Aliens

The Task Force recommends a program which contains the following elements:

1. Increased enforcement of existing wage and hour laws by creating sixty new positions at a cost of $1.7 million. Employment Standards Administration personnel would be increased in number to 1,060.

2. Legislation which makes it unlawful to employ undocumented aliens. Employers would be subject to civil penalties of up to $500 for each violation with available contempt sanctions. The Task Force estimates that 117 additional positions at a cost of $2,400,000 would be required to enforce this program. The employer would have an absolute defense if the employer demonstrated reliance on one of a number of identification devices, as prescribed by the Attorney General through regulations.

3. More reliable identifier. Steps would be taken by the Secretary of Health, Education and Welfare to make the Social Security card a more reliable identifier of lawful status, by requiring proof of citizenship or legal residence before issuance of a card.

4. Preventive enforcement. Additional personnel and funds are requested to prevent the entry of undocumented aliens. The proposal envisions spending for hardware items, including a fully operational helicopter unit, an anti-smuggling program, and the implementation of new screening and investigative techniques. Total recommended cost is $92-$104 million over 2 years, and 2,200 new positions.
5. Amnesty. The recommended amnesty program would allow the undocumented alien to apply for permanent resident status under the following conditions:

(a) If the individual is either married to a U.S. citizen or is the parent or child of a U.S. citizen;

(b) If the individual has none of the above relationships but has been in the U.S. for five consecutive years immediately preceding the prescribed effective date; and

(c) If there are no other barriers under existing immigration requirements. (for example, criminal activity, morals, health).

Those who acquire amnesty would be subject to present law which requires a 5-year waiting period before qualifying for citizenship.

6. Foreign policy initiatives. Without exploring any specific suggestions, the report suggests that the United States should begin consultations with Mexico and other nations most seriously affected by the program. The exploration of bi-lateral cooperation and economic development is recommended.

7. Certification of alien workers. The report recommends continuing the current policy of limiting the number of temporary worker certifications for legal immigration in order to protect the interests of American workers. It suggests that additional efforts be undertaken in the area of employment outreach and labor market analysis as a means of responding to legitimate employer needs in this area.

8. Financial assistance to state and local governments heavily impacted by undocumented aliens. The report recommends acknowledging that state and local governments could suffer additional fiscal burdens because of the large population of undocumented aliens, particularly after amnesty is granted. The report suggests that appropriate Cabinet officers and staff be directed to examine the level of financial assistance that should be provided.
9. Immigration policy. A thorough review of U.S. immigration policy is recommended. It is suggested that the Administration support legislation introduced by Congressman Eilberg for the appointment of a Select Commission to undertake such a review. The Commission would be composed of four members appointed by the President, four Cabinet members and four members from each of the Judiciary Committees, appointed by the Speaker of the House and the President pro tempore of the Senate.

KEY ISSUES

1. Employer Sanctions

The proposed legislation differs from the bills introduced in the past by Rodino by (a) providing employers with a defense against prosecution for hiring undocumented aliens if the employer sees some form of identification, and (b) by imposing only civil penalties. Under the previous Rodino bills criminal penalties were imposed for repeated penalties. The proposed legislation permits a range of identifiers which would include such documents as drivers' licenses, birth certificates, and the present Social Security card. Rodino has agreed to embrace this milder form of employer sanction legislation.

The most effective legislation would contain stiffer penalties on employers coupled with a non-counterfeitable secure Social Security card -- a modification of the present Social Security card -- to be carried by all workers. However, this approach would receive intense opposition from civil liberties groups. In addition, Secretary Califano objects because of the cost, the administrative difficulties, the problem of what secure identification the Social Security Administration should require before issuing the Social Security card, and the length of time required before such a system could become operative (at least $500 million for a fully secure system and a 4-year implementation period).

Recommendation

• The employer sanctions recommended in the report cannot be expected to have a substantial impact on illegal immigration. All of the identifiers mentioned in the report are presently obtained by large numbers of undocumented aliens. The economic situation in the sending countries is so serious that undocumented workers will continue to chance.
sporadic enforcement of employer sanctions rather than remain at home.

- However, tougher sanctions on employers, without a uniform national identification system, can be expected to produce unacceptable employment discrimination against Spanish-surnamed citizens.

On balance, we are not prepared to recommend an alternative to the Task Force Report and we are not prepared to recommend a uniform national identifier, which, while it might be more effective, would create the other problems cited above. We agree with the report that the Social Security Administration should work within its existing authority toward making the Social Security card a more reliable identifier of lawful status. We would reemphasize, however, that the Task Force's recommendations likely will have a minimal impact, if any, on the flood of illegal immigration because of the ease with which identifications can be forged and the impossibility of sealing the border.

2. Amnesty

We agree with the Task Force recommendation described above, but suggest the following modifications:

- The relief for those already here should not be described as "amnesty". It would be better to talk about "adjustment of status".

- The residency period should be three years rather than five. The amnesty is a necessary humanitarian response to protect large numbers of people from deportation and to preserve family units once the employer sanction legislation is enacted. A three year residency period will better accomplish this. It will minimize the number of unemployable people who would be here living outside the law. Proof of residency is extremely difficult. Even those who have been here longer will find it hard to prove three years. Rent receipts and other documentation will be difficult to obtain. Many have lived and worked under assumed names and with borrowed Social Security cards. Furthermore, any period longer than three years would be unacceptable to the Hispanic community, and it is predicted that Congress would reduce the period to three years, in any event.
Students and exchange aliens. The report presents an option of excluding students and participants in exchange programs from the amnesty program. We agree and recommend that students and exchange aliens be excluded from the "amnesty". To include them might bring complaints from foreign governments that it is a drain on their human resources.

3. Enforcement

The Task Force recommends increasing enforcement to prevent illegal entry at the border as described above. The report would add 2,200 positions at a cost of $92-$104 million over a two-year period.

- An aggressive enforcement program at the border might be perceived as moving toward the notion of an armed border. The State Department has indicated that before undertaking such a plan, consultation with Mexico is imperative.

- A number of authorities doubt that this effort will substantially reduce illegal entry over a period of time. They suggest that steps such as these will only increase the number of attempts necessary before an alien is successful.

Recommendation:

The public and Congressional relations value of such an initiative is clear. The cost-benefit ratio is not. We recommend support for increased enforcement efforts, but urge an OMB examination before specific dollar and personnel levels are established, and likewise urge that the State Department have the opportunity to fully brief Mexico before any program is announced.

4. Foreign Policy

We think that economic and population conditions in Mexico and other Latin American countries lie at the heart of the problem. We do not believe that the international section of the Report has been fully developed.
Note that one-half the population in Mexico is under the age of 15 and that Mexico's population doubles every 20 years. A Mexican earns seven times as much as in the U.S. as he does in Mexico.

Many experts believe that only improved economic conditions in the sending countries can effectively stem the flow, no matter what measures are taken in this country. However, the report contains inadequate information on which to base an assessment of the cost of an effective economic development program, or to determine its impact on our domestic economy.

It is our understanding that when President Portillo visited the United States, an agreement was made that neither country would announce major changes in this area without first consulting the other.

Recommendation:

We recommend that before a policy is announced, you direct the State Department to confer with the governments of key countries. In addition, we recommend that the State Department be instructed to explore privately the potential benefits and risks of an economic development strategy.

5. Financial Assistance to State and Local Governments

The Report recommends that you appoint a Cabinet committee to examine whether financial assistance should be provided to state and local governments to ease the possible burden of undocumented aliens.

- There is no data which can be relied on at this time to indicate whether there is such a need, and if so, the magnitude;

- If local and state governments believe that the Federal Government is ready to furnish impact aid, we may unduly raise expectations.
Recommendation:

Ask OMB and appropriate agencies to make a low-key study of this issue. Do not make a public announcement at this time.

6. Immigration Policy

We agree with the Task Force that there is need for a thorough review of immigration policy and of the statutes themselves. We question the need for another commission and would not recommend it absent strong pressure from Congress.

Recommendation:

We recommend that you request the Attorney General to convene a working group including members of the State Department and Labor Department to conduct such a review of immigration policy and legislation.

CONCLUSION

With the modifications outlined above we recommend approval of the recommendations submitted in the Report. However, we caution that this should not be oversold as a complete solution to the problem.

We recommend that the new policy be announced by the Attorney General and the Secretary of Labor rather than by yourself because of the sensitive nature of the issue.
MEMORANDUM FOR THE PRESIDENT

FROM: Robert J. Lipshutz
Margaret A. McKenna
Douglas Huron

RE: Report on Undocumented Aliens

We wish to incorporate by reference the report filed by Stu Eizenstat and his staff and recommend that you follow these recommendations.

This is a very complex matter, and we realize that for many weeks the representatives of Justice, Treasury, State and HEW have been unable to fully resolve their various points of view.

Nevertheless, in view of the important facts and aspects of this matter which do not appear to be covered in the April 27 memorandum, we recommend that you do not make a public announcement at this time, but that you direct the Secretaries of the four Departments, along with appropriate persons from your staff to continue an intensive study and analysis for another ten days and then submit final recommendations at that time.

In the meantime, the facts which do not appear in the April 27 memorandum could be made available to all responsible persons.
ARAGON

1. Amnesty proposal is sound, with two qualifications:
   a. Under the plan, those seeking amnesty must apply to INS and prove continuous residence. But if they don't qualify, what happens? If they are immediately taken into custody and deported, few will take the chance of applying to INS.
   b. Possible solutions would be to establish safe clearing-houses where applicants would not be subject to deportation for having tried to comply with the law; or to grant applicants a limited (6 month) nondeportable status to permit applications.

2. The imposition of civil penalties, although advocated by organized labor, will do little good and possibly great harm. A $500 penalty will not deter the exploiter of cheap labor -- but it will give employers a ready excuse to discriminate against Hispanic job seekers.
   a. Civil sanctions should be geared specifically to categories of jobs/employers that organized labor is concerned about.

3. Consultation with Mexico should take place before the policy is decided, rather than after.

4. Bilateral efforts should be made to promote economic development in Mexico. As long as the "push factor" of unemployment in certain areas of Mexico remains, Mexican nationals will continue to seek jobs in the US.

5. A national intelligence estimate should be prepared to assess the impact of the new policies on Mexico. The President's policy will affect Mexico dramatically: increasing unemployment by 1-3 million, and removing up to $3 billion dollars of wage revenues earned in the US (according to a study by Wayne Cornelius of MIT). These two factors could greatly increase political instability in Mexico.

6. Consideration should be given to a visa program for temporary employment of Mexican nationals. Cornelius' study finds that only 15% of illegals remain in the US on a continuing basis; most return to Mexico after an average of 4 months. Cornelius proposes legalizing and regulating the flow of workers through a 6 month work visa.
7. The fair labor standard laws should be strictly enforced.

8. Any national system of new "counterfeit-proof" cards would be a debacle.

WATSON/Frank Comments

1. Employer sanction recommendations do not move us closer to the forge-proof card. Instead, they stress enforcement of existing law, enactment of civil penalties on employers, and the use of existing identifiers. If you want employer sanctions, these proposals are about as good as you can get.
   
a. There is no way to prevent prospective employees from abusing the identification systems. Even if there were a counterfeit-proof card, the documents used to get the card could still be forged.

2. The INS proposals on enforcement have been floating around for years, and there is great skepticism on the Hill that they will work. Increasing the number of helicopters that patrol our borders troubles us, but if we are serious about cracking down on illegals, it makes sense to secure our borders as much as possible.
   
a. Other options: Delay implementation of these proposals until your new INS Commissioner has a chance to assess them; or approve a pilot project at one border cross-point (for a lot less money).

3. Amnesty: as most illegal aliens have come into the country within the past 5 years, a 5-year cut-off will not help them; if you don’t grant amnesty to those entering the country within the last 5 years you are creating a class of about 5 million unemployable undocumented workers. You should consider a shorter cut-off.

4. Foreign Policy Initiatives
   
a. This part of the package needs strengthening. In candor, the State Department participants in the task force lacked the urgency that the DoJ and DoL participants had. It would be helpful if the President underscored the importance of the proposed policy initiatives to those involved.

b. The "push" factor behind illegal immigration can only be dealt with by dealing with the economic conditions of the home countries. The task force proposals would
allow you do do that through a mix of foreign aid and other initiatives. While beefing up home industries could have an adverse impact on our international trade picture, this is outweighed by the negative impact illegal employment has on the US labor force.

5. Financial Assistance. These proposals are extremely important, and of great interest to Congress and state and local governments. One of the reasons they are so interested in a reform package is because of the great burdens undocumented workers place on state/local services.

6. The immigration policy proposals seem sound.

7. Consultation.
   a. At two recent press conferences, you said you would have a "message" on undocumented workers in the near future. We recommend against sending a message to Congress on this program; if the legislation is sent up without extensive consultation with domestic groups and foreign governments, the effect of the proposals will be divisive.
   b. In this area, the greatest challenge is to calm tempers. We suggest announcing "policy directions" at a roundtable discussion held in an area where the problem is very real (perhaps California), involving representatives of all the major affected interests.
   c. We could be prepared with a legislative package by early Fall, spending the Summer months touching bases.

BOURNE COMMENTS

Bourne is concerned that attention be given to the overall management of border law enforcement, and points out that questions of border security involve halting drug smuggling as well as illegal immigration. Peter has a reorganization study of the border control effort underway, with recommendations planned for August. He recommends that the President acknowledge the need for additional resources for border law enforcement, but defer a definitive statement on this issue until it can include efforts aimed at drug smuggling as well as illegal aliens.

NSC COMMENTS

Concur with the Task Force Report.
Stu Eizenstat
Bob Lipshutz
Jack Watson

Re: Report on Undocumented Aliens

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Rick Hutcheson

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Tim Kraft
To Stan -

set up meeting when I return. Have disagreement sharply focused.

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5) Temporary visas a possibility

6) Employer penalties OK

7) Social security card and refund payment. I propose have same

best proof. Can compare with

sec sec file to confirm results.

8) Border patrol strengthening should be emphasized for drug

entry control. or statements, but would
THE WHITE HOUSE
WASHINGTON

I propose help with aliens.
1) Amnesty should not go beyond 3 years residency requirement, but extra two years could be given significance re citizenship, etc.
2) No more study commissions
3) Do not take payments to local communities
4) Public must understand seriousness of a growing problem
5) We can't raise Mexico living standards up to ours - impossible
6) State Dept Consultations ah
7) R&D & Sec Labor issue report soon
8) Let penalties for employer abuse of workers (minimum wage, health care, unemployment fund)
THE WHITE HOUSE
WASHINGTON

Compensation, etc.

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      BOB MALSON

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KEY ISSUES

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• Students and exchange aliens. The report presents an option of excluding students and participants in exchange programs from the amnesty program. We agree and recommend that students and exchange aliens be excluded from the "amnesty". To include them might bring complaints from foreign governments that it is a drain on their human resources.

3. Enforcement

The Task Force recommends increasing enforcement to prevent illegal entry at the border as described above. The report would add 2,200 positions at a cost of $92-$104 million over a two-year period.

• An aggressive enforcement program at the border might be perceived as moving toward the notion of an armed border. The State Department has indicated that before undertaking such a plan, consultation with Mexico is imperative.

• A number of authorities doubt that this effort will substantially reduce illegal entry over a period of time. They suggest that steps such as these will only increase the number of attempts necessary before an alien is successful.

Recommendation:

The public and Congressional relations value of such an initiative is clear. The cost-benefit ratio is not. We recommend support for increased enforcement efforts, but urge an OMB examination before specific dollar and personnel levels are established, and likewise urge that the State Department have the opportunity to fully brief Mexico before any program is announced.

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- There is no data which can be relied on at this time to indicate whether there is such a need, and if so, the magnitude;

- If local and state governments believe that the Federal Government is ready to furnish impact aid, we may unduly raise expectations.
Recommendation:
Ask OMB and appropriate agencies to make a low-key study of this issue. Do not make a public announcement at this time.

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We agree with the Task Force that there is need for a thorough review of immigration policy and of the statutes themselves. We question the need for another commission and would not recommend it absent strong pressure from Congress.

Recommendation:
We recommend that you request the Attorney General to convene a working group including members of the State Department and Labor Department to conduct such a review of immigration policy and legislation.

CONCLUSION

With the modifications outlined above we recommend approval of the recommendations submitted in the Report. However, we caution that this should not be oversold as a complete solution to the problem.

We recommend that the new policy be announced by the Attorney General and the Secretary of Labor rather than by yourself because of the sensitive nature of the issue.
THE WHITE HOUSE
WASHINGTON

May 2, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Robert J. Lipshutz
Margaret A. McKenna
Douglas Huron

RE: Report on Undocumented Aliens

We wish to incorporate by reference the report filed by Stu Eisenstat and his staff and recommend that you follow these recommendations.

This is a very complex matter, and we realize that for many weeks the representatives of Justice, Treasury, State and HEW have been unable to fully resolve their various points of view.

Nevertheless, in view of the important facts and aspects of this matter which do not appear to be covered in the April 27 memorandum, we recommend that you do not make a public announcement at this time, but that you direct the Secretaries of the four Departments, along with appropriate persons from your staff to continue an intensive study and analysis for another ten days and then submit final recommendations at that time.

In the meantime, the facts which do not appear in the April 27 memorandum could be made available to all responsible persons.
COMMENTS ON TASK FORCE PROPOSALS

ARAGON

1. Amnesty proposal is sound, with two qualifications:
   a. Under the plan, those seeking amnesty must apply to INS and prove continuous residence. But if they don't qualify, what happens? If they are immediately taken into custody and deported, few will take the chance of applying to INS.
   b. Possible solutions would be to establish safe clearinghouses where applicants would not be subject to deportation for having tried to comply with the law; or to grant applicants a limited (6 month) nondeportable status to permit applications.

2. The imposition of civil penalties, although advocated by organized labor, will do little good and possibly great harm. A $500 penalty will not deter the exploiter of cheap labor -- but it will give employers a ready excuse to discriminate against Hispanic job seekers.
   a. Civil sanctions should be geared specifically to categories of jobs/employers that organized labor is concerned about.

3. Consultation with Mexico should take place before the policy is decided, rather than after.

4. Bilateral efforts should be made to promote economic development in Mexico. As long as the "push factor" of unemployment in certain areas of Mexico remains, Mexican nationals will continue to seek jobs in the US.

5. A national intelligence estimate should be prepared to assess the impact of the new policies on Mexico. The President's policy will affect Mexico dramatically: increasing unemployment by 1-3 million, and removing up to $3 billion dollars of wage revenues earned in the US (according to a study by Wayne Cornelius of MIT). These two factors could greatly increase political instability in Mexico.

6. Consideration should be given to a visa program for temporary employment of Mexican nationals. Cornelius' study finds that only 15% of illegals remain in the US on a continuing basis; most return to Mexico after an average of 4 months. Cornelius proposes legalizing and regulating the flow of workers through a 6 month work visa.
7. The fair labor standard laws should be strictly enforced.

8. Any national system of new "counterfeit-proof" cards would be a debacle.

WATSON/Frank Comments

1. Employer sanction recommendations do not move us closer to the forge-proof card. Instead, they stress enforcement of existing law, enactment of civil penalties on employers, and the use of existing identifiers. If you want employer sanctions, these proposals are about as good as you can get.

   a. There is no way to prevent prospective employees from abusing the identification systems. Even if there were a counterfeit-proof card, the documents used to get the card could still be forged.

2. The INS proposals on enforcement have been floating around for years, and there is great skepticism on the Hill that they will work. Increasing the number of helicopters that patrol our borders troubles us, but if we are serious about cracking down on illegals, it makes sense to secure our borders as much as possible.

   a. Other options: Delay implementation of these proposals until your new INS Commissioner has a chance to assess them; or approve a pilot project at one border cross-point (for a lot less money).

3. Amnesty: as most illegal aliens have come into the country within the past 5 years, a 5-year cut-off will not help them; if you don't grant amnesty to those entering the country within the last 5 years you are creating a class of about 5 million unemployable undocumented workers. You should consider a shorter cut-off.

4. Foreign Policy Initiatives

   a. This part of the package needs strengthening. In candor, the State Department participants in the task force lacked the urgency that the DoJ and DoL participants had. It would be helpful if the President underscored the importance of the proposed policy initiatives to those involved.

   b. The "push" factor behind illegal immigration can only be dealt with by dealing with the economic conditions of the home countries. The task force proposals would
allow you do that through a mix of foreign aid and other initiatives. While beefing up home industries could have an adverse impact on our international trade picture, this is outweighed by the negative impact illegal employment has on the US labor force.

5. Financial Assistance. These proposals are extremely important, and of great interest to Congress and state and local governments. One of the reasons they are so interested in a reform package is because of the great burdens undocumented workers place on state/local services.

6. The immigration policy proposals seem sound.

7. Consultation.
   a. At two recent press conferences, you said you would have a "message" on undocumented workers in the near future. We recommend against sending a message to Congress on this program. If the legislation is sent up without extensive consultation with domestic groups and foreign governments, the effect of the proposals will be divisive.
   b. In this area, the greatest challenge is to calm tempers. We suggest announcing "policy directions" at a roundtable discussion held in an area where the problem is very real (perhaps California), involving representatives of all the major affected interests.
   c. We could be prepared with a legislative package by early Fall, spending the summer months touching bases.

BOURNE COMMENTS

Bourne is concerned that attention be given to the overall management of border law enforcement, and points out that questions of border security involve halting drug smuggling as well as illegal immigration. Peter has a reorganization study of the border control effort underway, with recommendations planned for August. He recommends that the President acknowledge the need for additional resources for border law enforcement, but defer a definitive statement on this issue until it can include efforts aimed at drug smuggling as well as illegal aliens.

NSC COMMENTS

Concur with the Task Force Report.
THE WHITE HOUSE
WASHINGTON

May 4, 1977

Stu Eizenstat
Bob Lipshutz
Jack Watson

Re: Report on Undocumented Aliens

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

Rick Hutcheson

cc: Joe Aragon
Peter Bourne
Z. Brzezinski
Tim Kraft
To Sir,

Set up meeting when I return. Have disagreement strongly focused.

4) We should be as effective as possible about future entries

b) Temporary visas a possibility
c) Employer penalties ok
d) Social Security Card and re-
gained payment if payment less seems best proof. Can compare with the SOC Sec files to confirm legality.

e) Border patrol strengthening should be emphasized for drug/pen control in statements, but would
I once help with aliens

1) Amnesty should not go beyond 5 years residency requirement, but extra two years could be given significance re: citizenship, etc.
2) No more study commissions
3) In doubt of re payments to local communities
4) Public must understand seriousness of a growing problem
5) We can't raise Mexico living standards up to ours - impossible
6) State Dept. consultation only
7) R&FE & Sec Labor issue report soon
8) Set penalties for employer abuse of workers (minimum wage, health care, unemployment)
Compensation, etc."

"Racero" program may be modified to eliminate tying to a certain employee but with strict time limit.

Let's expedite - US laws are not being enforced.
THE WHITE HOUSE
WASHINGTON

Mr. President:

Summary of the task force recommendations and analysis by Eizenstat is attached, along with a summary of comments by Aragon, Watson and Bourne.

(The full comments by Aragon, Watson, Bourne are attached inside the notebook, should you wish to look at them.)

Rick
THE WHITE HOUSE
WASHINGTON
May 2, 1977

MEMORANDUM FOR THE PRESIDENT
FROM: STU EISENSTAT
ANNIE GUTIERREZ
BOB MALSON
SUBJECT: Summary and Analysis of Task Force Report on Undocumented Aliens

The Task Force recommends a program which contains the following elements:

1. Increased enforcement of existing wage and hour laws by creating sixty new positions at a cost of $1.7 million. Employment Standards Administration personnel would be increased in number to 1,060.

2. Legislation which makes it unlawful to employ undocumented aliens. Employers would be subject to civil penalties of up to $500 for each violation with available contempt sanctions. The Task Force estimates that 117 additional positions at a cost of $2,400,000 would be required to enforce this program. The employer would have an absolute defense if the employer demonstrated reliance on one of a number of identification devices, as prescribed by the Attorney General through regulations.

3. More reliable identifier. Steps would be taken by the Secretary of Health, Education and Welfare to make the Social Security card a more reliable identifier of lawful status, by requiring proof of citizenship or legal residence before issuance of a card.

4. Preventive enforcement. Additional personnel and funds are requested to prevent the entry of undocumented aliens. The proposal envisions spending for hardware items, including a fully operational helicopter unit, an anti-smuggling program, and the implementation of new screening and investigative techniques. Total recommended cost is $92-$104 million over 2 years, and 2,200 new positions.
5. Amnesty. The recommended amnesty program would allow the undocumented alien to apply for permanent resident status under the following conditions:

(a) If the individual is either married to a U.S. citizen or is the parent or child of a U.S. citizen;

(b) If the individual has none of the above relationships but has been in the U.S.
    for five consecutive years immediately preceding the prescribed effective date;
    and

(c) If there are no other barriers under existing immigration requirements. (for example,
    criminal activity, morals, health).

Those who acquire amnesty would be subject to present law which requires a 5-year waiting period before qualifying for citizenship.

6. Foreign policy initiatives. Without exploring any specific suggestions, the report suggests that the United States should begin consultations with Mexico and other nations most seriously affected by the program. The exploration of bi-lateral cooperation and economic development is recommended.

7. Certification of alien workers. The report recommends continuing the current policy of limiting the number of temporary worker certifications for legal immigration in order to protect the interests of American workers. It suggests that additional efforts be undertaken in the area of employment outreach and labor market analysis as a means of responding to legitimate employer needs in this area.

8. Financial assistance to state and local governments heavily impacted by undocumented aliens. The report recommends acknowledging that state and local governments could suffer additional fiscal burdens because of the large population of undocumented aliens, particularly after amnesty is granted. The report suggests that appropriate Cabinet officers and staff be directed to examine the level of financial assistance that should be provided.
9. Immigration policy. A thorough review of U.S. immigration policy is recommended. It is suggested that the Administration support legislation introduced by Congressman Eilberg for the appointment of a Select Commission to undertake such a review. The Commission would be composed of four members appointed by the President, four Cabinet members and four members from each of the Judiciary Committees, appointed by the Speaker of the House and the President pro tempore of the Senate.

KEY ISSUES

1. Employer Sanctions

The proposed legislation differs from the bills introduced in the past by Rodino by (a) providing employers with a defense against prosecution for hiring undocumented aliens if the employer sees some form of identification, and (b) by imposing only civil penalties. Under the previous Rodino bills criminal penalties were imposed for repeated penalties. The proposed legislation permits a range of identifiers which would include such documents as driver's license, birth certificates, and the present Social Security card. Rodino has agreed to embrace this milder form of employer sanction legislation.

The most effective legislation would contain stiffer penalties on employers coupled with a non-counterfeitable secure Social Security card -- a modification of the present Social Security card -- to be carried by all workers. However, this approach would receive intense opposition from civil liberties groups. In addition, Secretary Califano objects because of the cost, the administrative difficulties, the problem of what secure identification the Social Security Administration should require before issuing the Social Security card, and the length of time required before such a system could become operative (at least $500 million for a fully secure system and a 4-year implementation period).

Recommendation

- The employer sanctions recommended in the report cannot be expected to have a substantial impact on illegal immigration. All of the identifiers mentioned in the report are presently obtained by large numbers of undocumented aliens. The economic situation in the sending countries is so serious that undocumented workers will continue to chance
sporadic enforcement of employer sanctions rather than remain at home.

- However, tougher sanctions on employers, without a uniform national identification system, can be expected to produce unacceptable employment discrimination against Spanish-surnamed citizens.

On balance, we are not prepared to recommend an alternative to the Task Force Report and we are not prepared to recommend a uniform national identifier, which, while it might be more effective, would create the other problems cited above. We agree with the report that the Social Security Administration should work within its existing authority toward making the Social Security card a more reliable identifier of lawful status. We would reemphasize, however, that the Task Force's recommendations likely will have a minimal impact, if any, on the flood of illegal immigration because of the ease with which identifications can be forged and the impossibility of sealing the border.

2. Amnesty

We agree with the Task Force recommendation described above, but suggest the following modifications:

- The relief for those already here should not be described as "amnesty". It would be better to talk about "adjustment of status".

- The residency period should be three years rather than five. The amnesty is a necessary humanitarian response to protect large numbers of people from deportation and to preserve family units once the employer sanction legislation is enacted. A three year residency period will better accomplish this. It will minimize the number of unemployable people who would be here living outside the law. Proof of residency is extremely difficult. Even those who have been here longer will find it hard to prove three years. Rent receipts and other documentation will be difficult to obtain. Many have lived and worked under assumed names and with borrowed Social Security cards. Furthermore, any period longer than three years would be unacceptable to the Hispanic community, and it is predicted that Congress would reduce the period to three years, in any event.
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