

6/20/77 [2]

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 6/20/77 [2]; Container 26

To See Complete Finding Aid:

http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf

THE WHITE HOUSE
WASHINGTON

Call for

6-20-77

Ullman -

Complaint re Frank Moore:

Post story - must register ↗

Industrial & personal rebates

May have to settle for
less than full term

Brecker

H

Electrostatic Copy Made
for Preservation Purposes

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

June 18, 1977

MEETINGS ON AIRLINE REFORM
MONDAY, JUNE 20, 1977

CONGRESSIONAL LEADERS
12:45 p.m. (15 minutes)
The Cabinet Room

PUBLIC BRIEFING
1:05 p.m. (20 minutes)
EOB Briefing Room

From: Stu Eizenstat *Stu*
Mary Schuman M.S.

I. PURPOSE

To urge support for the airline reform bill.

II. MEETING WITH CONGRESSIONAL LEADERS

Since the hearings last March on airline regulatory reform, Senators Cannon, Kennedy and Pearson have written a revised bill to meet objections raised at the hearings. The bill was released last Monday and markup begins the day after this meeting, Tuesday, June 21.

- A. Background: Airline reform legislation 1) directs the Board to approve within time deadlines new innovative carriers (none of the 80 applications filed since 1950 has been granted); 2) gives carriers more flexibility in entering new markets; and 3) permits price competition.

The revised bill meets the objections raised at hearings in March: 1) a provision to protect service to small communities has been added. The current federal subsidy program is reformed to guarantee service for 10 years to all small communities currently receiving service. Because the archaic subsidy system is streamlined there will be no

Electrostatic Copy Made
for Preservation Purposes

increase in federal subsidy; and 2) competition is phased in more gradually to give the industry time to adjust.

Because of intense industry lobbying, the markup may be long and difficult. The bill announced last week substantially weakened the original Cannon/Kennedy bill in order to get Senator Pearson's support. Secretary Adams has publicly stated that he wants the committee to act as soon as possible upon the bill as currently drafted, but that if major changes begin to be made, we want a somewhat stronger bill.

There has been almost no action in the House. Last year, Glenn Anderson, Aviation Subcommittee Chairman, introduced a bill and held hearings, but he has delayed action this year until the noise financing issue is resolved. We have been urging him to act, and just this weekend he began field hearings in Pennsylvania.

We suggest that you say you realize the difficulty of passing legislation that is opposed by well-organized special interests, and emphasize the strength of your commitment to legislation. You may wish to commend Senators Cannon, Kennedy and Representative Anderson for their leadership.

B. Participants:

Secretary Brock Adams
Rep. Tip O'Neill (position uncertain)
Sen. Warren Magnuson, Commerce Committee Chairman
(doesn't see the need for change, but probably will go along with Sen. Cannon)
Sen. Howard Cannon, Aviation Subcommittee Chairman
Sen. Edward Kennedy
Rep. Glenn Anderson
Rep. Teno Roncalio (strongest House supporter)
Rep. Harold "Biz" Johnson, Chairman of the House
Committee (indicated he would follow Rep. Anderson's lead)
Rep. William Harsha
Rep. Elliott Levitas
Alfred Kahn, new CAB chairman (Even though he is very pro-competitive, he likewise feels that legislation is desirable)

III. PUBLIC BRIEFING

A. Participants:

Participants at the earlier meeting will join you on the stage. The briefing will be attended by opponents

as well as supporters: industry and union representatives, trade and public interest groups. Secretary Adams recommends that you make a statement and then give Congressional sponsors an opportunity to speak. Secretary Adams will then give a briefing on the legislation, and take questions from the audience.

B. Talking Points:

1. Airline reform implements one of my Administration's major goals -- eliminating outdated, excessive government regulation that raises costs and stifles competition.
2. Last week, I approved the Laker case, permitting passengers to fly to London for \$135, a substantial savings compared to current fares. I believe that the same low fares should be available to people traveling within the United States. That is why I strongly support legislation to reform regulation.
3. Regulation has prevented low fares to domestic travelers. For example, one carrier applied to the Board to offer coast-to-coast service for half the existing fare. The Board refused even to hold a hearing, and 6 years later dismissed the case as "stale." Fares are much lower in Texas and California where the CAB does not regulate -- and the fares are lower for both small and large communities.
4. Neither is regulation good for the industry. Carriers cannot respond quickly to meet consumer choices. They cannot change their fares or enter new markets without hiring a dozen lawyers and undertaking an expensive proceeding before the Board that often takes many years.
5. Regulation has not protected small communities from losing air service. During the last 16 years, almost 200 small communities have been abandoned. This bill will increase protection for small communities. It guarantees that no small community now receiving service will lose it for 10 years. And because the bill streamlines the existing subsidy system, the added protection will not increase subsidy cost.
6. Alfred Kahn, the new CAB chairman who is with us here today, has indicated to us that he believes legislative guidance is desirable. To rely on

the Board alone, even under the able leadership of Chairman Kahn, would create more red tape and unacceptable delay. There would be a prolonged period of uncertainty that would prevent industry planning, give employees an uncertain future, and prevent carriers from obtaining the financing they need.

7. Congress has been studying this issue for 3 years. It is time to act now.

IV. PRESS

- A. Congressional Meeting - photo opportunity
(Senator Cannon has requested an individual photograph with you.)
- B. Public Briefing: The entire briefing is open to press coverage.

ok
JC

MINUTES OF THE CABINET MEETING

Monday, June 20, 1977

The nineteenth meeting of the Cabinet was called to order by the President at 9:04 a.m., Monday, June 20, 1977. All members of the Cabinet were present except Mr. Bergland, who was represented by Deputy Secretary of Agriculture John White. Other persons present were:

Joe Aragon	Bob Lipshutz
Zbig Brzezinski	Bunny Mitchell
Doug Costle	Dick Moe
Stu Eizenstat	Frank Moore
Jane Frank	Frank Press
Rex Granum	Jay Solomon
Joanne Hurley	Stansfield Turner
Jim King	Charles Warren
Tim Kraft	Bill Cable
	Jack Watson

The President asked for comments from Cabinet members, beginning with the Secretary of Interior:

1. Mr. Andrus said that he has just returned from several days in the West fully confirmed in his opinion that "Washington, D.C., is not the real world."

-- He does not anticipate any problems with the opening of the Alaskan North Slope pipeline today.

-- The President said that he would like to discuss several water projects with Mr. Andrus.

2. Mr. Califano reported that he addressed the American Medical Association in San Francisco this past weekend on the economics of health care. He also attended several AMA meetings and described that organization as "unhappy with this Administration."

-- Mr. Califano reported that the House lived up to its agreement on the HEW appropriations bill and held additions to \$1.8 billion, \$1.1 billion of which is in the education area. The Senate begins mark-up on the bill today,

and Appropriations Subcommittee Chairman Magnuson has agreed to oppose the add-ons and to try to change certain other language added by the House. For example, Mr. Califano said that he is very troubled by the "affirmative action" rider added by the House which bans "ratios and other numerical requirements" as well as "quotas." Another amendment bars HEW's interpretation of the Byrd amendment pertaining to funds for school desegregation. Mr. Califano noted that the parliamentary situation on the House floor forced a blanket prohibition against abortion. He predicted that the Senate would modify this language.

-- The President inquired about the level of funding for cancer research. Mr. Califano thinks it is too high, despite the testimony of Benno C. Schmidt, Chairman of the President's Cancer Advisory Panel. Mr. Strauss pointed out that Mr. Schmidt is an able and impressive advocate and suggested that it would be helpful for the President to meet with him to discuss the subject. Mr. Califano added that several influential Senators are also advocates of the high funding figures for cancer research. He noted that Congressman Obey, on the other hand, has stated that the funding level is too high.

3. Mr. Vance summarized the comprehensive test ban discussions held in Washington last week: The Soviets seemed more forthcoming in their discussions on the banning of nuclear test explosions. It was agreed that multi-country discussions would begin on July 3, 1977.

-- Talks will begin Wednesday in Moscow on arms control in the Indian Ocean.

-- The Belgrade Conference is underway. The U.S. has suggested dividing the group into three working committees for in-depth review of each of the following topics: 1) principles and confidence-building measures; 2) cooperation in economics, science, technology, and environment; 3) human contacts, information, culture and education. The Soviets want a plenary session, which, according to Mr. Vance, would prevent any detailed focus. He described the general atmosphere of the meeting as "businesslike."

-- Mr. Vance said that Germany has made an important change of position by pledging not to transfer sensitive nuclear technology in the future. This brings Germany into line with France on the subject.

-- Australian Prime Minister J. Malcolm Fraser will visit the United States later this week.

-- Mr. Vance noted a problem over the weekend with the Canadian Fisheries Agreement. In response to a U.S. communique on salmon fishing in the State of Washington, the Canadians threatened to seize American shrimp boats. The U.S. has forwarded a new proposal which should clear up the situation.

-- The State Department has received a number of unconfirmed reports that Ugandan President Idi Amin Dada has disappeared and possibly has been assassinated.

-- In response to a question from the President, Mr. Vance commented briefly on the recent Organization of American States meeting in Grenada. The U.S. spoke third--after Argentina and Chile. Both of those countries urged the need to fight international terrorism with counter-terrorism. In his remarks, Mr. Vance stressed that counter-terrorism was not the way to deal with the problem and spelled out the U.S. view on how violations of human rights should be approached. He also spoke about the need for organizational change in the OAS and urged that the three-part structure of the organization be merged into one committee. Additional discussion focused on cutting back the bureaucracy and reviewing the dues structure. Mr. Vance also described his personal discussions with Trinidad's Prime Minister Eric Williams, a senior OAS spokesman, about streamlining the OAS. Mr. Vance suggested that Ambassador Young follow up on the contacts made at the Grenada meeting on his forthcoming trip to the Caribbean.

4. Mr. Schultze was in Paris last week for a meeting of the Economic Policy Committee of the Organization of Economic Cooperation and Development (OECD). He summarized the world economic outlook for industrialized countries as follows: Growth of OECD countries will be 4% in 1977 and 3% for the first quarter of 1978. Outside the U.S., unemployment will rise in 1977 and 1978--it now stands at 15 million, approximately half of which is in the U.S. He noted that Japan and Germany are not likely to meet the growth targets they set at the International Economic Summit. The President and Messrs. Schultze and Blumenthal discussed ways to spur countries to meet their growth targets--focusing now primarily on 1978 since it is too late to influence results for 1977.

5. Dr. Brzezinski said that in two major areas the Administration's foreign policy is already having global impacts: nuclear non-proliferation and human rights.

-- Last week, the NSC held internal meetings and worked with the Vice President and members of Congress on the Middle East. The most explicit statement of the U.S. position on the Middle East is contained in the Vice President's speech delivered in San Francisco last Friday.

-- The NSC also reviewed a comprehensive report on reorganizing the Intelligence Community. A review committee is working on legislation in this area. Dr. Brzezinski said that there are eight basic options under review, and that a proposal will be ready next week. Other issues currently being studied by the NSC are arms limitations in the Indian Ocean; chemical warfare (where the NSC proposed and the President approved seeking a total ban); and follow-up on Mrs. Carter's trip to Latin America.

6. Mr. Young said that the Security Council is meeting this week on the Rhodesian incursions into Mozambique.

-- Ambassador Don McHenry is back from South Africa and met with the Vice President and Mr. Vance last week. The Vice President and Mr. Young discussed the new, more flexible attitude of South African Prime Minister Vorster on Namibia and the role that South West African People's Organization (SWAPO) can be expected to play. Mr. Young pointed out that the Organization of African Unity (OAU) will be a key force in persuading SWAPO to accept a settlement in the area. The OAU is meeting in Gabon next week, and several U.S. representatives will be present.

-- Mr. Young described frequent social contacts with the Soviets in New York. Mr. Vance said that the Soviets are also in frequent touch with the State Department in Washington. The President said that he favors our keeping every possible avenue open with the Soviets. He also commented that it was good that Mr. Brezhnev is now the official leader of the USSR. The President indicated his desire to find a convenient time to conduct broad-based discussions with Mr. Brezhnev.

-- Mr. Vance suggested that Cabinet members read an article by Peter Osnos on the USSR in yesterday's Washington Post.

7. Mr. Marshall has just returned from four days at the International Labor Organization (ILO) Conference in Geneva. Although results are "mixed", the U.S. has

accomplished most of what it set out to do at the meeting, and several foreign leaders were publicly supportive of our aims.

-- Mr. Marshall also met in Geneva with the labor ministers of several countries. They expressed a strong desire to keep the U.S. in the ILO and predicted that a U.S. withdrawal from the ILO would, in all likelihood, be fatal to the organization. The labor ministers were also interested in expanding technical cooperation and in our approach to the problems of youth unemployment.

-- Mr. Marshall explained that frequent wildcat strikes have depleted the health and welfare funds of the UMW, and that the union may now be forced to cut health benefits. The UMW board meets today; if such a decision is made, a series of protest strikes might follow. Mr. Marshall said that plans are underway to form a committee within the government to review the situation.

8. Attorney General Bell was in Canada last Friday and Saturday negotiating with the Minister of Justice concerning the extra-territorial effect of U.S. laws.

-- He said that the Korean CIA investigation is still underway in the Justice Department, and that there is absolutely no truth to recent press reports that Justice is "playing politics" with the investigation.

-- The President discussed the burdens imposed by a requirement in the Landrum Griffin Act that the Justice Department monitor union elections. The Attorney General stated that these monitoring requirements were more extensive than in the Voting Rights Act and that he would look into the situation with Mr. Marshall.

9. The Vice President reported that Mr. Andrus' trip to California was extremely well received, and that, during his own recent trip to San Francisco, he heard many compliments on Mr. Andrus.

10. Mr. Blumenthal said that he will testify later this morning on legislation to establish NOW accounts (checking accounts that pay interest). The idea has been tried in New England and will require uniform reserve requirements as well as a role by the Federal Reserve Board regarding initial interest payments. Mr. Blumenthal said that Arthur Burns would also testify on the bill. He estimated that the legislation has a 50/50 chance of passage. There is considerable disagreement among Federal financial institutions on the bill.

-- Treasury officials have been meeting with various groups on the tax reform package. Later today, Mr. Blumenthal will brief Ms. Kreps and Messrs. Califano and Marshall on the subject.

11. Mr. John White said that Mr. Bergland is winding up his Far East trip.

-- The Agriculture appropriations bill is on the House floor today, and the sugar provision will be controversial.

-- Late last Friday, 130 counties in Georgia were declared eligible for drought assistance. The President and several Cabinet members discussed the length and severity of the drought.

12. Ms. Harris described her recent visit to the U.S. Conference of Mayors meeting in Tucson. A resolution was passed unanimously complimenting HUD and the Administration for their urban initiatives.

-- The HUD appropriations bill passed the House.

-- The conference begins this week on the HUD authorizations bill, and Ms. Harris said that some minor questions are complicating the situation.

-- The President noted that virtually every resolution passed by the U.S. Conference of Mayors in the last six to eight years--with the exception of this recent Conference--has condemned the Administration. He expressed sympathy for the difficult problems with which mayors must constantly deal and appreciation for their support.

13. Dr. Schlesinger said that the utilities are lobbying against the coal conversion proposal in the energy plan. The liberals are raising environmental objections, and the Republicans are offering flat opposition. Notwithstanding these problems, results of the recent votes in the Ways and Means Committee were excellent. He asked the President for permission to negotiate on the gas guzzler tax, and the President noted that the Senate was more strongly in favor of the Administration's position than the House.

-- Dr. Schlesinger said that sentiment in the Congress was strongly in favor of retention of the nuclear fission option, and that the Clinch River power plant could only be killed on efficiency grounds. The President said that he has heard comments that the Administration speaks with an "uncertain voice" on Clinch River. Dr. Schlesinger said that ERDA had supported the Clinch River project for five

years, and that although now the top people at ERDA are doing everything they can to reinforce the President's position, there are some problems of support at the lower levels in the Agency. Dr. Schlesinger said that he would speak to the President about additional steps that might be taken to improve the situation.

14. The President told Mr. Strauss that he likes the idea expressed in Mr. Strauss' weekly summary of putting together a trade group to visit Latin American as a follow-up to Mrs. Carter's trip. The President said that concern was expressed about U.S. beef import quotas; he asked Mr. John White to look into our allocation program. The President made it clear that he was not proposing an increase in overall levels, but rather a review of the U.S. allocation among countries.

15. Mr. Lance said that the spring budget review process will be completed this week, and that spending ceilings will be released next week.

-- Employees' ceilings were approved by the President and sent out over the weekend. Mr. Lance said that Jim King will be calling Cabinet Secretaries concerning some people who need to be placed.

16. Mr. Adams will complete work within the next ten days on an automobile legislative package. He asked to meet briefly with the President on the issue of passive restraints in automobiles since a decision on that subject must be made by July 1. He underscored the comprehensive nature of his automobile proposals and said that emissions, mileage and safety features will all be included.

-- In recent speeches, Mr. Adams has tried to illustrate and emphasize the connection between the human rights theme and U.S. energy policy. Basically, he has pointed out that the U.S. is attempting to show by its own affirmative actions that it will conserve the world's resources.

-- The DOT appropriations bill should be finished this week and should be held within the Administration's budget level.

-- Today is the final day for U.S./U.K. air negotiations. Mr. Adams is still optimistic that an agreement will be signed. In his opinion, an extension of time would not be helpful since the basic issues have been under hard consideration for six months. He has conferred with every

affected U.S. airline, all of which are prepared to move to alternate routes as of midnight Tuesday if an agreement is not reached. The President said he wants to be kept up to date on this issue and stressed that the American people do not yet understand it. Mr. Strauss observed that our positions on these issues and on airline deregulation are extremely politically saleable if they are properly explained. Mr. Adams said that a statement has been prepared in the event that the U.S. and U.K. fail to reach agreement. The President emphasized that a clear and simple explanation of the primary issues will need to be made to the public.

17. Ms. Kreps said that she has sent the President a memorandum on cargo preference.

-- The Commerce Department has been working closely with Stu Eizenstat's staff on regulations to implement the anti-boycott legislation which recently passed the Congress. Mr. Vance said that the reactions of many foreign governments to the legislation have been good, and that the Saudi's need to be kept informed. Attorney General Bell emphasized the importance of letting foreign governments know how they can comment on the regulations. The President suggested that Ms. Kreps invite foreign ambassadors in for a briefing on the proposed regulations, and Mr. Vance said that this procedure would be most helpful. Mr. Califano pointed out that most foreign governments have Washington counsel who represent their interests in formal administrative proceedings, and that any special meetings should not be inconsistent with these formal legal channels. Ms. Kreps said that the legislation is specific and does not leave much flexibility for the regulations, but Mr. Strauss said that perception is the opposite and that most observers believe there is considerable flexibility.

18. Dr. Brown said that plans are going forward regarding his consultations with Korean officials next month. He reported that the Koreans and the Japanese appear to be adjusting well to our new policy in the area. Dr. Brown is also developing recommendations on arms transfers and credits. Congress has set a number of hearings on our Korea policy--both in the House and Senate. Admiral Turner, General George Brown and others have been called to testify. Dr. Brzezinski said that the Senate Foreign Relations Committee wants the NSC to release a CIA document on the withdrawal of ground troops from Korea. He has declined the request on grounds that this would compromise the President's decision-making process. He plans to brief the Committee on the subject.

-- The House and Senate committees have finished hearings on the DOD authorization and are working on their reports. Their money totals are close to Administration figures, but many details are quite different. It is already clear that the appropriations committees will not include everything in the authorizing legislation. The House appropriations committee has reduced the DOD budget by \$2.5 billion; the Senate is waiting to see what the final decision on authorization is before it acts. A key issue will be adding back funds for a nuclear carrier--presently not in the House appropriations committee draft. Dr. Brown then commented briefly on the length of the House appropriations committee report. Virtually everyone of the 300+ pages in the report contains detailed instructions to the Department. Other members of the Cabinet discussed similar problems their departments have with detailed Congressional directives in committee reports.

-- DOD will meet the OMB employee ceilings.

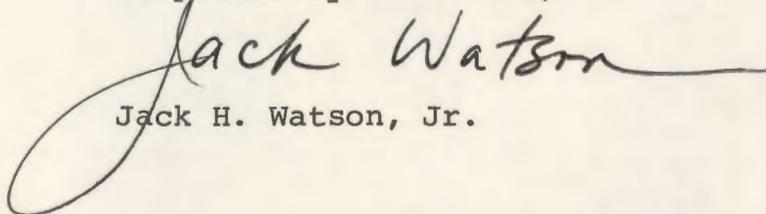
19. The President described Congressional cuts to his foreign aid proposals as "drastic" and said that some of the restrictions imposed are "debilitating."

-- He reiterated his request to Cabinet members to fill regional appointments promptly.

-- He urged Cabinet members to attend the Democratic fund raiser in New York on June 23. A special plane will be going up in the afternoon, and space may also be available on Air Force 1 and Air Force 2.

The meeting was adjourned by the President at 11:07 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jack Watson". The signature is written in dark ink and is positioned above the typed name.

Jack H. Watson, Jr.

THE PRESIDENT HAS SEEN
THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

~~CONFIDENTIAL~~
J

EYES ONLY

June 20, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS*
SUBJECT: Revised Estimates of First-Quarter GNP and
Preliminary Estimates for the Second Quarter

Revised First Quarter

The Commerce Department released today its revised estimates of GNP growth in the first quarter. Growth of real GNP in that quarter is now estimated at a 6.9 percent annual rate -- compared with the 6.4 percent figure estimated earlier. The revision is due entirely to a smaller rise of net exports. Imports rose somewhat less than originally estimated; exports rose somewhat more.

Preliminary Second Quarter

Preliminary estimates of second-quarter GNP growth were also circulated internally among Federal Government agencies. These estimates are based on very preliminary data and are never published.

Real GNP growth in the second quarter is estimated to be at a 6.4 percent annual rate. The slower growth in the second quarter reflects a smaller rise in inventory investment. Final sales (all components of GNP except inventory investment) rose at an annual rate of 5.4 percent, adjusted for inflation, compared with 4.3 percent in the first quarter. Growth of consumer spending slowed in the second quarter, but residential construction and state and local government expenditures both rose very strongly -- partly reflecting weather-induced delays of construction earlier this year.

These early estimates are subject to substantial revisions as more data become available. Based on the substantial increases we have seen in employment and industrial production in April and May, subsequent revisions seem more likely to be up than down.

Static Copy Made
for Preservation Purposes

REPRODUCED TO LEGISLATIVE BRANCH
BY *Jay* DATE 10/23/89

THE WHITE HOUSE
WASHINGTON

Confidential

ACTION	FYI
<input checked="" type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
<input checked="" type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
<input checked="" type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input checked="" type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input checked="" type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input checked="" type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE WHITE HOUSE

WASHINGTON

June 20, 1977

~~CONFIDENTIAL~~

Stu Eizenstat -

Re: Undocument Aliens Policy

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

Rick Hutcheson

cc: The Vice President
Hamilton Jordan
Bob Lipshutz
Frank Moore
Jody Powell
Jack Watson
Joe Aragon
Z. Brzezinski
Bert Lance

"DETERMINED TO BE AN ADMINISTRATIVE MARKING
CANCELLED PER E.O. 12958, SEC. 1.3 AND
ARCHIVIST'S MEMO OF MARCH 16, 1983"

22

Photostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

June 15, 1977

Stu
J

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT

Stu

SUBJECT:

Undocumented Aliens Policy

After your comments on the initial task force on undocumented aliens, I convened the staffs from all affected agencies (Justice, Labor, HEW, State, OMB) to attempt to forge a consensus around as many parts as possible.

We met for several intensive sessions and have largely achieved our goal. The attached paper, which I have drafted, has been approved by the departments and agencies. Agreement exists on almost every point. Disagreement now exists only in limited areas, which are clearly delineated.

I believe that the policy set forth takes into account the legitimate concerns of the Mexican-American community, the government of Mexico and civil libertarians, while at the same time providing a balanced, broad-gauged, comprehensive package to help curb the flood of illegal immigration. This program is not a cure-all -- nothing can be. But it is a significant beginning, and that should be emphasized when a public announcement is made.

Because of the complexity and emotionalism surrounding this issue, and because of the commitments you made as recently as Monday in your telephone call to the Mayors, I feel strongly that consultations with Congress, certain Mayors and Governors, the Mexican-American community and Mexico are required before any public announcement of a policy. Because there are no external deadlines, the time needed (about two weeks) for consultation is available and should be used.

To make certain that the consultations are meaningful, I recommend that you not make a final decision on the

attached proposals until the consultations are completed. If you agree, we will use the proposals, and any comments you might have now, as a framework for the consultations. We will report back to you on how the proposals are received, and you can then exercise the option of making modifications prior to a final announcement.

Yesterday I talked at length with Mr. Kirbo about the recommendations that have been developed. As you may know, his view is that those who are illegally in this country should not be given a status which allows them to legally reside here. He believes there is no real distinction between "amnesty" and "non-deportable" status. In the course of our consultations with Congress, we should be able to see whether Mr. Kirbo's feeling is politically acceptable. My belief is that some type of legal status is necessary to encourage the undocumented workers to come forward and register -- which is a prerequisite for obtaining non-deportable status.

I have just received, several minutes prior to submitting this document, a call from the Attorney General's Special Assistant, who said that Judge Bell's position has changed from the consensus reflected in the document. The Judge does not support a permanent "non-deportable" status for certain undocumented aliens. He prefers, instead, a "non-deportable" status for a fixed period, during which a subsequent evaluation of permanent status could be made. In my view, the problem with this approach is that there will be no incentive to register, for the aliens will fear a decision to deport them once they are identified. As with Mr. Kirbo's comments, though, we can explore the Judge's view with Congress.

*Legal to be
hired* →

Our consultation will be aided by any comments which you can make about the attached recommendations.

**Electrostatic Copy Made
for Preservation Purposes**

I. EMPLOYER SANCTIONS

A. INCREASED ENFORCEMENT OF EXISTING LAWS IN TARGETED WAY

To the extent that employers hire undocumented aliens at sub-minimum wages, thereby violating the Fair Labor Standards Act, strict enforcement of that Act could help to remove an incentive to hire undocumented aliens. Therefore, we propose:

- ok ● Increased enforcement of the Fair Labor Standards Act by hiring 260 new inspectors (at a cost of \$7 million), to be targeted to areas and industries where heavy undocumented alien employment occurs; and increased enforcement of the Federal Farm Labor Contractor Registration Act (at a cost of \$1 million).
- ok ● More frequent use of the stringent civil and criminal penalties, already in existence, for violators of the Fair Labor Standards Act. Such penalties are currently almost never sought.
- ok ● Better cooperation, especially in information exchange, between Fair Labor Standards enforcement personnel and Immigration and Naturalization Service (INS) personnel.

B. CREATION AND ENFORCEMENT OF NEW SANCTIONS

The most difficult issue we have faced is the extent to which, if at all, employer sanctions should be imposed and enforced against the hiring of undocumented aliens. Our concerns have centered around the linked issues of realistic enforceability, possible increased discrimination, and burdensome government regulation. To accommodate those concerns, we have developed a policy which, while not perfect, does represent a balanced moderate approach to the problem of employer sanctions. It has six parts.

Although we have narrowed the options significantly, a consensus has not been reached on the most important part of the sanctions policy -- the extent of the prohibitions and their enforcement. Four options remain:

(1) Prohibition Against Hiring and Enforcement

Except for HEW, all other agencies and our staff feel some statutory prohibitions against employers hiring undocumented aliens are in order.

- Option 1. A legal prohibition against every employer hiring any undocumented alien; enforcement limited to those employers engaged in a "pattern or practice" of hiring undocumented aliens. (Justice and Labor support)

de - Justice can set its own priorities for enforcement - i.e. test cases, large employers, etc

"Pattern or practice" is a standard used in the civil rights laws to limit enforcement to those engaged in regular, well-established activity rather than an inadvertent or occasional action. The standard's limitation to the intentional, more blatant offenders, as well as its recognized value in the civil rights area, has led us to recommend use of the standard for enforcement throughout these options.

The argument supporting option 1 is that the moral force of the government should be set against the hiring of anyone who is illegally in this country, even if practical limitations make enforcement on more than a "pattern or practice" basis impossible.

- Option 2. A legal prohibition against all employers hiring undocumented aliens on a "pattern or practice" basis; enforcement also on a "pattern or practice" basis (State supports)

no

The argument supporting option 2 is that the credibility of the policy, and the government, is weakened to the extent that a legal prohibition is established which will clearly not be enforced. Therefore, a symmetrical "pattern or practice" standard should be used for both the prohibition and the enforcement.

- Option 3. A legal prohibition against those employers (defined as having 25 or more employees) hiring undocumented aliens on a "pattern or practice" basis; enforcement also on a "pattern or practice" basis but limited to employers of 25 or more employees. (I support but feel options 1 and 2 are also acceptable. The distinctions between the first 3 options are relatively fine. If you wish we could take these three options to the Hill and elsewhere to get a "reading".)

The argument supporting option 3 is twofold: (i) the prohibition should be limited to employers engaged in a regular practice of hiring undocumented aliens, for those are the employers (and not the housewife who might hire an undocumented alien) who need to change their hiring practices if the sanctions policy is to succeed; but (ii) the enforcement should be restricted to the larger of such employers, for the limited resources of the Attorney General are best devoted to those employers. Such an enforcement limitation is similar to that in the civil rights laws (now limiting the Attorney General to enforcing against employers of 15 or more).

In addition, such a limitation is likely to result in less discrimination against Hispanics, for it is the small employers who may be most likely not to hire Hispanics if the fear of government suit were always present.

- Option 4. No legal prohibitions (HEW supports)

The argument supporting option 4 is that employer sanctions cannot be practically or equitably enforced; and thus any such sanctions defeat the credibility of the rest of the aliens policy.

- ok*
- (2) When the Attorney General initially attempts to enforce the employer sanctions, injunctive relief could be sought. A contempt citation (with appropriate judicial relief, such as fines or imprisonment) could subsequently be sought if an injunction was willfully violated.
 - (3) Those sued by the Attorney General would have a qualified defense if they asked for and saw any of the multiple identifiers to be designated by the Attorney General by regulation.
- ok*

- (4) Employers would not be required to keep written records of the identifiers shown to them; nor would they be required to verify the authenticity of the identifiers they are shown.

One of the major identifiers the Attorney General will designate is the Social Security card. HEW will take steps to make the card a more reliable identifier of legal status: requiring proof of citizenship or legal residence and a personal interview before issuance of a card. (HEW has been planning to take these steps, independent of the alien policy.)

ok

- (5) Those receiving compensation for knowingly assisting an undocumented alien obtain a job, will be subject to criminal penalties. This sanction is directed toward middlemen in the U.S. who broker jobs for undocumented aliens; this activity is not prohibited by existing laws, though it is a major factor in the relative ease with which undocumented workers secure jobs.

ok

- (6) To make even more certain that discrimination against Mexican-Americans and other ethnic-Americans does not occur as a result of the policy, two further actions are recommended:

(a) The amendment of current civil rights laws to include permanent resident aliens within their protection (now only "citizens" are included);

ok

(b) a direct commitment by the U.S. government's civil rights agencies to use their full resources to enforce existing laws protecting Hispanics and other ethnic Americans from discrimination.

ok

II. BORDER ENFORCEMENT

Consistent with the need to maintain both an open border and close relations with Mexico, measures must be taken to provide adequate resources and an improved management structure to Federal Law enforcement agencies along the borders and at other points of illegal entry. Through

these measures, a simultaneous attack can be made against the smuggling of drugs and guns, as well as the illegal entry of aliens. We propose the following measures:

- *ok* INS will shift enforcement personnel to areas where there is currently a high volume of illegal crossings, such as San Diego and El Paso.
- Enforcement resources at the border and elsewhere will be increased substantially and reorganized.

ok The extent of any increase and reorganization has not been finally determined. Peter Bourne's border management study, which will have recommendations on the subject, is not due until August. The public announcement of the aliens policy could handle this situation in one of two ways:

Option (a) Proposed a specific increase in INS enforcement personnel of 2,093 at a two-year start-up cost of \$115 million, and annual operating costs of \$50 million. (Justice recommends)

The arguments supporting option (a) are that the impact of the aliens policy announcement will be diminished if firm figures are not included on increased enforcement personnel; and that the Bourne study (while perhaps recommending changes in INS) is not likely to recommend fewer additional enforcement personnel.

ok - announce study report. forthcoming
Option (b) Propose an overall strengthening of border enforcement, but defer announcing specific figures until the Bourne study has been completed and reviewed. (Bourne and OMB reorganization people recommend. We support).

The arguments supporting option (b) are that the usefulness of the border study is impaired if its recommendations are pre-empted by earlier announcements; and that the additional two-month wait will have no significant impact on the speed with which additional personnel can be approved by Congress, recruited, trained and deployed.

- ok ° INS and the Department of Labor will attempt, in cooperation with the prime sponsors, to develop public service (CETA) jobs to help INS with its clerical work, thereby freeing additional INS personnel for enforcement duties.
- sa ° INS will explore resumption of its previous program of returning undocumented aliens from Mexico to the vicinity of their homes in the interior of that country, rather than to the borders. This action, which will require the cooperation of the Mexican government, reduces the likelihood of immediate re-entry into the United States.
- de ° State Department will increase its visa issuance resources by a total of 170 new positions (at a one year cost of \$6.5 million). The resources will be targeted at countries which have a high percentage of visa abusers. Anti-fraud activities will be increased, screening procedures will be strengthened, and the new system of issuing secure non-immigrant visas can be automated and accelerated.
- ° A strong anti-smuggling task force will be developed to crack-down on smuggling rings which provide the basic transportation, employment and other assistance needed by aliens illegally attempting to enter the U.S. U.S. Attorneys will be instructed by the Attorney General to give priority to the prosecution of those involved in alien smuggling.

slc Smugglers ("coyotes") have contributed significantly to the undocumented alien problem. These rings have employer contacts in the U.S., and for the payment of a fee, arrange for the forging of illegal documents, the smuggling of an alien across the line, the alien's transportation and housing, and eventual employment.

The Mexican government may also wish to crack down on these smugglers. The State Department will propose to the Mexican government cooperative action to eradicate smuggling rings.

III. ADJUSTMENT OF STATUS

We want to encourage everyone who is here illegally to register with the government, so they can be accounted for and can live without fear in a legal status. We do not want to conduct a mass deportation program. However, we are deeply concerned over the opposition which would arise from the granting of permanent resident alien status, or "amnesty," to those who violated U.S. laws. Such a grant would put them on a track toward citizenship, and enable them to bring their families here.

To accommodate these competing concerns, we recommend the following compromise:

A. NON-DEPORTABLE STATUS

why permanent? →
All undocumented aliens, including those (other than exchange visitors) whose legal stays have expired, residing in the U.S. on or before January 1, 1977, and who come forward and register with the INS, will be granted permanent non-deportable status. This is a status not currently recognized by statute, though some aliens are effectively in such a status already, at the sufferance of the Attorney General. (The status would not preclude deportation for reasons such as moral turpitude or the commission of a crime.)

For those granted non-deportable status, the possibility of future permanent resident alien status, and the eventual citizenship made possible five years after the granting of such status, will be left open. No express or implied promise of future "amnesty" or any type of improved status, would be made. Such a promise would effectively make the non-deportable status a "future amnesty" status, thereby immediately creating all of the political problems of an amnesty. Those receiving the non-deportable status:

- Would not have political or civic rights -- they could not vote, run for office, or serve on a jury.
- Could not bring in family members from abroad.
- Would not be harrassed or deported by INS (assuming no subsequent criminal actions).
- Would not be on a guaranteed track toward citizenship.

Two issues concerning "non-deportables" remain:

(1) Movement in and out of U.S.

_____ Option (a) Those given non-deportable status should not be permitted to re-enter the U.S. once they depart. (Labor and Justice support)

The argument supporting option (a) is that the aliens will eventually leave to visit their families; if they cannot legally return, the alien population might thereby be reduced, and fewer legal workers displaced.

*Argon
Comments sound
good*

_____ Option (b) Those given non-deportable status should be permitted to travel freely to and from the U.S., provided no grounds for deportation have subsequently arisen. (State supports, I support)

The argument supporting option (b) is that unless the aliens are allowed to return, they will not leave the U.S. and may establish new families here or bring in their families illegally. This only makes their permanent presence in this country more likely.

(2) Social Services: AFDC, SSI, Food Stamps and Medicaid

(Unemployment compensation is covered by an existing statute which will become effective on January 1, 1978 under which a worker must have been a legal resident for the preceding year in order to collect. There is no support for changing this statute.)

_____ Option (a) Those given non-deportable status should not be allowed to take advantage of social services. (I would support this option, but doubt seriously that the courts would allow it; Mr. Kirbo agrees)

ok

The arguments supporting option (a) are that a substantial financial burden might be incurred by state and local governments (there are no reliable estimates now); and the political opposition to the aliens policy is certain to be increased, for many U.S. citizens will resent having individuals who entered the country illegally receive social services benefits.

Option (b)

Those given non-deportable status should be permitted social services on the same basis as permanent resident aliens (which would include welfare eligibility). (State, labor and HEW support.)

*not if temporary
non-deportable
status granted*

The arguments supporting option (b) are that a permanent group of second-class residents would be created if "non-deportables" are required (as they are) to pay taxes but cannot receive social service benefits when the need arises; also, very few of the "non-deportables" may need social services, since they are largely young males without resident families.

B. PERMANENT RESIDENT ALIEN STATUS

ok
All undocumented aliens who have been present continuously in the U.S. since January 1, 1968, and who meet the conditions of the Immigration and Nationality Act (no criminal activity, good morals, etc.) may apply for permanent resident status. That status can lead to full citizenship. Presently any alien who has been here since 1948 may apply for resident status. Moving the date forward, from 1948, to 1968, by amending the Immigration Act would be consistent with an established practice of periodically updating the statute of limitations for those illegally in this country. The update to 1948 occurred in 1965.

The periodic updates are a de facto recognition that individuals present in the U.S. for a certain period have established equities here meriting legal status. The granting, through the updating, of eligibility of permanent resident status is effectively an "amnesty". Those who would receive permanent resident status under the proposed update may be viewed by the public as amnesty recipients. That perception can operate both ways: the number granted "amnesty" is large enough to make "amnesty" at least a component of the aliens policy (a prerequisite for acceptance of the package by the Hispanic community).

It can be justified as part of the periodic updates, which occurred in 1929, 1940, 1952, 1958, and 1965. It will not include substantial numbers of illegals since the mass of illegal immigration occurred after 1968 and because of the requirement for "continuous" residence - most illegals stay for only short periods of time. Most attention will be focused on the non-deportable status discussed above.

Those presently eligible under current law (spouses of citizens or permanent resident aliens or parents of U.A. citizen children over the age of 21) will continue to be eligible for permanent resident status.

C. IMPROVING INS OFFICE PROCEDURES

- ole*
- INS will expedite the processing of backlogged applications filed by persons legally here for resident alien and citizenship status. (There are now more than 240,000 pending applications.)
 - INS will explore ways to improve efficiency of processing applications for adjustments of status, including introduction of electronic recordkeeping systems.
 - Public Service (CETA) jobs will be explored as a means to help INS with its office work and to overcome the backlog.

IV. FOREIGN POLICY

The success of our increased border protection policy depends to a certain extent on the cooperation of the sending countries:

- ole*
- Negotiations will be undertaken with the governments of Mexico and other sending countries concerning the nature and extent of their potential participation in border enforcement and anti-smuggling efforts.

For long-term success, though, our policy must also deal with the "push" factor that impels aliens to enter the U.S. illegally -- the lack of employment opportunities in their own countries. To meet that, we propose the following:

- ok*
- The possibility will be explored of stimulating labor intensive projects through multilateral lending institutions.
 - Financial assistance to family planning programs in the sending countries, if they so desire, will be provided.
 - Technology transfers and the development of local resources will be encouraged.
 - Increased trade with the sending countries, especially in labor intensive products, will be explored, consistent with the objective of not losing U.S. jobs.
 - Quadrapartite arrangements between the U.S. and sending countries' governments, and U.S. private industry and the sending countries' private industry will be strengthened and encouraged. Such agreements foster increased economic development in the sending countries.
 - Increased bilateral aid to sending countries that will accept and benefit from such aid will be explored.

V. TEMPORARY WORKERS

We are opposed to a massive, new temporary worker program. However, the U.S. should continue and, where appropriate, expand the H-2 program, under which aliens have been admitted to work legally in certain areas determined by the Labor Department to be short of workers. (In 1976, approximately 50,800 work certificates were issued: 25,600 to permanent immigrants, 10,000 to temporary workers in non-agricultural industries, and 15,200 to temporary agricultural workers.)

We want to continue to guarantee employers who are dependent on H-2 workers that they will have an available labor supply.

- ok*
- The Department of Labor will improve its employment outreach efforts as a means of responding to employer needs and opening up new jobs to U.S. workers.

sk

- The current policy of granting temporary worker certifications will be continued and relied upon only after it is clear that no domestic workers are available to take the jobs in question.

VI. IMMIGRATION POLICY

sk

- We will undertake a comprehensive interagency study of our immigration policy and the immigration statutes.
- We recommend support of Senator Cranston's bill to increase the existing 20,000 annual limitation on legal Mexican immigration and 120,000 annual limitation on legal Western Hemisphere immigration. The bill would increase the Western Hemisphere limitation to 130,000 and provide for a total limitation of 50,000 from Canada and Mexico. This would benefit Mexico substantially because immigration from Canada under the present limitations has averaged less than 5,000 for the past five years. If this increased opportunity for legal immigration is available, many more Mexicans may attempt to enter legally rather than illegally.

VII. ANNOUNCEMENT OF POLICY

A. PERIOD OF CONSULTATION PRIOR TO ANNOUNCEMENT

sk

This policy will have far-reaching implications, both domestically and abroad. It is therefore necessary to consult with Congress, and groups such as Hispanics, organized labor, and employers before any final announcement is made. In addition, border states will be especially affected; their officials should also be consulted.

Finally, the policy will impact directly on other countries, particularly Mexico. The State Department feels strongly that announcement of this policy await prior consultation with Mexico. The appropriate Mexican officials will be unable to meet with State until June 22.

B. WHO SHOULD MAKE THE ANNOUNCEMENT?

- Why?* → _____ (a) The President in a message to Congress.
(Labor and Justice support; I support).
- _____ (b) The Attorney General and Secretary of
Labor, on behalf of the Administration.
(State supports)

VIII. COSTS

The estimated costs of the above program are shown on the attached document prepared by OMB at my request. No definitive figures can be given because the number of undocumented aliens is unknown.

**Electrostatic Copy Made
for Preservation Purposes**

Resource Summary: Program Components^{1/}

I. Employer Sanctions Program

	FTP EMP.	<u>Annual BA</u> (in millions)
A. Increased enforcement of existing laws:		
° Fair Labor Standards legislation: Employment Standards Administration, DOL	260	\$7.0
° Federal Farm Labor Contractor Registration Act	--	1.0
B. Adopt and enforce employer sanctions legislation:		
° Immigration and Naturalization Service, DOJ	117	2.4
° U.S. Attorneys, Civil Rights Division (DOJ), and judges	100	3.0
° Publicize new law and regulations (one-time cost)	--	4.0
C. Improve identification mechanisms, fund marginal improvements in Social Security card	1,000 ^{2/}	17.5 ^{2/}

^{1/} Summary prepared by OMB staff using estimates developed by agencies. OMB staff have not analyzed all components and believe some resource requirements may be met by reprogramming from lower priority activities.

^{2/} Proposed for funding with or without new initiatives to control illegal immigration.

FTP
EMP.Annual BA
(in millions)II. Border Enforcement

◦ Improve border security, improve inspections at airports and southern land ports, expand anti-smuggling activities, and increase detention and deportation capabilities. Two-year start-up costs of \$115 million, annual operating costs of \$50 million. Initially allocated to INS, though reorganization of border agencies is contemplated.	2,093	\$50.0+
◦ Improve visa issuance procedures and antifraud activities. First year cost \$6.5 million, annual operating costs of \$3.5 million. Department of State.	170	3.5

III. Adjustment of Status Program^{3/}

A.&B. Authorize adjustment to non-deportable status or to permanent resident alien status:

◦ Amnesty processing, INS	300	4.0
◦ Expand fraud investigation program, INS	440	8.8
◦ Special inquiry officers (immigration judges), INS	30	1.3
◦ Represent U.S. before immigration courts, INS	24	.9
◦ Legal Services Corporation	100	4.0
◦ Publicity campaign (one-time cost)	--	6.0

^{3/} Estimates are for direct costs. OMB and the agencies are unable to estimate indirect costs, e.g., for unemployment compensation, AFDC, SSI, Food Stamps, Medicaid, etc.

FTP
EMP.

Annual BA
(in millions)

C. Expedite processing of applications for adjustment of status by aliens who are now in the U.S. legally:

- ° Temporary workers to assist INS in processing backlog; one year cost.

150^{4/}

2.2^{4/}

^{4/} Department of Labor proposes to utilize Public Service (CETA) jobs to assist in this area.

STAFF COMMENTS

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

COMMENTS ON "UNDOCUMENT ALIENS POLICY" MEMORANDUM

Peter Bourne: Concurs with portion on border enforcement.

Jack Watson: Believes that the memo presents you with the best possible options. Jack emphasizes that you should not make final decisions until after consultation with all affected interests.

Joe Aragon: There is real disagreement among those involved in studying this issue on only one point: the question of adjustment of status. This is the same issue on which the Attorney General and Mr. Kirbo have focused.

Joe agrees with Stu on the permanent resident alien status (amnesty) recommendation for all those who arrived prior to 1968. He disagrees with the permanent non-deportable status portion of the plan. Problems are:

1. Illegal aliens who have no strong interest in remaining should not have to choose between immediate deportation to Mexico, or applying for permanent non-deportable status. It is not clear that there is a compelling national interest in telling people who arrived as recently as 6 months ago that they must either leave immediately or apply for the permanent status.
2. There should be a mechanism for bringing the "fluid" population which has been cycling in and out of the US for years under control -- some means of regulating such persons on a temporary basis without making their status permanent.

I agree

Joe proposes:

1. Permanent non-deportable status only for those who have been in the US for at least 3 years prior to January, 1977.
2. Those who arrived within the last ³ years would be eligible on registration for a one-year non-deportable status (non-renewable) with work rights.
3. A temporary (6 month) permit program of substantial size (500,000) should be undertaken through US consular offices in Mexico, which would allow Mexicans to work in the US for 6 months, and then return to Mexico for a specified period of time before reapplying.

*may be right.
not sure -
5 years? ok*

*Combine =
H2 at Power
numbers?*

The advantage of Joe's proposal, he says, is that many of the persons who enter the country illegally have no strong desire to remain here. Joe's approach would permit regulation of a flow of workers.

Bert Lance: Notes that the resource requirements attached to the Eizenstat memo was prepared by OMB at Stu's request, and should not be interpreted as an OMB recommendation in favor of all of the proposed personnel and resource increases. In most cases, the agencies have not yet developed detailed budgetary justifications which the President can approve and send to the Congress. OMB will review specific requests when they are submitted.

OMB does concur with the memo as presented by Eizenstat.

APPENDIX A

Recent Congressional Approach

Our recommendations were largely developed without reference to pending Congressional bills, for we wanted to present you with a fresh -- rather than incremental -- approach to the problem. However, I think you should be aware of the approach favored by two Congressmen, Rodino and Eilberg, who are likely to be the major forces behind any aliens legislation. They have been extremely active in the area for the last several Congresses, and are the Chairmen of the relevant Committee and Subcommittee in the House. (In the Senate, Eastland chairs both the Judiciary Committee and its Immigration Subcommittee. He will also be a force, but is less active in the area and is likely to let the House act first on any bill.)

In this Congress, Rodino has not yet introduced or sponsored a bill; he has said he wants to see what approach the Administration takes. But Eilberg has introduced a bill nearly identical to the one Rodino and he sponsored in the last Congress; then the bill was approved by the Judiciary Committee, but the House took no action. This year, no action has been taken, though Rodino has told me his sponsorship of the bill would now be enough to ensure House passage.

The bill has the following major elements:

(1) Employer Sanctions - The "knowing" employment of undocumented aliens would be prohibited for all employers, with enforcement by the Attorney General in three tiers:

- first offense: citation
- second offense: if caught, within two years of a citation, of knowingly hiring an undocumented alien, a fine of \$500 for each such alien could be imposed.
- third offense: if caught after imposition of a fine, an additional fine of \$1,00 per alien plus one year imprisonment could be imposed.

(2) Adjustment of Status - permanent resident alien status would be authorized for undocumented aliens who have been in the country continuously for 7 years and are close relatives of an American citizen or permanent resident alien.

(3) Discrimination - The Attorney General is authorized to bring civil actions against employers discriminating on the basis of national origin.

The consultations I have done thus far with Mexican-Americans indicate the three-tiered enforcement approach is completely unacceptable, for they fear the criminal penalties will certainly lead to greater discrimination.

THE WHITE HOUSE

WASHINGTON

Date: June 16, 1977

MEMORANDUM

FOR ACTION:

Bob Lipshutz Midge Costanza
Jack Watson
Joe Aragon - *attached*
Peter Bourne - *concur w/ Position on Boden enjoinmt*
Zbigniew Brzezinski
Bert Lance

FOR INFORMATION:

The Vice President
Jody Powell

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Eizenstat memo 6/15/77 re Undocumented Aliens Policy.

**YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:**

TIME: ~~10:00 AM~~ *4:00 PM*

DAY: ~~Saturday~~ *Friday*

DATE: June 18, 1977

ACTION REQUESTED:

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)

THE WHITE HOUSE
WASHINGTON

ACTION	FYI	
	/	MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
	/	LIPSHUTZ
		MOORE
	/	POWELL
	/	WATSON

	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

/	ARAGON
/	BOURNE
/	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
/	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE WHITE HOUSE
WASHINGTON

Date: June 16, 1977

MEMORANDUM

FOR ACTION:

Bob Lipshutz
Jack Watson
Joe Aragon
Peter Bourne
Zbigniew Brzezinski
Bert Lance

FOR INFORMATION:

The Vice President
Jody Powell

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Eizenstat memo 6/15/77 re Undocumented Aliens
Policy.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 10:00 AM

DAY: Saturday

DATE: June 18, 1977

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

My principal area of interest in the Undocumented Aliens Policy Study is the Border Enforcement segment. I have reviewed that portion of the Study and concur in the recommendations as presented.

Peter G. Bourne, M.D.

Peter G. Bourne

THE WHITE HOUSE

WASHINGTON

June 17, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: JOE ARAGON ^A

SUBJECT: UNDOCUMENTED WORKERS

On Tuesday May 24th you expressed your views to the Cabinet task force regarding the subject of undocumented workers. In response to that meeting Stu's final memo is exceptional. We are in real disagreement on only one (but very fundamental) point. It is the same issue that Mr. Kirbo and now the Attorney General have also focused on. The modified approach which I propose below might be a way to resolve these differences.

ADJUSTMENT OF STATUS:

PERMANENT RESIDENT ALIEN STATUS (AMNESTY) AND
PERMANENT NON-DEPORTABLE STATUS

The approach Stu seems to favor would offer permanent resident alien status (amnesty) to all those who arrived prior to 1968. Those who arrived between 1968 and January 1, 1977 would be eligible for permanent non-deportable status. In order to qualify for either, a person would have to register through the INS. Failure to register would result in deportation.

I am in agreement with the 1968 "amnesty" provision but disagree with the permanent non-deportable portion of the plan.

Under this latter portion of the plan, any undocumented person who arrived in the U.S. between 1968 and January 1977 would be permitted to remain in this country permanently. I see problems with this approach.

PROBLEMS

(1) Illegals who have come to this country (especially those who have come in the last 3 years) and who have no strong interest in remaining should not be forced to choose between immediate deportation to Mexico on the one hand or having to apply for permanent non-deportable status on the other.

(2) It is not clear to me that there is a compelling national interest to be served in telling people who may have arrived here as recently as 6 months ago (i.e. January 1977) that they must now either leave the country immediately or if not, apply for permanent non-deportable status. There should be an alternative.

(3) What are we to do about those many Mexican nationals who have been cycling in and out of the U.S. for years and who may just coincidentally find themselves out of the legally protected class of non-deportables simply because they were not here at the time of the effective date, i.e. January 1977?

Conceding that they have no claim or right whatsoever to expect to be allowed in, they will nevertheless be inclined or economically compelled to attempt to return. We need a mechanism for bringing this large fluid population under some reasonable, "regulatable" control.

(4) Last, the permanent non-deportable status is tied to a specific population i.e. those physically present in the U.S. as of January 1977. Rather what is needed is, again, a status or process, or mechanism that much larger numbers of people can flow through on a temporary basis without having to make their status permanent.

MODIFIED APPROACH

(1) Permanent non-deportable status would be available only for those who had been in the U.S. at least 3 years prior to January 1, 1977. Their rights (if any) to citizenship would be determined at some later date once all those eligible had registered.

(2) All those who arrived within the last 3 years would be eligible upon registration for a 1 year non-deportable status (non-renewable) with work rights.

(3) In conjunction with the above procedure a temporary (6 month) permit program of significant size (500,000?) would be undertaken through U.S. consular offices in Mexico. The temporary work permit would allow the bearer to enter the U.S. legally for 6 months and work. At the end of that time the worker would have to return to Mexico for a specified time before reapplying again.

CONCLUSION

The temporary work permit and the 1 year non-deportable status recognizes that many persons illegally in this country have come only to seek employment and have no strong desire to remain here. If these economic refugees are forced to choose between permanent status (which permits work) or immediate deportation (which does not) they will invariably choose the former. And if they do there will result a new host of problems with respect to spouses and children still in Mexico.

This approach also deals with the overall illegal population by permitting it to flow through or cycle through the U.S. without being forced into a permanent non-deportable status on the one hand or illegal status on the other.

THE WHITE HOUSE
WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson
Jane Frank

Jack

June 17, 1977

RE: Undocumented Workers

We have worked closely with Stu and others on these proposals and believe they reflect the best possible options for you.

We underscore Stu's point that you not make final decisions until after consultation with all affected interests: the Hill, state and local elected officials, Mexican-Americans, etc.

We prefer some of the options over others--for example, option 3 on page 3 is much better than option 1 or 2--but we think you should retain flexibility until after extensive consultation.

THE WHITE HOUSE
WASHINGTON

Date: June 16, 1977

MEMORANDUM

FOR ACTION:

Bob Lipshutz
Jack Watson
Joe Aragon
Peter Bourne
Zbigniew Brzezinski
Bert Lance

FOR INFORMATION:

The Vice President
Jody Powell

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Eizenstat memo 6/15/77 re Undocumented Aliens
Policy.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 10:00 AM

DAY: Saturday

DATE: June 18, 1977

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

The summary of resource requirements attached to the Eizenstat memo was prepared by OMB at Mr. Eizenstat's request. We hope the relatively mechanical task of summarizing the agencies' estimates will not be interpreted as an OMB recommendation in favor of all of the proposed personnel and resource increases. In most cases the agencies have not yet developed detailed budgetary justifications which the President can approve and send to the Congress. We stand ready to review specific budget requests when they are submitted in traditional form.

We assume it is your wish that OMB review these requests. jm

Yes.

No.

Old page -
(replaced)

Option (b) Those given non-deportable status should be permitted social services on the same basis as permanent resident aliens (which would include welfare eligibility.) (State, Labor and HEW support.)

The arguments supporting option (b) are that a permanent group of second-class residents would be created if "non-deportables" are required (as they are) to pay taxes but cannot receive social service benefits when the need arises; also, very few of the "non-deportables" may need social services, since they are largely young males without resident families.

B. PERMANENT RESIDENT ALIEN STATUS

All undocumented aliens who have been present continuously in the U.S. since January 1, 1968, and who meet the conditions of the Immigration and Nationality Act (no criminal activity, good morals, etc.) may apply for permanent resident status. That status can lead to full citizenship. Presently any alien who has been here since 1948 may apply for resident status. Moving the date forward, from 1948, to 1968, by amending the Immigration Act would be consistent with an established practice of periodically updating the statute of limitations for those illegally in this country. The update to 1948 occurred in 1965.

The periodic updates are a de facto recognition that individuals present in the U.S. for a certain period have established equities here meriting legal status. The granting, through the updating, of eligibility of permanent resident status is effectively an "amnesty". Those who would receive permanent resident status under the proposed update may be viewed by the public as amnesty recipients. That perception can operate both ways: the number granted "amnesty" at least a component of the aliens policy (a prerequisite for acceptance of the package by the Hispanic community).

THE PRESIDENT HAS SEEN.
THE WHITE HOUSE
WASHINGTON

①

June 20, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE *SM*

SUBJECT:

CONGRESSMAN AL ULLMAN (D-OREG) and
WASHINGTON POST ARTICLE OF JUNE 19, 1977

Chairman Ullman called me this morning and was very upset with the Washington Post, with members of his committee and with White House Congressional Liaison--particularly Bill Cable--over the Sunday article in the Post which made him look like a weak chairman.

Ullman sees this energy program as the crucial test for him to show that he is a strong chairman, that he can control his committee, and that he can quit being compared to Wilbur Mills. He also sees himself as having gone the last mile for you in every instance to get a very strong energy plan close to what you want.

His staff has been very helpful to us sniffing the winds of change on the Committee and telling us who needs shoring up and frequently this was Ullman himself.

Bill Cable and I have both talked to Gene Godley of Treasury who is our principal man in dealing with Ways and Means, and we have agreed that no one will talk with the press from Treasury, Energy or White House Congressional Liaison. The only comments that may be made will be to praise his strong leadership. The best thing that could happen would be for us to keep the Ways and Means scorecard out of the press for the next couple of days and get some behind the scenes work done for some upcoming crucial votes.

I am attaching the section of the article that quotes Bill Cable. Larry Woodworth, Congressman Abner Mikva (Ill) and several others were also quoted about the Chairman's tendency to compromise when things get close.

If there is a question of having good press about Congressional Liaison or bad feelings between Chairman Ullman and the White House, we will gladly give up the good press.

cc: Mr. Jody Powell

Electrostatic Copy Made
for Preservation Purposes

...counted by many as a 17th vote on the crucial "plowback" provision.

Thus, as tax reformer Brandon put it so bluntly, "all you have to do is lose a couple of wishy-washy Democrats and you lose."

That arithmetic faced President Carter's own lobbyists last week, as they tried to recover their momentum from the embarrassing defeats a week earlier when Ways and Means killed the President's-proposed gasoline tax (or buried it—some say it was already dead, struck down his rebate on high-mileage cars, and weakened his "gas-guzzler" tax on large automobiles.

After an afternoon of debate on the well-head tax and the industry's proposed "plowback" for exploration capital, some administration supporters on the committee were already nervous and thinking about a compromise—better to cut your losses, they suggested, than let the oil industry win the whole game. The industry lobbyists were originally talking about "plowing back" a full half of the proceeds from the wellhead tax—a bite which could go as deep as \$7 billion a year.

"I thought we could win it, but I like to be sure," Chairman Al Ullman (D-Ore), said. But others described Ullman as "wobbly" and "nervous" and ready to compromise with oil.

"He didn't think he had the votes," said Rep. Richard Gephardt, a freshman Democrat from St. Louis. "I talked to him the night before. He seriously doubted the votes were there."

So Ullman ordered the committee staff to draft a "plowback" compromise, pegged at 20 per cent, which would yield as much as \$2.8 billion for the industry. This was an ominous signal to Carter's team; it suggested that the chairman was willing to cave in, that maybe the votes weren't there and some sort of compromise was inevitable.

When word of the draft compromise circulated Monday night, alarms were sounded. Early Tuesday morning, Cable and Frank Moore, the chief White House lobbyist, met with the President and got the word—no compromise.

"Compromise was totally unacceptable," said Cable, an old hand on Capitol Hill who is well-familiar with the rhythm of these things. He described Carter's hard line with a bit of wonder in his voice:

"It's really the populist in him... I've heard him sit there and he says, 'Exxon's got a \$4 billion cash flow and Mobil just bought Montgomery Ward and exploration is going at a record rate. These don't look like companies that are starved for capital.'"

The leaning began with Ullman. "Ullman was told very directly the President wouldn't buy it," Cable said.



Photos by James K.W. Ath

Rep. Dan Rostenkowski (D-Ill.), left, listens to tax lobbyist Bob Brandon before Ways and

"Frank Moore talked to him for 20 or 30 minutes. Ullman was nervous. He seemed to be looking for a compromise and we thought it was a bad idea to even talk about compromise."

The tax-reform lobbyists were also up early, talking about tactics with kindred spirits on the committee, particularly Rep. Abner Mikva, the Democratic liberal reformer from Illinois. The tactic was "to raise hell," as Brandon put it, and make sure that the "plowback" compromise was characterized in the strongest terms—a "rip-off" or "a negative income tax for the oil companies" or whatever rhetoric would give it a bad smell.

The chairman called an early caucus of the Democrats on the committee to chat about the draft. "Everybody started storming at the chairman," said Mikva afterward. "We ended up almost giving away the whole ball game for no reason at all."

Even the mild-mannered tax expert—Assistant Treasury Secretary Laurence Woodworth who used to advise Congress on these issues—reportedly had some testy words for the chairman.

"That's Ullman's problem," sighed one administration lobbyist. "Rather than leaning on people, he gives in to them."

But bucking-up Ullman wasn't the only problem. There were three or four junior Democratic members—Holland Jenkins, Rep. Raymond Lederer from Philadelphia—who had not committed themselves to either side. The administration was worried about

them and the oil lobbyists were hopeful.

Rep. William Brodhead, a Democrat from Detroit, was also holding out—trying to get an administration commitment that it would not attempt to reinvigorate the gas-guzzler tax aimed at his hometown's favorite industry. He didn't get the commitment, but he tried.

One of the uncommitted votes, Lederer of Philadelphia, was angry at the White House on another matter—the Vice President's hollow campaign pledge to keep open the Frankford Arsenal in his hometown, an issue of broken promises, not petroleum. The Carter administration is shutting down the arsenal this fall.

"I figured if that's the way they want to play the game, okay," Lederer said.

Cable said all of these doubtful congressmen were given a lot of what lobbyists like to call "member contact."

The oil lobbyists were working on these matters long before the hour of decision arrived. One measure of their effectiveness is that Ways and Means members begin hearing from API and the individual companies weeks or months in advance—position papers, personal letters, friendly visits—to explain the intricate arithmetic of oil finances and the justice of their propositions.

Facts do count, so does reason. Even the most cynical critics agree that Ways and Means has improved itself substantially in recent years as a forum for deciding the complex money issues. Congressional reforms opened up committee processes and Ways and Means was relieved of the job of making Democratic committee assignments, so its members can concentrate more on the tax code and less on politics.

Friendly persuasion still has a role, however. Rep. Otis Pike, the Democrat from Long Island whose vote was

ing liberal Democrats.

"I believe with these people Nader's Tax. They have. To say simply most of the to account for doesn't get very prophylactic.

Brandon's former Philadelphia knows how to cause he us. "Having bee holes, having said Pietz, "the rich to wanted to d warding."

Another plainclothes. He did a great relation and became a function. With F approves—as he put it.

"If Drinan can be a lobbyist to the who is also

The administration made their debate, as Sirworth, a manant rhetoric dent consider to be a rip-off and totally



NA
J

THE PRESIDENT HAS SEEN.

**Electrostatic Copy Made
for Preservation Purposes**

USS TEXAS (CGN 39)

FLEET POST OFFICE
NEW YORK 09501

At Sea
North Atlantic
20 June 1977

Dear Mr. President:

We are returning from the first sea trials of the nuclear-powered guided-missile cruiser USS TEXAS (CGN 39), our ninth nuclear powered surface warship completed in the last 16 years. The TEXAS, second ship of the VIRGINIA Class, put to sea yesterday from the Newport News Shipbuilding and Dry Dock Company, Newport News, Virginia. This ship, in conjunction with nuclear powered aircraft carriers and other nuclear-powered guided-missile cruisers will give the Navy the most capable surface striking forces we can build. Nuclear powered surface striking forces are assured of mobility and high speed endurance despite uncertainty of fuel oil supplies in combat areas.

During the Civil War a Confederate ironclad ram to be named TEXAS was built in Richmond but was captured in April 1865 before completion and never commissioned. Two ships of the U. S. Navy have borne the name TEXAS. One, the Navy's first battleship, was commissioned in 1895. The second, also a battleship, was commissioned in 1914, saw service in both World Wars, and fought in the invasions of Normandy, Southern France, Iwo Jima and Okinawa.

The present TEXAS is 585 feet long, has a beam of 63 feet, and displaces 11,000 tons. She carries two twin-armed launchers for anti-aircraft missiles and anti-submarine rockets. She also has two five-inch guns, long range sonar, torpedoes, electronic warfare equipment, and a helicopter hangar. Her initial reactor cores contain enough energy for 10 years of operation without refueling.

The primary mission of the TEXAS is to provide anti-aircraft and anti-submarine protection to an aircraft carrier task group. The all-nuclear carrier task group has essentially unlimited high speed endurance and carries more combat consumables than an oil-fired group. This permits longer periods between replenishments and gives it the capability to retire at high speed for replenishment in low threat areas. Thus, it has far greater capability to conduct sustained combat operations than an oil-fired group. During war our ability to conduct sustained combat operations could be controlled by the logistic support available. Under such circumstances the all-nuclear carrier task group has far greater capability than an oil-fired task group.

The worldwide uncertainty of oil supplies, even in peacetime, and the drastic reduction in our overseas bases emphasize the tenuous nature of foreign oil supplies. In war, the vulnerability of tankers could well make it impossible to provide fuel for our oil powered naval forces when and where they need it. Further, the oil supplies that do survive enemy attack will be needed for aircraft, small ships, and military trucks and tanks, for which there is no practicable alternate fuel.

Only a task group consisting entirely of nuclear powered ships is capable of matching the high speed endurance of enemy nuclear submarines. This also permits the task group to take high speed evasive action, and eliminates its increased susceptibility to attack during the frequent slowing required to re-fuel the conventionally powered ships.

Thus, the all-nuclear carrier task group has greater capability to penetrate and counter the projected Soviet naval threat than any other naval surface force we know how to build. Nuclear power in guided missile ships like the TEXAS also makes them uniquely suited for independent missions where logistic support is not practicable.

The nuclear surface fleet which the TEXAS will join now consists of the six nuclear cruisers, the LONG BEACH (CGN 9), BAINBRIDGE (CGN 25), TRUXTUN (CGN 35), CALIFORNIA (CGN 36), SOUTH CAROLINA (CGN 37), and VIRGINIA (CGN 38), and the two nuclear carriers, ENTERPRISE (CVN 65) and NIMITZ (CVN 68). Two additional nuclear carriers, and two additional nuclear cruisers of the VIRGINIA Class, are also under construction.

That the Navy has these ships is due to the foresight and wisdom of Congress in taking the initiative to provide nuclear propulsion for our naval strike forces.

Respectfully,

H. G. Rickover
H. G. Rickover

The President
The White House

*P.S. Sixty-three per cent of the crew had never been
to sea before these trials*
Ⓟ

Admiral Rickover's Comments at the Conclusion of the TEXAS
Propulsion Sea Trials on 20 June 1977:

"We have just completed the initial trials of the TEXAS. The ship's propulsion plant successfully passed the trials including a four-hour run in excess of rated power and speed greater than 30 knots.

"I want to congratulate the skilled engineers and craftsmen of Newport News for the excellent work they did to build this ship. As I have said many times before, the men and women of Newport News are continuing the tradition of competence the Navy has come to count on.

"I want to thank the representatives of the Board of Inspection and Survey, the Supervisor of Shipbuilding, General Electric, Electric Boat, and other Navy and contractor representatives who have worked together to bring about this successful trial.

"You were most impressive during the various emergency drills that were conducted. Recovery of the propulsion plant from extreme casualty drills was conducted with professionalism. You handled the ship like veterans. Anyone observing your expertise would be amazed to learn that 63 percent of you had never been to sea before. This is a tribute to your hard work and training under the leadership of Captain Fiedler. I know you will continue to perform your duties in just as fine a manner as you did during these trials.

"I thank you in behalf of the Navy for a job well done."

THE WHITE HOUSE

WASHINGTON

June 20, 1977

The Vice President
Stu Eizenstat
Bob Lipshutz
Frank Moore
Jack Watson
Landon Butler

Re: Draft Handgun Control Legislation

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

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

ACTION FYI	<input checked="" type="checkbox"/>	MONDALE
	<input type="checkbox"/>	COSTANZA
	<input checked="" type="checkbox"/>	EIZENSTAT
	<input type="checkbox"/>	JORDAN
	<input checked="" type="checkbox"/>	LIPSHUTZ
	<input checked="" type="checkbox"/>	MOORE
	<input type="checkbox"/>	POWELL
	<input checked="" type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input checked="" type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE WHITE HOUSE
WASHINGTON

Mr. President:

Hamilton and Jack concur
with Stu's recommendation
(Option #1).

Congressional liason staff
favors Option #2.

Rick

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

June 13, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: ROBERT LIPSHUTZ *RL*
STU EIZENSTAT *SE*
ANNIE M. GUTIERREZ

SUBJECT: DRAFT HANDGUN CONTROL LEGISLATION

The Justice Department has drafted handgun control legislation but is reluctant to formally submit the legislation for clearance unless they have an indication from you that this is something which the Administration really wants to push. Handgun legislation is very controversial politically, and people in the Department believe that it would not be wise to surface the legislation unless we are definitely committed to follow through. According to Frank Moore's staff, there is little sentiment for strong gun control legislation, although they do not believe it would have adverse spilling effect on our other legislation. Senators Kennedy and Stevenson have said that they are interested in sponsoring handgun legislation and would be willing to introduce this bill even though it does not go as far as they would like.

This memo generally describes the draft legislation and provides a mechanism for you to indicate whether you want to introduce handgun legislation at this time. If so, Justice will submit to OMB for clearance, and details will then be worked out.

Major Provisions of the Draft Bill:

- o Bars the sale, manufacture, importation, or transfer of Saturday Night "Specials".
- o Attempts to insure that certain categories of persons (primarily felons) cannot purchase handguns by establishing procedures for checking the criminal record of a purchaser before the actual sale takes place. This is done through state mechanisms by dealers and includes private transfers.
- o Tightens qualifying requirements for handgun dealers, but leaves dealers who sell only long guns in the same posture as they are today.

- o Places a restriction on multiple purchases of handguns, while permitting the Secretary of the Treasury to waive the requirement for legitimate collectors, security agency purchases, and certain others.

Recommendation:

This is a modest piece of legislation. It will not go far enough for those who really want to control handguns, but it is regarded as a positive and comprehensive good first step by such groups as the National Council to Control Handguns. It should mute some of the criticism of those who oppose handgun legislation since it does not ban handguns, except for Saturday Night "Specials", and it does not set up a national registration system.

While it checks to see if purchasers have records, it does so in a decentralized fashion, so that there is no central repository where every handgun owner can be immediately identified.

It meets the concern which you expressed in the campaign and makes effective the provisions of the Gun Control Act of 1968. If anything, it is a weaker position than you took during the campaign, when you indicated you favored a system of registration.

If you wish to pursue handgun legislation, it should be done now. Otherwise, we will be into the Congressional elections, which might result in politicizing the issue even more.

We recommend that you approve moving with this legislation as a modest, but effective first step.

Options:

- Option 1: Approve of the Justice Department draft of handgun legislation generally described above, and would like to have details worked out for introduction soon.
- Option 2: Do not want to consider introducing handgun legislation at this time.

*Let me look it
over - & talk to
Atty Gen
J*

THE WHITE HOUSE

WASHINGTON

Date: June 17, 1977

MEMORANDUM

FOR ACTION:

The Vice President
Midge Costanza Landon Butler *concur*
Hamilton Jordan *concur*
Frank Moore - ATTACHED
Jody Powell
Jack Watson - *concur w/ Opt I*

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Lipshutz/Eizenstat/Gutierrez memo 6/13/77 re Draft
Handgun Control Legislation.

**YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:**

TIME: 10:00 AM

DAY: Monday

DATE: June 20, 1977

ACTION REQUESTED:

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)

THE WHITE HOUSE

WASHINGTON

Date: June 17, 1977

MEMORANDUM

FOR ACTION:

The Vice President
Midge Costanza Landon Butler
Hamilton Jordan
Frank Moore
Jody Powell
Jack Watson

FOR INFORMATION:

*He Puroson
SL*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Lipshutz/Eizenstat/Gutierrez memo 6/13/77 re Draft
Handgun Control Legislation.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 10:00 AM

DAY: Monday

DATE: June 20, 1977

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

- Could not possibly pass, or even be considered in, the Senate this year. ~~Amendment~~ No type of handgun legislation, no matter how modest, has any strong support in Senate now. *Don Tate*
- Lets amend the bill to require everyone carry a handgun. *Bill Coble*
- Please - Can we wait til after re-election for due one - Free
- *Ryue - Puroson*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

THE WHITE HOUSE

WASHINGTON

June 13, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: ROBERT LIPSHUTZ *RL*
STU EIZENSTAT *SE*
ANNIE M. GUTIERREZ

SUBJECT: DRAFT HANDGUN CONTROL LEGISLATION

The Justice Department has drafted handgun control legislation but is reluctant to formally submit the legislation for clearance unless they have an indication from you that this is something which the Administration really wants to push. Handgun legislation is very controversial politically, and people in the Department believe that it would not be wise to surface the legislation unless we are definitely committed to follow through. According to Frank Moore's staff, there is little sentiment for strong gun control legislation, although they do not believe it would have adverse spilling effect on our other legislation. Senators Kennedy and Stevenson have said that they are interested in sponsoring handgun legislation and would be willing to introduce this bill even though it does not go as far as they would like.

This memo generally describes the draft legislation and provides a mechanism for you to indicate whether you want to introduce handgun legislation at this time. If so, Justice will submit to OMB for clearance, and details will then be worked out.

Major Provisions of the Draft Bill:

- o Bars the sale, manufacture, importation, or transfer of Saturday Night "Specials".
- o Attempts to insure that certain categories of persons (primarily felons) cannot purchase handguns by establishing procedures for checking the criminal record of a purchaser before the actual sale takes place. This is done through state mechanisms by dealers and includes private transfers.
- o Tightens qualifying requirements for handgun dealers, but leaves dealers who sell only long guns in the same posture as they are today.

- o Places a restriction on multiple purchases of handguns, while permitting the Secretary of the Treasury to waive the requirement for legitimate collectors, security agency purchases, and certain others.

Recommendation:

This is a modest piece of legislation. It will not go far enough for those who really want to control handguns, but it is regarded as a positive and comprehensive good first step by such groups as the National Council to Control Handguns. It should mute some of the criticism of those who oppose handgun legislation since it does not ban handguns, except for Saturday Night "Specials", and it does not set up a national registration system.

While it checks to see if purchasers have records, it does so in a decentralized fashion, so that there is no central repository where every handgun owner can be immediately identified.

It meets the concern which you expressed in the campaign and makes effective the provisions of the Gun Control Act of 1968. If anything, it is a weaker position than you took during the campaign, when you indicated you favored a system of registration.

If you wish to pursue handgun legislation, it should be done now. Otherwise, we will be into the Congressional elections, which might result in politicizing the issue even more.

We recommend that you approve moving with this legislation as a modest, but effective first step.

Options:

_____ Option 1: Approve of the Justice Department draft of handgun legislation generally described above, and would like to have details worked out for introduction soon.

_____ Option 2: Do not want to consider introducing handgun legislation at this time.

THE WHITE HOUSE

WASHINGTON

Date: June 17, 1977

MEMORANDUM

FOR ACTION:

The Vice President
Midge Costanza Landon Butler
Hamilton Jordan
Frank Moore
Jody Powell
Jack Watson

FOR INFORMATION:

1977 JUN 17 AM 11 32

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Lipshutz/Eizenstat/Gutierrez memo 6/13/77 re Draft
Handgun Control Legislation.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 10:00 AM

DAY: Monday

DATE: June 20, 1977

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

*watson/Frank
we recommend option 1*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

THE WHITE HOUSE

WASHINGTON

JUN 17 1977

Date: June 17, 1977

MEMORANDUM

FOR ACTION:

The Vice President
Midge Costanza Landon Butler
Hamilton Jordan
Frank Moore
Jody Powell
Jack Watson

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Lipshutz/Eizenstat/Gutierrez memo 6/13/77 re Draft
Handgun Control Legislation.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 10:00 AM

DAY: Monday

DATE: June 20, 1977

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

Rick -
HAMILTON CONCURS WITH
STO'S RECOMMENDATION -
LANDON

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

THE WHITE HOUSE
WASHINGTON

ACTION	FYI
X	MONDALE
X	COSTANZA
	EIZENSTAT
X	JORDAN
	LIPSHUTZ
X	MOORE
X	POWELL
X	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

X	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
X	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE WHITE HOUSE

WASHINGTON

Date: June 17, 1977

MEMORANDUM

FOR ACTION:

The Vice President
Midge Costanza Landon Butler
Hamilton Jordan
Frank Moore
Jody Powell
Jack Watson

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Lipshutz/Eizenstat/Gutierrez memo 6/13/77 re Draft
Handgun Control Legislation.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 10:00 AM

DAY: Monday

DATE: June 20, 1977

ACTION REQUESTED:

Your comments
Other: _____

STAFF RESPONSE:

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

I strongly urge that the President adopt Option 1 and suggest that the Administration commission a nation-wide poll on handgun regulation (which I expect would demonstrate strong support) and use the results in announcing the legislation. The failure of "Survival Days" sponsored by the National Coalition to Ban Handguns demonstrates that voluntary control is unrealistic. I feel, however, that the majority of the public would support legislation.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

THE WHITE HOUSE

WASHINGTON

June 13, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: ROBERT LIPSHUTZ *RL*
STU EIZENSTAT *SE*
ANNIE M. GUTIERREZ

SUBJECT: DRAFT HANDGUN CONTROL LEGISLATION

The Justice Department has drafted handgun control legislation but is reluctant to formally submit the legislation for clearance unless they have an indication from you that this is something which the Administration really wants to push. Handgun legislation is very controversial politically, and people in the Department believe that it would not be wise to surface the legislation unless we are definitely committed to follow through. According to Frank Moore's staff, there is little sentiment for strong gun control legislation, although they do not believe it would have adverse spilling effect on our other legislation. Senators Kennedy and Stevenson have said that they are interested in sponsoring handgun legislation and would be willing to introduce this bill even though it does not go as far as they would like.

This memo generally describes the draft legislation and provides a mechanism for you to indicate whether you want to introduce handgun legislation at this time. If so, Justice will submit to OMB for clearance, and details will then be worked out.

Major Provisions of the Draft Bill:

- o Bars the sale, manufacture, importation, or transfer of Saturday Night "Specials".
- o Attempts to insure that certain categories of persons (primarily felons) cannot purchase handguns by establishing procedures for checking the criminal record of a purchaser before the actual sale takes place. This is done through state mechanisms by dealers and includes private transfers.
- o Tightens qualifying requirements for handgun dealers, but leaves dealers who sell only long guns in the same posture as they are today.

- o Places a restriction on multiple purchases of handguns, while permitting the Secretary of the Treasury to waive the requirement for legitimate collectors, security agency purchases, and certain others.

Recommendation:

This is a modest piece of legislation. It will not go far enough for those who really want to control handguns, but it is regarded as a positive and comprehensive good first step by such groups as the National Council to Control Handguns. It should mute some of the criticism of those who oppose handgun legislation since it does not ban handguns, except for Saturday Night "Specials", and it does not set up a national registration system.

While it checks to see if purchasers have records, it does so in a decentralized fashion, so that there is no central repository where every handgun owner can be immediately identified.

It meets the concern which you expressed in the campaign and makes effective the provisions of the Gun Control Act of 1968. If anything, it is a weaker position than you took during the campaign, when you indicated you favored a system of registration.

If you wish to pursue handgun legislation, it should be done now. Otherwise, we will be into the Congressional elections, which might result in politicizing the issue even more.

We recommend that you approve moving with this legislation as a modest, but effective first step.

Options:

_____ Option 1: Approve of the Justice Department draft of handgun legislation generally described above, and would like to have details worked out for introduction soon.

_____ Option 2: Do not want to consider introducing handgun legislation at this time.

THE WHITE HOUSE
WASHINGTON

June 20, 1977

The Vice President
Secretary Blumenthal
Stu Eizenstat
Bob Lipshutz
Jack Watson
Bert Lance

Re: Reply to Senator Proxmire's letter co
concerning anti-bribery legislation

For your information the attached letter
was returned in the President's outbox and
delivered by Frank Moore to Senator Proxmire.

Rick Hutcheson

cc: Frank Moore

THE WHITE HOUSE
WASHINGTON

June 20, 1977

Frank Moore

The attached was returned in the
President's outbox and is forwarded
to you for delivery to Senator
Proxmire.

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

cc Blumenthal

ACTION	FYI
<input checked="" type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input checked="" type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input checked="" type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE WHITE HOUSE
WASHINGTON

Mr. President:

Eizenstat, Lipshutz
and Lance concur on
the attached suggested
response to Proxmire.

Rick



Priority

Staffing

THE SECRETARY OF THE TREASURY
WASHINGTON

THE PRESIDENT HAS SEEN.
June 15, 1977

1977 JUN 15 AM 11 49

MEMORANDUM FOR THE PRESIDENT

Subject: Reply to Senator Proxmire's letter concerning
anti-bribery legislation

Senator Proxmire has written to you commending your leadership on the bribery issue at the London Summit and asking for your support of House passage of the Senate anti-bribery bill (S. 305). The House and Senate anti-bribery bills would impose criminal sanctions against bribery of foreign officials, but the Senate bill also contains specific requirements for corporate bookkeeping and special accounting controls, for which Senator Proxmire is seeking your endorsement. Mark-up of the House anti-bribery legislation begins Monday, June 20, so Senator Proxmire would like to receive a statement of your position by Friday, June 17.

Recommendation: That you reply to Senator Proxmire that you:

- (a) support the inclusion of an accounting provision in the anti-bribery legislation;
- (b) would prefer the accounting provision to give the SEC power to issue rules and regulations in this area;
- (c) would not object to a provision along the lines of the present Senate bill, provided that the views of members of the public who would be affected by it are adequately taken into account and reflected in it.

Background:

In my testimony in April before the Senate Banking Committee on S. 305, I stated that the Administration supports a requirement that companies maintain accurate books and records. However, I suggested that the Committee take into account public comments received by the Securities and Exchange Commission on proposed regulations which were virtually identical to section 102. The Banking Committee did not do this.

During the past few weeks, representatives of the Treasury Department have met with representatives of the SEC in an attempt to work out a mutually satisfactory way to deal with the accounting problem. Our people proposed new language for section 102 which would give the SEC general power to require, pursuant to new rules and regulations (which would be open to public comment before being issued in final form), companies to maintain records and implement adequate accounting controls. On June 2, the SEC informed Treasury that there were differences of opinion within the SEC on this approach and that it could not support it. Therefore, it does not seem worthwhile for us to try to hold out for the adoption of this approach by the Congress.

In the meantime, I understand that Senator Proxmire and Congressman Eckhardt, the sponsor of the House bill, have agreed to the inclusion of an accounting provision in the anti-bribery legislation. The American Institute of Certified Public Accountants has indicated that it would not oppose this provision if several relatively minor changes of wording are made in it, and Senator Proxmire and Congressman Eckhardt have apparently agreed to these changes.

Mike

W. Michael Blumenthal

Attachments (2)

THE WHITE HOUSE

WASHINGTON

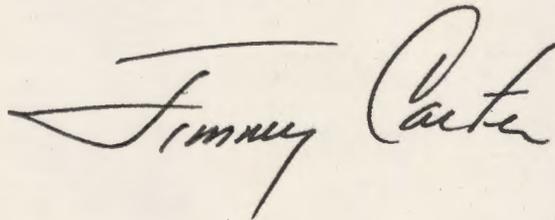
June 20, 1977

To Chairman William Proxmire

Thank you for your letter of May 9, 1977, on the issue of overseas bribery. As you know, the United States and six other nations participating in the London Summit reached a general commitment to work toward the elimination of foreign bribery in international trade, banking, and commercial transactions. I believe this commitment will help bring the anti-bribery treaty exercise currently underway in the United Nations Economic and Social Council to a successful conclusion.

I strongly support passage of anti-bribery legislation which proscribes, with criminal sanctions, foreign bribery and which would require companies to maintain accurate books and records and to implement adequate accounting controls.

Sincerely,

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

The Honorable William Proxmire
Chairman
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, D.C. 20510

17

WILLIAM PROXMIRE, WIS., CHAIRMAN
 JOHN SPARKMAN, ALA. EDWARD W. BROOKE, MASS.
 HARRISON A. WILLIAMS, JR., N.J. JOHN TOWER, TEX.
 THOMAS J. MC INTYRE, N.H. JAKE GARN, UTAH
 ALAN CRANSTON, CALIF. H. JOHN HEINZ III, PA.
 ADLAI E. STEVENSON, ILL. RICHARD G. LUGAR, IND.
 ROBERT MORGAN, N.C. HARRISON SCHMITT, N. MEX.
 DONALD W. RIEGLE, JR., MICH.
 PAUL S. SARBANES, MD.

KENNETH A. MC LEAN, STAFF DIRECTOR
 JEREMIAH S. BUCKLEY, MINORITY STAFF DIRECTOR
 MARY FRANCES DE LA PAVA, CHIEF CLERK

United States Senate

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
 WASHINGTON, D.C. 20510

May 9, 1977

FM

ack/draft by States Treasury
 10 MAY 1977

The President
 The White House
 Washington, D. C.

Dear Mr. President:

Both the New York Times and the Washington Post reported this morning on your leadership at the meeting of seven industrialized western nations in London on the issue of foreign bribery. I commend you for taking the lead on this important subject.

The Senate passed a strong anti-bribery bill (S. 305) last Thursday by voice vote. This is essentially the same bill that was debated in the Senate last year and passed 86-0. That legislation did not pass out of the House Committee last year due to the lateness of the session and opposition to the bill by the accountants.

Secretary Blumenthal testified before the Senate Banking Committee of which I am Chairman that passage of S. 305 would provide an incentive for a multi-lateral ban on foreign bribery such as discussed in London by you and reported in the press. As you know, S. 305 contains provisions requiring corporations to maintain accurate books and records as well as proscribing with criminal sanctions foreign bribery. These sections are intended to operate in tandem to put an end to the bribery of foreign government officials for business purposes. I understand that the accountants' position on the legislation has changed and that they do not oppose the accounting sections of the nature contained in S. 305.

With this background, I urge that you firmly state your view in favor of House passage of S. 305

TRANSMITTED TO THE PRESIDENT

MAY 12 5 31 PM '77

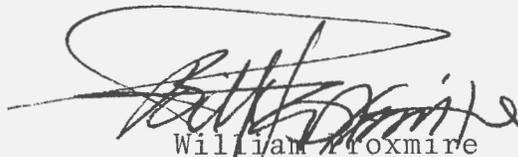
The President

Page 2

May 9, 1977

including both the accounting and criminalization provisions. Your further leadership in this regard will ensure the passage this year of a tough and effective anti-bribery bill.

Sincerely,



William Proxmire
Chairman

WP:lmg

THE WHITE HOUSE

WASHINGTON

Date: June 17, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat *attended*
Frank Moore
Jack Watson
Zbigniew Brzezinski
Bert Lance *conced - by phone*
Bob Lipshutz

FOR INFORMATION:

The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Sec. Blumenthal's memo 6/15/77 re Reply to Senator Proxmire's letter concerning anti-bribery legislation

**YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:**

TIME:

IMMEDIATE

DAY:

TURNAROUND

DATE:

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

*need lipshutz
comment on
this*

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

June 17, 1977

Re: Letter to Senator Proxmire on anti-bribery legislation

Rick:

We agree that the President should send a letter to Senator Proxmire. The attached letter is satisfactory, except that the last two sentences should be deleted. There are several reasons for this -- the President need not get into the kind of detail covered by these sentences, the tone of the language is not very supportive, and the last sentence implies that the legislation must reflect the views presented in public testimony in order to hold the President's support (that sounds like an order to Senator Proxmire).

We have discussed this with the Assistant General Counsel of Treasury responsible for this matter and he agrees that the letter would serve the required purpose without the last two sentences.



Stu Eizenstat
Bob Ginsburg

Dear Mr. Chairman:

Thank you for your letter of May 9, 1977, on the issue of overseas bribery. As you know, the United States and six other nations participating in the London Summit reached a general commitment to work toward the elimination of foreign bribery in international trade, banking, and commercial transactions. I believe this commitment will help bring the anti-bribery treaty exercise currently underway in the United Nations Economic and Social Council to a successful conclusion.

I strongly support passage of anti-bribery legislation which proscribes, with criminal sanctions, foreign bribery and which would require companies to maintain accurate books and records and to implement adequate accounting controls. Preferably, the accounting provision would make clear that the Securities and Exchange Commission has the power to adopt rules and regulations. However, I would not object to section 102 of S. 305, or a similar provision, provided that the views of the members of the public

who would be affected by this provision are adequately taken into account and reflected in it before it is enacted by the Congress.

Sincerely,

Jimmy Carter

The Honorable
William Proxmire, Chairman
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, DC 20510

THE WHITE HOUSE
WASHINGTON

ACTION	FYI
<input checked="" type="checkbox"/>	MONDALE
<input checked="" type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
<input checked="" type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
<input checked="" type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

<input checked="" type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input checked="" type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input checked="" type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input checked="" type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE WHITE HOUSE

WASHINGTON

Date: June 17, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Frank Moore
Jack Watson
Zbigniew Brzezinski
Bert Lance
Bob Lipshutz

FOR INFORMATION:

The Vice President

TOP

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Sec. Blumenthal's memo 6/15/77 re Reply to Senator Proxmire's letter concerning anti-bribery legislation

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME:

IMMEDIATE

DAY:

TURNAROUND

DATE:

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

[Handwritten signature]

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

THE WHITE HOUSE

WASHINGTON

Date: June 17, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Frank Moore
Jack Watson
Zbigniew Brzezinski
Bert Lance
Bob Lipshutz

FOR INFORMATION:

The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Sec. Blumenthal's memo 6/15/77 re Reply to Senator Proxmire's letter concerning anti-bribery legislation

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME:

IMMEDIATE

DAY:

TURNAROUND

DATE:

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

DIRECTOR'S CORRESPONDENCE

Action to:	
Herky Harris	
Reply for:	Dir <input checked="" type="checkbox"/> Dep <input type="checkbox"/>
Control No:	Due Date:
0005	6/17
Info Copies:	

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

THE WHITE HOUSE

WASHINGTON

Date: June 17, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Frank Moore
Jack Watson
Zbigniew Brzezinski
Bert Lance
Bob Lipshutz

FOR INFORMATION:

The Vice President

1977 JUN 17 AM 10 10

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Sec. Blumenthal's memo 6/15/77 re Reply to Senator Proxmire's letter concerning anti-bribery legislation

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME:

IMMEDIATE

DAY:

TURNAROUND

DATE:

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

Please note other comments below:

No comment.
Jaw

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

THE WHITE HOUSE

WASHINGTON

Date: June 17, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Frank Moore
Jack Watson
Zbigniew Brzezinski
Bert Lance
Bob Lipshutz

FOR INFORMATION:

The Vice President

HL
SL

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Sec. Blumenthal's memo 6/15/77 re Reply to Senator Proxmire's letter concerning anti-bribery legislation

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME:

IMMEDIATE

DAY:

TURNAROUND

DATE:

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

No real reason to tell Prox we support House passage of a Bill, which has already passed the Senate, which is Prox's sphere of influence. Consider writing letter to House Committee chairman with copy to Prox. D. Tate (Senate)

OK Bill = concurs w Tate

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

MEMORANDUM
OF CALL

TO: Bill

YOU WERE CALLED BY— YOU WERE VISITED BY—

NSC
OF (Organization)

PLEASE CALL → PHONE NO. CODE/EXT. _____

WILL CALL AGAIN IS WAITING TO SEE YOU

RETURNED YOUR CALL WISHES AN APPOINTMENT

MESSAGE

*They concern in
entire briefing
memo from
Sec Blumenthal*

RECEIVED BY	DATE	TIME
<i>Trudy</i>	<i>6/17</i>	<i>5:30</i>

STANDARD FORM 63
REVISED AUGUST 1967
A FPMR (41 CFR) 101-11.6
GPO : 1969-048-15-80341-1 332-389 63-108



Priority

Staffing

THE SECRETARY OF THE TREASURY
WASHINGTON

June 15, 1977

1977 JUN 15 AM 11 49

MEMORANDUM FOR THE PRESIDENT

Subject: Reply to Senator Proxmire's letter concerning
anti-bribery legislation

Senator Proxmire has written to you commending your leadership on the bribery issue at the London Summit and asking for your support of House passage of the Senate anti-bribery bill (S. 305). The House and Senate anti-bribery bills would impose criminal sanctions against bribery of foreign officials, but the Senate bill also contains specific requirements for corporate bookkeeping and special accounting controls, for which Senator Proxmire is seeking your endorsement. Mark-up of the House anti-bribery legislation begins Monday, June 20, so Senator Proxmire would like to receive a statement of your position by Friday, June 17.

Recommendation: That you reply to Senator Proxmire that you:

- (a) support the inclusion of an accounting provision in the anti-bribery legislation;
- (b) would prefer the accounting provision to give the SEC power to issue rules and regulations in this area;
- (c) would not object to a provision along the lines of the present Senate bill, provided that the views of members of the public who would be affected by it are adequately taken into account and reflected in it.

Background:

In my testimony in April before the Senate Banking Committee on S. 305, I stated that the Administration supports a requirement that companies maintain accurate books and records. However, I suggested that the Committee take into account public comments received by the Securities and Exchange Commission on proposed regulations which were virtually identical to section 102. The Banking Committee did not do this.

During the past few weeks, representatives of the Treasury Department have met with representatives of the SEC in an attempt to work out a mutually satisfactory way to deal with the accounting problem. Our people proposed new language for section 102 which would give the SEC general power to require, pursuant to new rules and regulations (which would be open to public comment before being issued in final form), companies to maintain records and implement adequate accounting controls. On June 2, the SEC informed Treasury that there were differences of opinion within the SEC on this approach and that it could not support it. Therefore, it does not seem worthwhile for us to try to hold out for the adoption of this approach by the Congress.

In the meantime, I understand that Senator Proxmire and Congressman Eckhardt, the sponsor of the House bill, have agreed to the inclusion of an accounting provision in the anti-bribery legislation. The American Institute of Certified Public Accountants has indicated that it would not oppose this provision if several relatively minor changes of wording are made in it, and Senator Proxmire and Congressman Eckhardt have apparently agreed to these changes.

Mike

W. Michael Blumenthal

Attachments (2)

Dear Mr. Chairman:

Thank you for your letter of May 9, 1977, on the issue of overseas bribery. As you know, the United States and six other nations participating in the London Summit reached a general commitment to work toward the elimination of foreign bribery in international trade, banking, and commercial transactions. I believe this commitment will help bring the anti-bribery treaty exercise currently underway in the United Nations Economic and Social Council to a successful conclusion.

I strongly support passage of anti-bribery legislation which proscribes, with criminal sanctions, foreign bribery and which would require companies to maintain accurate books and records and to implement adequate accounting controls. Preferably, the accounting provision would make clear that the Securities and Exchange Commission has the power to adopt rules and regulations. However, I would not object to section 102 of S. 305, or a similar provision, provided that the views of the members of the public

who would be affected by this provision are adequately taken into account and reflected in it before it is enacted by the Congress.

Sincerely,

Jimmy Carter

The Honorable
William Proxmire, Chairman
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, DC 20510

1977 MAY 9 PM 2 32

RECEP. AND SECURITY UNIT
THE WHITE HOUSE
WASHINGTON

17

WILLIAM PROXMIRE, WIS., CHAIRMAN	
JOHN SPARKMAN, ALA.	EDWARD W. BROOKE, MASS.
HARRISON A. WILLIAMS, JR., N.J.	JOHN TOWER, TEX.
THOMAS J. MC INTYRE, N.H.	JAKE GARN, UTAH
ALAN CRANSTON, CALIF.	H. JOHN HEINZ III, PA.
ADLAI E. STEVENSON, ILL.	RICHARD G. LUGAR, IND.
ROBERT MORGAN, N.C.	HARRISON SCHMITT, N. MEX.
DONALD W. RIEGLE, JR., MICH.	
PAUL S. SARBANES, MD.	

United States Senate

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFA
WASHINGTON, D.C. 20510

KENNETH A. MC LEAN, STAFF DIRECTOR
JEREMIAH S. BUCKLEY, MINORITY STAFF DIRECTOR
MARY FRANCES DE LA PAVA, CHIEF CLERK

May 9, 1977

FM

*ack/disp by States
10 MAY 1977
Treasury*

The President
The White House
Washington, D. C.

Dear Mr. President:

Both the New York Times and the Washington Post reported this morning on your leadership at the meeting of seven industrialized western nations in London on the issue of foreign bribery. I commend you for taking the lead on this important subject.

The Senate passed a strong anti-bribery bill (S. 305) last Thursday by voice vote. This is essentially the same bill that was debated in the Senate last year and passed 86-0. That legislation did not pass out of the House Committee last year due to the lateness of the session and opposition to the bill by the accountants.

Secretary Blumenthal testified before the Senate Banking Committee of which I am Chairman that passage of S. 305 would provide an incentive for a multi-lateral ban on foreign bribery such as discussed in London by you and reported in the press. As you know, S. 305 contains provisions requiring corporations to maintain accurate books and records as well as proscribing with criminal sanctions foreign bribery. These sections are intended to operate in tandem to put an end to the bribery of foreign government officials for business purposes. I understand that the accountants' position on the legislation has changed and that they do not oppose the accounting sections of the nature contained in S. 305.

With this background, I urge that you firmly state your view in favor of House passage of S. 305

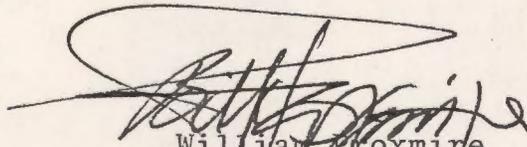
The President

Page 2

May 9, 1977

including both the accounting and criminalization provisions. Your further leadership in this regard will ensure the passage this year of a tough and effective anti-bribery bill.

Sincerely,



William Proxmire
Chairman

WP:1mg

THE WHITE HOUSE

WASHINGTON

~~222~~ 342

Date: June 17, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Frank Moore
Jack Watson
Zbigniew Brzezinski
Bert Lance
Bob Lipshutz

FOR INFORMATION:

The Vice President

X C Camp
Ginsburg

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Sec. Blumenthal's memo 6/15/77 re Reply to Senator Proxmire's letter concerning anti-bribery legislation

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME:

IMMEDIATE

DAY:

TURNAROUND

DATE:

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

THE WHITE HOUSE
WASHINGTON

June 20, 1977

THE PRESIDENT HAS SEEN.

*Frank
equivocal -
will talk to
Schlesinger - no
decision tomorrow
J*

MEMORANDUM FOR THE PRESIDENT

FROM: DAN TATE *DT*
THROUGH: FRANK MOORE *F.M.*
SUBJECT: Suggested call to Senator Scoop Jackson

On either Tuesday or Wednesday the Energy and Natural Resources Committee, which Senator Jackson chairs, will vote on the Clinch River authorization. The vote is very close and Jackson will be the key since he will probably carry with him Senator Johnston and possibly influence those now leaning for us.

On the eighteen-member committee, my check shows 6 for us, 3 leaning for us, 6 against us, 1 leaning against us, and two unknowns (Jackson and Johnston.) Earlier this year Jackson expressed doubts about the need for Clinch River but now seems to be reconsidering his position and may even be inclined to support the project due at least in part to pressure from Senator Baker and the desire to help Senator Sasser. If he does, we will lose in Committee and will have him working against us on the Floor where he is very effective as evidenced by the Warnke nomination.

I cannot emphasize too strongly the importance of the committee vote in determining the outcome on the issue as a whole.

A call from you could swing Jackson our way.

+ Bumpers Ford Abourezk Metzenbaum Metcalf Durkin	?+ Matsunaga Haskell Hatfield	- Church Hansen McClure Bartlett Domenici Laxalt	?- Weicker	? Jackson Johnston
---	--	--	---------------	--------------------------

THE WHITE HOUSE
WASHINGTON

ACTION	FYI
	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
X	MOORE
	POWELL
	WATSON

	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
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
X	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE WHITE HOUSE
WASHINGTON

June 20, 1977

Frank Moore
Tim Kraft

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

Rick Hutcheson

Re: Drop By to Congressional
Group Meeting re Water
Projects

THE PRESIDENT HAS SEEN,
THE WHITE HOUSE
WASHINGTON

*ok -
Tentative
only*

J

MEETING: Presidential drop by
LENGTH: 2 minutes
DATE: June 21, 1977
PURPOSE: To drop by reception for 10 to 15 Members of Congress and 8 Hill staff members who were instrumental in the vote on water projects last week.
BACKGROUND: A brief drop by would be very helpful when the water projects legislation gets into conference.
EVENT DETAILS: Location: Small Staff Mess
Time: 5:30 p.m. to 6:15 p.m.

Approved by Frank Moore

FM

Date of Submission: June 20, 1977

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

ACTION	
FYI	
	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
X	MOORE
	POWELL
	WATSON

	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
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

X	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE WHITE HOUSE
WASHINGTON

June 20, 1977

Frank Moore
Jim Schlesinger

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

Rick Hutcheson

Re; Suggest Call to Senator
Scoop Jackson

6/20/77

c

THE PRESIDENT HAS SEEN.

EYES ONLY FOR THE PRESIDENT

**Electrostatic Copy Made
for Preservation Purposes**

EYES ONLY

June 20, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze ^{CLS}
SUBJECT: New Data on Consumer Prices and Manufacturers'
New Orders

Consumer Price Index

The Consumer Price Index in May rose 0.6 percent compared to 0.8 percent in April, and an average of 0.8 percent in the first four months of the year. (The CPI will be released tomorrow morning at 10:00 a.m.)

The increases were fairly evenly spread through major categories: food, 0.7 percent; commodities except food, 0.4 percent; services, 0.7 percent. The number we watch with special care, "all items less food and energy," rose by 0.6 percent.

The decline in the rate of increase is good, but not good enough. For the last several months consumer prices less food and energy have been running at about 0.6 percent, which is a 7 percent annual rate, about 1 percent above what we think is the underlying rate of inflation.

Manufacturers' New Orders

Manufacturers' orders rose 0.5 percent in May. The item that we watch most closely, new orders for capital goods, fell slightly after a large rise in April. The months of April and May taken together were 2 percent above the first quarter average. We need to see steady rises in the capital goods new orders in order to have the kind of economic performance we want. The May numbers neither confirm nor refute our hope for continuing good increases in business investment.