

**8/4/77 [1]**

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 8/4/77 [1]; Container 35

To See Complete Finding Aid:

[http://www.jimmycarterlibrary.gov/library/findingaids/Staff Secretary.pdf](http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf)

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/att	From Brzezinski to The President (9 pp.) re: Hungary: Crown of St. Stephen / enclosed in Hutcheson to Brzezinski 8/4/77 <i>3 pp. opened per RAC NLC 126-8-31-1-8, 2/6/13</i>	8/3/77	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec. - Pres.  
 Handwriting File 8/4/77 [1] Box 42

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

THE PRESIDENT'S SCHEDULE

Thursday - August 4, 1977

---

- 8:00 Dr. Zbigniew Brzezinski - The Oval Office.
- 8:30 Mr. Frank Moore - The Oval Office.
- 8:45 Meeting With Senate Select Committee on Intelligence.  
(30 min.) (Mr. Frank Moore) - The Cabinet Room.
- 9:20 Signing Ceremony for S. 826, Bill Creating the Department of Energy, and H.R. 692, Small Business Administration Act Amendments. (Mr. Frank Moore) - Rose Garden.  
(15 min.)
- 10:00 Mr. Jody Powell - The Oval Office.
- 10:30 Arrival Ceremony for His Excellency Mwalimu Julius K. Nyerere, President of the United Republic of Tanzania - The South Grounds.
- 11:00 Meeting With His Excellency Mwalimu Julius K. Nyerere, (Dr. Zbigniew Brzezinski).  
(60 min.) The Oval Office and Cabinet Room.
- 1:15 Meeting with Secretary Harold Brown and Group of National Leaders. (Mr. Landon Butler and Dr. Zbigniew Brzezinski).  
(30 min.) The Cabinet Room.
- 2:30 Mr. Jimmy C. Murphy, U.S. Marshal, Savannah, and Mrs. Shirley Murphy. (Mr. Hugh Carter).  
(5 min.) The Oval Office.
- 2:40 Meeting with Scout Troop #139 of Calhoun, Georgia.  
(10 min.) (Ms. Fran Voorde) - The Rose Garden.
- 7:30 Working Dinner (Business Suit) With His Excellency Mwalimu Julius K. Nyerere.  
The State Floor.

THE PRESIDENT'S SCHEDULE

Thursday - August 4, 1977

NOT ISSU

8:00 Dr. Zbigniew Brzezinski - The Oval Office.  
 8:30 Mr. Frank Moore - The Oval Office.  
 8:45 Meeting With Senate Select Committee on Intelligence (30 min.) (Mr. Frank Moore) - The Cabinet Room.  
 9:20 Signing Ceremony for S. 826, Bill Creating the Department of Energy, and H.R. 692, Small Business Administration Act Amendments. (Mr. Frank Moore) - Rose Garden.  
 10:00 Mr. Jody Powell - The Oval Office.  
 10:30 Arrival Ceremony for His Excellency Mwalimu Julius K. Nyerere, President of the United Republic of Tanzania - The South Grounds.  
 11:00 Meeting With His Excellency Mwalimu Julius K. Nyerere, (Dr. Zbigniew Brzezinski). (60 min.) The Oval Office and Cabinet Room.  
 1:15 Meeting with Secretary Harold Brown and Group of National Leaders. (Mr. Landon Butler and Dr. Zbigniew Brzezinski). (30 min.) The Cabinet Room.  
 2:15 Statement on Undocumented Aliens - Press Room.  
 2:30 Mr. Jimmy C. Murphy, U.S. Marshal, Savannah, and Mrs. Shirley Murphy. (Mr. Hugh Carter). (5 min.) The Oval Office.  
 2:40 Meeting with Scout Troop #139 of Calhoun, Georgia. (10 min.) (Ms. Fran Voordo) - The Rose Garden.  
 7:30 Working Dinner (Business Suit) With His Excellency Mwalimu Julius K. Nyerere. The State Floor.

Nyerere Tanzania 8-4

14 - Father - 2 years

Wise leader - Proud

Senior statesman

Philosopher

Writer - Spokesman

US / AFRICA

Rhodesia - Zimbabwe

Namibia, etc

KA-REE-BOO

(WELCOME)

Electrostatic Copy Made  
for Preservation Purposes

THE WHITE HOUSE  
WASHINGTON

August 4, 1977

The Vice President

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

Rick Hutcheson

cc: Stu Eizenstat  
Bob Lipshutz  
Frank Moore  
Jack Watson  
Z. Brzezinski

Re: Foreign Surveillance Prevention  
Act .

THE WHITE HOUSE  
WASHINGTON

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

ACTION	FYI	
X		MONDALE
		COSTANZA
	/	EIZENSTAT
		JORDAN
	/	LIPSHUTZ
	/	MOORE
		POWELL
	/	WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

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

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

DRAFT

WHITE HOUSE PRESS RELEASE

To VP.  
Strengthen for  
later release  
(end of Aug.)  
J

With modern technology, sophisticated electronic equipment is readily available to foreign governments which may be used to intercept various types of commercial telecommunications including microwave transmission of public and government telephone calls. We know that such equipment has been used in some instances to collect information from our government departments, government defense contractors and US business and industry. The types of information intercepted by these means could include industrial data, commodity and monetary transactions, and business and technology developments. Although unclassified, this information could be of considerable economic and technological importance and its intercept would be detrimental to the interests of our country.

National security and defense-related communications circuits involving classified information have long been secured and are not threatened. The Government, therefore, has no plans to change the rules concerning safeguarding of this information or circuits over which this information is passed.

In the case of unclassified communications important to the national interest, and where the application of protective devices is not feasible, the Government has taken other means to protect these circuits. A program was begun in high threat areas in 1975 to transfer Government circuits from above ground microwave to underground cables. The President has directed continuation of this program as well as an active research and development program seeking further microwave protection techniques.

A careful review was made of the impact of insisting that the foreign intercept operations cease or of demanding the removal of intercept equipment. However, measures such as demanding the simple removal of visible antennae would be relatively ineffective since a variety of alternative techniques and sites are available, including the possibility of interception from sites beyond the territorial limits of the United States.

Electrostatic Copy Made  
for Present and Future Purposes

Thus, we must recognize, as a fact of modern life, that all countries are subject to technological penetration such as photography from satellites and telecommunication interception. It is our responsibility to protect information deemed essential to our national interest, and these actions are prudent initiatives to accomplish that goal. If steps beyond these prove to be required in the future, the President will not hesitate to undertake them. However, in all cases we will ensure that these governmental actions are fully consistent with existing laws regarding privacy of domestic communications.

There are several circumstances which mitigate against the threat of intercept of private citizens' telephone calls. First, due to the nature of these private conversations, the vast majority of them would not be of interest to foreign governments. Further, some measure of protection against microwave intercept is already provided in that directly dialed long-distance calls are inherently difficult to intercept due to the characteristics of the equipment employed in this network. Finally, all private calls are protected by law from criminal domestic acts such as wiretaps or intercepts. This Administration will strongly enforce these laws and continue to review and assess the need for protection in this area.

The President recognizes and shares the concerns of business, industry, and the private citizens. The Government will continue research and development on techniques to protect these communications. Private carriers are already engaged in developing systems which will provide increasing protection and we will encourage these efforts. The Senate Select Subcommittee for Intelligence has been fully informed of the threat and the complex of related problems. The President intends to keep the public and the Congress fully informed of developments on this subject and will work with the Congress in developing any enabling legislation that may be necessary.

In view of the potential significance of this threat, the President directed early in his Administration that an interagency study be undertaken concerning the growing foreign threat of the interception of U.S. telecommunications systems. Based on his review of this study, he has directed the following actions:

-- In view of rapidly advancing technology which potentially threatens the privacy of communications of an unclassified nature,

an interagency National Telecommunications Protection Board shall be established within the National Security Council system. This Board will review, assess, and assure implementation of effective protection techniques for the Government and provide maximum assistance to the private sector to enhance its protection from interception. The President's Science Adviser will chair the Board and head this program with the assistance of the Secretary of Commerce.

-- The Department of Commerce has been directed to examine the problems of protection in the private sector and to assist this sector wherever possible by recommending protection techniques, equipment, and providing technological assistance. Furthermore, the President will ask the Chairman of the Federal Communications Commission to review regulatory policies to facilitate the application of protection techniques. He will also be asked to seek an assessment from the carriers of their capabilities to enhance telecommunications protection which could lead to changes in regulatory policy or to further legislation.

-- The President has directed the Attorney General to review the need for additional legislation and criminal penalties to safeguard against the invasion of privacy in communications.

-- A program of briefing affected telecommunications carriers of the threat as well as advising them of the potential for system protection techniques has been undertaken. This will enable the carriers to apply their expertise and assistance in deriving solutions of their own to enhance communications privacy. A similar program has been arranged for government contractors and other affected industry and corporation executives.

# Senator Daniel Patrick Moynihan

New York

For Release  
Wednesday, July 27, 1977  
11:00 a.m.                     

Contact: Tim Russert  
202/224-4451

Statement by Senator Daniel Patrick Moynihan (D., N.Y.)  
on introducing  
The Foreign Surveillance Prevention Act

For some years now, we have been concerned with the manner in which sophisticated electronic technology threatens the traditional right to privacy guaranteed Americans by the Constitution of the United States. Our Constitution, of course, instructs the government that certain fundamental rights cannot be infringed. Moreover, it provides that the government, in effect, must restrict the actions of one citizen which have the effect of denying another his basic rights.

As a member of the Select Committee on Intelligence, I have been drawn to the matter of how the gathering of intelligence information by our government -- especially by electronic means -- may infringe upon individual rights. Our Committee now has before it legislation which establishes procedures and safeguards for the American government to follow whenever it seeks to protect the country from foreign espionage. The premise of such legislation is obvious: that, in the process of protecting the nation's security, we must not at the same time abuse the rights of the citizens we seek to protect.

The record is clear on this point: intelligence agencies of this government have, in the past, acted improperly, and individual citizens have suffered thereby.

But the matter cannot rest here. For the violation of privacy by electronic means, the use of sophisticated electronics equipment to intercept telephone calls, data transmissions, and the like has become a major enterprise of the principal totalitarian government in the world, that of the Soviet Union. Through the use of machinery installed at its diplomatic missions around the United States -- in New York, in Washington, D. C., in San Francisco -- Soviet espionage services have eavesdropped on "hundreds of thousands, even millions" of Americans (so the Chicago Tribune reported in June of 1975) and have presumably used the information gained thereby to advance the

July 27, 1977

Page Two

national interests of the Soviet Union. Private communications of all sorts have been violated -- and on a scale that dwarfs any previous surveillance effort by friend or foe alike.

Yet a curious -- even eerie -- unwillingness exists to confront not merely the dimensions of the problem, but also to imagine that we in the United States can do anything about this! I have stated that I regard it as the responsibility of the government of the United States to protect the right of privacy of all citizens, regardless of whether the threat comes from our own government or foreign governments. I believe that the Fourth Amendment to the Constitution, which protects the right to privacy, is under assault by foreign powers, and that it is time for the U. S. Government to do something about it.

Now that the question of massive Soviet eavesdropping has come to the fore once again -- for the third time in the past two years -- I can say that it is bewildering that the government of the United States refuses to acknowledge its responsibilities in this matter. It refuses to say either to the American people -- or to the Soviet Union, so far as we know -- that Soviet eavesdropping is unacceptable, that it must cease, that it is a crime under American law, that it will not be permitted by us -- even if the perpetrators of that crime happen to enjoy diplomatic immunity. To be sure, we cannot arrest and prosecute foreign diplomats. But we can tell them to leave the United States if they persist in ignoring our representations on this question.

It is time to end the massive pattern of avoidance, which enables us to ignore the reality of Soviet illegalities, of Soviet efforts to deprive American citizens of their fundamental rights on our own soil.

Frankly, I would not have thought it necessary to introduce legislation that would speak directly to this point. I had thought that the government would of its own initiative act to protect the Fourth Amendment rights of American citizens. I found, however, that the government took another view. Mr. Anthony Lapham, General Counsel of the Central Intelligence Agency, at a hearing of the Senate's Select Committee on Intelligence held on July 20, 1977, replied to my question on this point that, "As much as we would like to think

July 27, 1977  
Page Three

that the Fourth Amendment applies to the Soviet Union, I do not think the Constitution supports you on that."

Fair enough, the Fourth Amendment restricts the powers of the American government only. Yet this observation should be but the beginning, and not the end, of our government's response to Soviet wiretapping. For the Fourth Amendment grows out of a conviction that the rights of man are natural rights, and are to be protected from all enemies -- "foreign and domestic" -- as the well-known phrase of our Constitutional oath has it.

Accordingly, as the government seemingly cannot find a Constitutionally-compelled responsibility to deal with the implications of foreign electronic surveillance of American citizens, I am offering legislation which would establish a specific legal requirement for the government to do so. The bill I shall introduce today will establish three requirements for dealing with this situation.

First, the President will be obliged to inform individual citizens whenever he learns that there are reasonable grounds for believing that they are targets of foreign electronic surveillance. Second, he will be obliged to inform the Intelligence and Judiciary Committees of the House and Senate that such foreign electronic surveillance is underway. Third, he will be obliged to inform the offending foreign power that its actions are illegal under American law and that such actions should cease. Finally, the President is enjoined to expel from the United States those foreign agents engaged in such activity and possessing diplomatic immunity, should they persist in such actions. The bill is carefully drawn and its definitions are clearly formulated, and are based largely on the law which makes wiretapping a crime when an American engages in it. The bill also contains adequate safeguards both for the sources and methods of U. S. intelligence and for the general foreign relations of the United States.

The principle here is simple: so far as electronic surveillance is concerned our law defines what Americans cannot do to each other; it is time for a law which says what foreign governments cannot do to us.

I cannot stress too strongly that modern technology has given to foreign espionage a new dimension which needs to be understood in

July 27, 1977  
Page Four

this country. The targets of Soviet interception of telephone communications now include our businesses, our banks, our brokerage houses, as frequently as our government agencies. Soviet espionage seeks to penetrate into other aspects of American life -- commercial, intellectual, political -- as much as it seeks illegal entry into the councils of governments. This is precisely why the problem is now one of interest to all Americans in their daily lives -- not an abstract problem for intelligence operatives in trench coats.

I hope that the intelligence committee will consider my bill as a companion measure to S.1566, the Foreign Intelligence Surveillance Act, currently before it. The legislation I propose will bring our consideration of the threat to privacy into better balance; it will alert Americans to the scope of foreign activities directed against our country. It will provide clear and unambiguous statutory authority to aid the President of the United States in his solemn responsibility -- the defense of the Constitution of the United States.

\* \* \* \* \*

THE WHITE HOUSE  
WASHINGTON

August 4, 1977

Jack Watson

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

Rick Hutcheson

cc: Stu Eizenstat

RE: CABINET MEETINGS IN AUGUST

THE WHITE HOUSE  
WASHINGTON

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

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

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

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

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

C

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson *Jack*  
Jane Frank

August 3, 1977

RE: Cabinet Meetings in August; Miscellaneous  
Cabinet Items

Dates for Next Meeting

We have polled the Cabinet on possible dates for a Cabinet meeting or meetings prior to the end of the Congressional recess. Bob Bergland and Joe Califano will be unable to attend a meeting on Monday, August 29; Harold Brown may not be available; but the rest will be available. The entire Cabinet except Bert Lance could attend a Cabinet meeting on Tuesday, September 6, the day after Labor Day. As you know, Congress comes back in session on Wednesday, September 7.

Do you want to hold a Cabinet meeting on Monday, August 29? Yes  No

Do you want to hold a Cabinet meeting on Tuesday, September 6? Yes  No

Do you want to <sup>hold a</sup> Cabinet meeting earlier in August? Yes  No

Date \_\_\_\_\_

Weekly Summaries

Some Cabinet members have asked whether they should continue to submit weekly summaries during this month. We recommend that this practice continue in lieu of Cabinet meetings.

Continue to submit weekly summaries Yes  No

Electrostatic Copy Made  
for Preservation Purposes

Format

Recently, several Cabinet members have raised privately with us whether the format and frequency of Cabinet meetings might be changed. You considered this issue in May and decided to continue to hold weekly meetings. There is no question--in our minds at least--that the existing format allows for important discussion before, during and after the meetings. The more Cabinet Secretaries see each other and talk to each other, the better Cabinet government works. Obviously, the meetings also provide a forum where you can express your opinions and get their reactions, and they can have a chance to learn precisely where you stand on some issues. But it may be time to move to bi-weekly sessions, or at least to ask the Cabinet's views once again.

Poll the Cabinet on format and frequency of Cabinet meetings      Yes \_\_\_\_\_ No

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

Finally, you asked at the last Cabinet meeting why certain extra people were sitting around the room. As Jack explained, we have been inviting one extra person--usually from the junior staff--to each Cabinet meeting. The reason for this is to expose them to Cabinet Secretaries and to you so that they have a better sense of what goes on in the White House. To the best of our knowledge, these people have not been the source of any leaks, and we know that they have appreciated enormously the opportunity to attend a Cabinet meeting. We suggest that the practice be continued.

Continue to invite one person to Cabinet meetings      Yes \_\_\_\_\_ No

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

THE SECRETARY OF STATE  
WASHINGTON

SECRET/NODIS

July 28, 1977

MEMORANDUM FOR: THE PRESIDENT  
From: Cyrus Vance *CVW*  
Subject: The Return of the Crown of St. Stephen

I believe the following scenario for the return of the Crown of St. Stephen would be appropriate.

Timing and Means of Return

It would be quite helpful if we could return the Crown by September 15 before the opening of the CSCE Conference around September 25. This act could strengthen our position at the conference and highlight the fact that Hungary's record in implementing Helsinki is the best of all the European countries.

The Crown should be returned by an American delegation headed by a distinguished government or public figure. The Vice President or Governor Harriman would be suitable for such a role. Members of Congress should be included in the delegation as well as the Secretary of the Smithsonian Institution to emphasize the cultural nature of the Crown.

Consultations with the Hungarian Government

When Ambassador Kaiser presents his credentials in early August I suggest that he inform the Hungarian President that we are prepared to return the Crown provided that both countries agree upon certain basic conditions. These are:

--Various segments of the Hungarian public, including the Roman Catholic Primate, would participate in the ceremonies marking the return of the Crown.

--The Crown would be displayed publicly and appropriately in a historical location not associated with the Communist Party.

--The Crown would be treated with respect.

SECRET/NODIS  
GDS

DECLASSIFIED  
Per, Rac Project  
ESDN; NLC-12C-8-31-1-8  
BY *KS* NARA, DATE 2/5/13

The Hungarians have told us privately that they are prepared to meet these conditions. In addition, we will seek to arrange a ceremony which will emphasize the national, religious and cultural nature of the Crown. We would hope to secure an official statement to the effect that Hungarians from all over the world will be free to visit Hungary and view the Crown.

#### Congressional Consultations and Participation

We will want to inform Congressional leaders before you announce your decision. I think we should do so only after Ambassador Kaiser has arranged an appropriate scenario with the Hungarians. This should enable us to deal more effectively with any possible criticism.

I have attached a list of Members of Congress who could be included in the delegation to Budapest.

#### Hungarian-American Community

We are reasonably confident that once your decision is taken most of the members of the Hungarian-American community who oppose the Crown's return will support the decision. Participation by key members of Congress in the delegation returning the Crown would contribute to that end. I would suggest that we not inform representatives of the Hungarian-American community before you announce your decision.

#### The Vatican

I believe that we also should inform the Vatican prior to the return of the Crown. The Vatican Foreign Minister Casaroli has told us that the Crown should be returned but the Pope does not consider the present to be an opportune time. I believe that our proposed scenario, especially participation by the Cardinal Primate, would allay the Vatican's concerns.

#### Preparation and Shipment

The Crown and its accompanying regalia will be prepared for shipment by the Smithsonian Institution. I would

~~SECRET/NODIS~~

-3-

suggest that we transport the Crown and delegation by a US Air Force plane.

If you agree, we will move forward with this scenario.

~~SECRET/NODIS~~

## Proposed Congressional Delegation

### The Senate

Humphrey - He has been actively in favor of returning the Crown. His leadership position in the Senate as well as his international prominence make him an excellent candidate for the delegation.

Pell - As a member of the SFRC, Pell (who served in Czechoslovakia as an FSO), has been actively interested in Eastern European affairs over the years.

Griffin - Griffin supported return of the Crown during the confirmation hearing of Phil Kaiser.

### The House

Vanik - As Chairman of the Ways & Means Subcommittee on Trade, he has been the principal mover on the House side behind returning the Crown.

Frenzel - Ranking Minority member on the Trade Subcommittee, Frenzel has also supported this step.

Zablocki - Long a supporter of steps to improve our relations with the individual countries within Eastern Europe.

Findley - Although a loner in the House, he has been a firm supporter on any steps toward improved relations with Eastern Europe.

Fascell - As Chairman of the CSCE Commission, Fascell has become increasingly active in Eastern European affairs. Hungary's good record (by East European standards) on human rights might make this the most appropriate country to visit in view of the CSCE Chairmanship.

Derwinski - He is the most influential Republican on Eastern European affairs and within the ethnic community, but he is on record as opposing return of the Crown. He has told us that this is a pro forma position and he would not have his heart in any effort to block the move. We recommend that he be offered a place on the delegation.

→ FILE  
Hungary

THE WHITE HOUSE  
WASHINGTON

~~RH~~  
↑

Mr. President:

Hamilton favors the third option: do nothing now. From a domestic political point of view, it is not worth the trouble it would cause at this point in time.

Rick

Keep this  
as per N  
file

MEMORANDUM

THE PRESIDENT HAS SEEN.

110  
8/4/77

THE WHITE HOUSE  
WASHINGTON

e

3 August 1977

TO: THE PRESIDENT  
FROM: RICK HUTCHESON  
SUBJECT: Summary of Memos Not Submitted

*Rick*

1. COSTANZA MEMO informing you that she has received petitions with 5000 signatures from Cong. Mikulski, urging your support of H.R. 1037 as originally drafted (with 30% cargo equity instead of the 9 1/2% supported by the Administration).
2. JUANITA KREPS MEMO informing you of "outreach efforts" she has undertaken. She has made short trips to: Pittsburgh, Philadelphia, New York, Chicago, St. Louis, Dallas, Detroit, Tucson, Los Angeles and Boston, checking into the use of Local Public Works funds and other EDA grants in cities facing heavy unemployment and urban decline. On these trips she has met with state and local officials, business representatives and regional DoC employees, has held news conferences, and has announced LPW grants. Next, she plans to visit 4 smaller cities, beginning with Louisville, Kentucky, to meet with representatives of small and large business.
3. MEMOS FROM BLUMENTHAL, LANCE & GILLIGAN informing you of new policy directions for the Overseas Private Investment Corporation, which have been endorsed by the EPG and the OPIC Board, and are reflected in the authorizing legislation already submitted to Congress.

OPIC works to promote U.S. foreign investment in developing countries by insuring against political risk. Its authority to issue new insurance expires at the end of 1977. The new policy directions included in the new authorizing legislation include the following:

**Electrostatic Copy Made  
for Preservation Purposes**

- OPIC should not be forced to transfer all insurance functions to private companies by 1980, because this timetable is not feasible (private companies are not willing).
- OPIC should sharpen its development focus by concentrating on lower income LDCs.
- Investment in fuels and other raw materials in LDCs should be encouraged to promote development and diversify the world's resources.
- OPIC should continue to strive to be financially self-sustaining; however, this should not override the basic development purpose of the programs.

*Why do  
We need  
OPIC?*

NSC, Watson and Eizenstat all have no comments.

4. JUANITA KREPS MEMO regarding your participation in meetings with business leaders to discuss current policy issues. She feels that the Administration can gain some business support, not necessarily by doing what business advocates, but by inviting the views of business leaders on a wide range of issues, and by explaining our positions to them.

Kreps says that she is pleased that you agreed (on the return flight from New Orleans) to meet with business leaders to discuss tax reform issues before the tax reform package is completed. Eizenstat comments, however, that if you meet with big business leaders on tax reform, you will be under pressure to meet with small business, labor, minority and public interest representatives as well. Stu suggests that you either have one meeting for small and large business persons, and a second meeting for public interest, labor and minority representatives -- or one meeting for all of the groups together. Kraft prefers the one meeting.

- One meeting - business only.
- Two meetings - one for business and one for other groups.
- One meeting for all groups.

Also, Kreps asks if you can attend the Business Roundtable meeting in Hot Springs, Arkansas, on October 14-15. Kraft advises that your travel schedule in October will not permit your participation at this meeting.

*no  
J*

THE WHITE HOUSE  
WASHINGTON

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

STU - PLS RESPOND TO QUESTION  
ON OPIC. Thanks  
Rich

ACTION  
FYI

	MONDALE
	COSTANZA
/ 3	EIZENSTAT # 3 + 4 only
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	LANCE
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
/	BRZEZINSKI # 3 only
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

/	KRAFT # 4 only
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE

WASHINGTON

3 August 1977

TO: THE PRESIDENT *Alsh*

FROM: RICK HUTCHESON

SUBJECT: Summary of Memos Not Submitted

1. COSTANZA MEMO informing you that she has received petitions with 5000 signatures from Cong. Mikulski, urging your support of H.R. 1037 as originally drafted (with 30% cargo equity instead of the 9 1/2% supported by the Administration).
2. JUANITA KREPS MEMO informing you of "outreach efforts" she has undertaken. She has made short trips to: Pittsburgh, Philadelphia, New York, Chicago, St. Louis, Dallas, Detroit, Tucson, Los Angeles and Boston, checking into the use of Local Public Works funds and other EDA grants in cities facing heavy unemployment and urban decline. On these trips she has met with state and local officials, business representatives and regional DoC employees, has held news conferences, and has announced LPW grants. Next, she plans to visit 4 smaller cities, beginning with Louisville, Kentucky, to meet with representatives of small and large business.
3. MEMOS FROM BLUMENTHAL, LANCE & GILLIGAN informing you of new policy directions for the Overseas Private Investment Corporation, which have been endorsed by the EPG and the OPIC Board, and are reflected in the authorizing legislation already submitted to Congress.

OPIC works to promote U.S. foreign investment in developing countries by insuring against political risk. Its authority to issue new insurance expires at the end of 1977. The new policy directions included in the new authorizing legislation include the following:

- OPIC should not be forced to transfer all insurance functions to private companies by 1980, because this timetable is not feasible (private companies are not willing).
- OPIC should sharpen its development focus by concentrating on lower income LDCs.
- Investment in fuels and other raw materials in LDCs should be encouraged to promote development and diversify the world's resources.
- OPIC should continue to strive to be financially self-sustaining; however, this should not override the basic development purpose of the programs.

*Why do  
We need  
OPIC?*

NSC, Watson and Eizenstat all have no comments.

4. JUANITA KREPS MEMO regarding your participation in meetings with business leaders to discuss current policy issues. She feels that the Administration can gain some business support, not necessarily by doing what business advocates, but by inviting the views of business leaders on a wide range of issues, and by explaining our positions to them.

Kreps says that she is pleased that you agreed (on the return flight from New Orleans) to meet with business leaders to discuss tax reform issues before the tax reform package is completed. Eizenstat comments, however, that if you meet with big business leaders on tax reform, you will be under pressure to meet with small business, labor, minority and public interest representatives as well. Stu suggests that you either have one meeting for small and large business persons, and a second meeting for public interest, labor and minority representatives -- or one meeting for all of the groups together. Kraft prefers the one meeting.

- One meeting - business only.
- Two meetings - one for business and one for other groups.
- One meeting for all groups.

Also, Kreps asks if you can attend the Business Roundtable meeting in Hot Springs, Arkansas, on October 14-15. Kraft advises that your travel schedule in October will not permit your participation at this meeting.

*no  
J*

THE WHITE HOUSE

WASHINGTON

July 27, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

MARGARET COSTANZA *mc*

SUBJECT:

H.R. 1037

At the request of Congresswoman Barbara A. Mikulski, I received 5,000 signed petitions urging your support of H.R. 1037 as originally drafted and sponsored by Representative John Murphy, Chairman, House Merchants, Marine, and Fisheries Committee. Presenting the petitions along with Congresswoman Mikulski were representatives of the Baltimore Area Locals of the Industrial Union of Maritime and Ship Building Workers, AFL-CIO, and the United Steel Workers of America, AFL-CIO, as well as the Baltimore AFL-CIO Council.

Their primary concern was that 9 1/2 percent cargo equity would not generate additional ship construction before the mid-1980's. At present the shipyards at Sparrow's Point (Bethlehem Steel) and related yards have 1,300 laid-off workers. They had hoped that H.R. 1037 would generate the jobs to put them back to work, but their concern is that this does not appear to be what will result.

They are most eager to have the Administration take the initiative on other maritime projects under consideration, such as the inclusion of the Virgin Islands under the Jones Act for oil, a dry bulk liner initiative, and changes in the tax laws governing foreign shipping.

The individuals who were present at the meetings where the petitions were received are people who worked hard for you during the campaign. They feel that the lay offs in their industry are a matter of tremendous urgency and I wanted to bring this to your attention.

THE WHITE HOUSE

WASHINGTON

Date: July 29, 1977

MEMORANDUM

*Full page*

FOR ACTION:

Stu Eizenstat  
 Hamilton Jordan *nc*  
 Frank Moore  
 Jack Watson *nc*  
 Bert Lance - *attached*

FOR INFORMATION:

The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Costanza memo dated 7/27/77 re H.R. 1037

YOUR RESPONSE MUST BE DELIVERED  
 TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Monday

DATE: August 1, 1977

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

*What's the status of this  
S'4?*

**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

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

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

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

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

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

Rick -

According to Bill Johnston, HR  
1037 is going to be marked up in  
The House on Tuesday; Senate  
Markup will not be until after  
The recess - in early September.

The bill is expected to pass  
This session, late in the fall.

TJef

3  
THE WHITE HOUSE

WASHINGTON

Date: July 29, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat  
Hamilton Jordan  
Frank Moore  
Jack Watson  
Bert Lance

FOR INFORMATION:

The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Costanza memo dated 7/27/77 re H.R. 1037

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Monday

DATE: August 1, 1977

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

*Please note other comments below:*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

THE WHITE HOUSE

WASHINGTON

Date: July 29, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat  
Hamilton Jordan  
Frank Moore  
Jack Watson  
Bert Lance

FOR INFORMATION:

1977 JUL 29 The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Costanza memo dated 7/27/77 re H.R. 1037

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Monday

DATE: August 1, 1977

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

Please note other comments below:

No comment.

JW

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

THE WHITE HOUSE

WASHINGTON

Date: July 29, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat  
Hamilton Jordan  
Frank Moore  
Jack Watson  
Bert Lance

FOR INFORMATION:

1977 JUL 29 PM 11  
~~The Vice President~~

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Costanza memo dated 7/27/77 re H.R. 1037

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Monday

DATE: August 1, 1977

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

*Please note other comments below:*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.



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

August 1, 1977

MEMORANDUM FOR: RICK HUTCHESON  
Staff Secretary

FROM: James M. Frey *JM Frey*  
Assistant Director for  
Legislative Reference

SUBJECT: Costanza memo dated 7/27/77 re HR 1037

Re the attached July 27 memo from Margaret Costanza to the President on H.R. 1037 and related cargo preference matters, a variety of alternative policies were extensively considered and led to the President's decision, as announced by the Department of Commerce on July 11.

Attachment

THE WHITE HOUSE

WASHINGTON

Date: July 29, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat  
Hamilton Jordan  
Frank Moore  
Jack Watson  
Bert Lance

FOR INFORMATION:

The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Costanza memo dated 7/27/77 re H.R. 1037

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Monday

DATE: August 1, 1977

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

*Please note other comments below:*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

Date: July 29, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat  
Hamilton Jordan  
Frank Moore  
Jack Watson  
Bert Lance

FOR INFORMATION:

The Vice President

*XC Camp Johnston*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Costanza memo dated 7/27/77 re H.R. 1037

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Monday

DATE: August 1, 1977

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

Please note other comments below:

No comment.

*[Handwritten signature]*

THE WHITE HOUSE  
WASHINGTON

3 August 1977

TO: THE PRESIDENT *Rich*  
FROM: RICK HUTCHESON  
SUBJECT: Summary of Memos Not Submitted

1. COSTANZA MEMO informing you that she has received petitions with 5000 signatures from Cong. Mikulski, urging your support of H.R. 1037 as originally drafted (with 30% cargo equity instead of the 9 1/2% supported by the Administration).
2. JUANITA KREPS MEMO informing you of "outreach efforts" she has undertaken. She has made short trips to: Pittsburgh, Philadelphia, New York, Chicago, St. Louis, Dallas, Detroit, Tucson, Los Angeles and Boston, checking into the use of Local Public Works funds and other EDA grants in cities facing heavy unemployment and urban decline. On these trips she has met with state and local officials, business representatives and regional DOC employees, has held news conferences, and has announced LPW grants. Next, she plans to visit 4 smaller cities, beginning with Louisville, Kentucky, to meet with representatives of small and large business.
3. MEMOS FROM BLUMENTHAL, LANCE & GILLIGAN informing you of new policy directions for the Overseas Private Investment Corporation, which have been endorsed by the EPG and the OPIC Board, and are reflected in the authorizing legislation already submitted to Congress.

OPIC works to promote U.S. foreign investment in developing countries by insuring against political risk. Its authority to issue new insurance expires at the end of 1977. The new policy directions included in the new authorizing legislation include the following:

- OPIC should not be forced to transfer all insurance functions to private companies by 1980, because this timetable is not feasible (private companies are not willing).
- OPIC should sharpen its development focus by concentrating on lower income LDCs.
- Investment in fuels and other raw materials in LDCs should be encouraged to promote development and diversify the world's resources.
- OPIC should continue to strive to be financially self-sustaining; however, this should not override the basic development purpose of the programs.

*Why do  
we need  
OPIC?*

NSC, Watson and Eizenstat all have no comments.

4. JUANITA KREPS MEMO regarding your participation in meetings with business leaders to discuss current policy issues. She feels that the Administration can gain some business support, not necessarily by doing what business advocates, but by inviting the views of business leaders on a wide range of issues, and by explaining our positions to them.

Kreps says that she is pleased that you agreed (on the return flight from New Orleans) to meet with business leaders to discuss tax reform issues before the tax reform package is completed. Eizenstat comments, however, that if you meet with big business leaders on tax reform, you will be under pressure to meet with small business, labor, minority and public interest representatives as well. Stu suggests that you either have one meeting for small and large business persons, and a second meeting for public interest, labor and minority representatives -- or one meeting for all of the groups together. Kraft prefers the one meeting.

\_\_\_\_\_ One meeting - business only.

\_\_\_\_\_ Two meetings - one for business and one for other groups.

\_\_\_\_\_ One meeting for all groups.

Also, Kreps asks if you can attend the Business Roundtable meeting in Hot Springs, Arkansas, on October 14-15. Kraft advises that your travel schedule in October will not permit your participation at this meeting.

*no  
J*

THE SECRETARY OF COMMERCE  
WASHINGTON, D.C. 20230

JUL 29 1977

"FYI"

REPORT TO THE PRESIDENT

Subject: Outreach Efforts

You'll recall that in the early days of the Administration you asked that Cabinet Members give their primary attention to the work of their Departments, and that they avoid too much travel and too many speeches. For the first few months, I traveled very little. But more recently I have thought it important to spend some time with a number of people in different cities in order to get a clearer idea of the problems they face and the kinds of missions we might develop to serve their needs.

I have been particularly concerned with the use of Local Public Works funds and with other Economic Development Administration (EDA) grants in cities facing heavy unemployment and urban decline. Accordingly, I have made several short trips, visiting Pittsburgh, Philadelphia, New York, Chicago, St. Louis, Dallas, Detroit, Tucson, Los Angeles, and Boston.

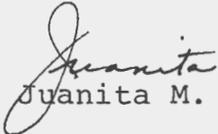
Some notes on a few of these trips may be of interest to you.

- o On June 8, I visited Detroit, Michigan, where I spoke to the Opportunities Industrialization Centers of America National Convocation on the Administration's Local Public Works (LPW) program, emphasizing its impact on minority business investment; held a news conference to announce Round Two LPW grants for the Detroit area and did two television interviews.
- o On June 22 through June 24, I visited Los Angeles, California for three days; participated in a press breakfast, an issues panel (sponsored by the Western Economic Association), a breakfast meeting with representatives of major corporations and a ceremony honoring a company for achieving record export sales; spoke before the Town Hall of California; held a news conference and visited informally with employees of Commerce's Los Angeles field office. On the

return flight to Washington, I stopped in Denver to meet with Colorado Governor Richard D. Lamm, who is chairman of a 16-state lobby concerned about energy impact problems, and with a group of 30 business and civic leaders.

- o On July 3 and 4, I visited Boston, Massachusetts; delivered the annual Boston Municipal Independence Day address at Faneuil Hall and met with Boston Mayor Kevin White and other city officials to discuss economic issues facing Boston. The officials briefed me on plans they are developing to attract business back into Boston's downtown area. The Mayor escorted me on a walking tour of Quincy Market, a restored waterfront commercial area. It was an excellent opportunity to get to know Mayor White, who next year is expected to be elected president of the U. S. Conference of Mayors.
- o I am making plans to travel to four smaller cities to meet with representatives of both large and small business. Each visit will have a particular theme. For example, in Louisville, Kentucky, I will hear an account of how the private sector and government worked together to rebuild Louisville's downtown area.

These outreach efforts provide direct contact with people who are looking for opportunities to express their views and to offer suggestions on a wide range of issues.

  
Juanita M. Kreps

THE WHITE HOUSE  
WASHINGTON

August 4, 1977

Stu Eizenstat -

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

Please respond to the question on OPIC - Thanks.

Rick Hutcheson

Re: OPIC

Meeting with Business Leaders

THE WHITE HOUSE  
WASHINGTON

August 4, 1977

Z. Brzezinski -

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

Stu Eizenstat is checking on the  
OPIC question.

Rick Hutcheson

Re: OPIC

THE WHITE HOUSE

WASHINGTON

3 August 1977

TO: THE PRESIDENT *Rich*

FROM: RICK HUTCHESON

SUBJECT: Summary of Memos Not Submitted

1. COSTANZA MEMO informing you that she has received petitions with 5000 signatures from Cong. Mikulski, urging your support of H.R. 1037 as originally drafted (with 30% cargo equity instead of the 9 1/2% supported by the Administration).
2. JUANITA KREPS MEMO informing you of "outreach efforts" she has undertaken. She has made short trips to: Pittsburgh, Philadelphia, New York, Chicago, St. Louis, Dallas, Detroit, Tucson, Los Angeles and Boston, checking into the use of Local Public Works funds and other EDA grants in cities facing heavy unemployment and urban decline. On these trips she has met with state and local officials, business representatives and regional DoC employees, has held news conferences, and has announced LPW grants. Next, she plans to visit 4 smaller cities, beginning with Louisville, Kentucky, to meet with representatives of small and large business.
3. MEMOS FROM BLUMENTHAL, LANCE & GILLIGAN informing you of new policy directions for the Overseas Private Investment Corporation, which have been endorsed by the EPG and the OPIC Board, and are reflected in the authorizing legislation already submitted to Congress.

OPIC works to promote U.S. foreign investment in developing countries by insuring against political risk. Its authority to issue new insurance expires at the end of 1977. The new policy directions included in the new authorizing legislation include the following:

- OPIC should not be forced to transfer all insurance functions to private companies by 1980, because this timetable is not feasible (private companies are not willing).
- OPIC should sharpen its development focus by concentrating on lower income LDCs.
- Investment in fuels and other raw materials in LDCs should be encouraged to promote development and diversify the world's resources.
- OPIC should continue to strive to be financially self-sustaining; however, this should not override the basic development purpose of the programs.

*Why do  
We need  
OPIC?*

NSC, Watson and Eizenstat all have no comments.

4. JUANITA KREPS MEMO regarding your participation in meetings with business leaders to discuss current policy issues. She feels that the Administration can gain some business support, not necessarily by doing what business advocates, but by inviting the views of business leaders on a wide range of issues, and by explaining our positions to them.

Kreps says that she is pleased that you agreed (on the return flight from New Orleans) to meet with business leaders to discuss tax reform issues before the tax reform package is completed. Eizenstat comments, however, that if you meet with big business leaders on tax reform, you will be under pressure to meet with small business, labor, minority and public interest representatives as well. Stu suggests that you either have one meeting for small and large business persons, and a second meeting for public interest, labor and minority representatives -- or one meeting for all of the groups together. Kraft prefers the one meeting.

- One meeting - business only.
- Two meetings - one for business and one for other groups.
- One meeting for all groups.

Also, Kreps asks if you can attend the Business Roundtable meeting in Hot Springs, Arkansas, on October 14-15. Kraft advises that your travel schedule in October will not permit your participation at this meeting.

*no  
J*



OFFICE OF THE SECRETARY OF THE TREASURY  
WASHINGTON, D.C. 20220

MEMORANDUM FOR THE PRESIDENT

FROM: W. MICHAEL BLUMENTHAL  
CHAIRMAN, ECONOMIC POLICY GROUP *WMB*

SUBJECT: OVERSEAS PRIVATE INVESTMENT CORPORATION

The Overseas Private Investment Corporation (OPIC) began operations in 1971 to promote US foreign investment in developing countries (LDCs) by insuring against political risk. Its authority to issue new insurance and investment guarantees expires on December 31, 1977. Moreover, OPIC's contracts with private insurance companies, with which it shares financial risk, expire on November 30, 1977, and should be renegotiated in October - November.

The EPG has reviewed options for OPIC's future role and unanimously endorses several legislative changes, which are contained in the attachment. The OPIC Board has also supported these recommendations. The proposals amount to a shift in OPIC's policy along four principal lines:

--OPIC should not be forced to transfer all of its insurance functions to private companies by 1980, as Congress mandated in 1974; it could, however, continue joint public/private participation.

--OPIC should sharpen its development focus by concentrating on lower income LDCs.

--Investment in fuels and other raw materials in LDCs should be encouraged in order to promote development and diversify the world's resources.

--OPIC should strive to be financially self-sustaining; however, this should not override the basic developmental purpose of the programs.



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

JUL 27 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: Bert Lance   
SUBJECT: New Policy Directions for the Overseas Private  
Investment Corporation

The attached information memoranda from Governor Gilligan and Secretary Blumenthal inform you of major revisions in Overseas Private Investment Corporation (OPIC) programs which have been reviewed and approved by the EPG. OPIC is a government agency whose main function is to provide political risk insurance--against expropriation, inability to convert local currency, and war damage--to U.S. investment in friendly developing countries. A bill to review OPIC's authorization, which is consistent with these changes, has already been transmitted to Congress. The changes will not necessitate increases in the budget.

The memorandum from Governor Gilligan, Chairman of the OPIC Board, outlines recent EPG and Board decisions affecting proposed legislation and the operations of the agency:

- . Congress should be asked to delete statutory language requiring OPIC to turn over its insurance operations to the private sector by the end of 1980, because this timetable is not feasible.
- . As an alternative, Congress should be requested to authorize OPIC to encourage the development of private and multilateral investment insurance, consistent with its purpose and on an equitable basis.
- . OPIC should, with certain exceptions, cease its operations in the most advanced of the LDCs.
- . OPIC should seek to reduce the risk of expropriation of minerals and energy investments by continuing recent efforts to experiment with innovative types of investor relationships and insurance coverage.
- . OPIC should continue to undertake to operate on a self-sustaining basis.

During the course of the interagency review the question was raised whether greater concentration of effort on the poorer LDCs and a more active stance in the development of minerals and energy might necessitate relinquishing OPIC's self-sustaining mandate. OMB has taken the position that, until a persuasive case is made to the contrary, OPIC's pursuit of its development and natural resource objectives should be bounded by the requirement to be self-sustaining. We believe that this is both sound principle, in that it works against promotion of the kinds of investment which require subsidies to be successful, and the only feasible basis on which to request the Congress to renew OPIC's authorization and jettison the requirement to turn over its insurance operations to the private sector. Implementation of the new policy directions will be monitored by OMB and the OPIC Board and can be reviewed in the EPG, if it becomes desirable.

As Governor Gilligan indicates, at one point there had been a difference of opinion between the EPG and the OPIC Board (which has six private sector and five executive branch members) on the advisability of requesting Congress to alter the composition of the Board to give government members the majority and to permit subordinates of the government members to vote on the Board when their principals were unable to attend meetings. Subsequently, the EPG reconsidered its position and concurred with the Board's rejection of these proposals. Secretary Blumenthal's covering memo, without referring specifically to this earlier difference, conveys EPG concurrence with the Gilligan memorandum.

Attachments

GILLIGAN & BLUMENTHAL  
MEMOS

OVERSEAS  
PRIVATE  
INVESTMENT  
CORPORATION

1129 20th Street, N.W.  
Washington, D.C. 20527  
Telex-OPIC Wsh 89-2310



June 14, 1977

INFORMATION MEMORANDUM FOR THE PRESIDENT

SUBJECT: Interagency and Board Review of the Overseas  
Private Investment Corporation ("OPIC")

I. Issues.

OPIC's authority to issue new insurance and investment guaranties expires on December 31, 1977. Moreover, OPIC's contracts with private insurance companies participating in the Overseas Investment Insurance Group expire on November 30, 1977, and must be renegotiated in October-November if this means of engaging the private insurance industry in OPIC programs is to continue. A number of related legislative changes need to be proposed to the Congress. In order to meet these deadlines, the Congressional authorizing committees wish to receive the Administration's legislative proposals as soon as possible. Hearings in the House begin on June 21. No appropriations are required.

II. Discussion.

An interagency review of OPIC has been underway for several months, intensively since March. This process led to action on OPIC by the Economic Policy Group ("EPG") on May 16, in the context of a review of U.S. policies toward foreign investment.

A. Continuation of OPIC.

The EPG concluded:

OPIC contributes to advancing U.S. foreign economic development policies and should be continued.

B. Forcing a Transfer of OPIC Insurance Operations to the Private Sector.

Congress expressed its intention in OPIC's 1974 legislation that the agency progressively increase private participation in its insurance functions, with the aim that OPIC withdraw completely from direct underwriting and management of political risk investment insurance in 1980. It is now clear that this schedule cannot be met. Private insurers will not, in the foreseeable future, take over OPIC's underwriting functions on the scale required or write the long-term coverages required to provide an incentive to invest in long-term development projects in less developed countries ("LDCs"). Adherence to this schedule, in effect, would terminate OPIC insurance operations without prospect of replacement by a comparable private sector facility.

The EPG agreed that transferring OPIC insurance underwriting operations to the private sector should not be an independent U.S. policy objective and that the Congress should be asked to alter the private participations requirements in the present legislation. On the basis of preliminary soundings, the Congressional atmosphere seems propitious for such a change.

The EPG reached a consensus on the following legislative objective:

Eliminate all statutory compulsion to achieve private participation and to take OPIC out of insurance writing and management. Provide statutory authority for OPIC, insofar as it does not conflict with pursuit of its national objectives and is fully equitable, to share risks with private companies as a means of risk management and to promote the development of private markets for investment insurance.

The OPIC Board of Directors undertook further review of legislative and financial aspects of this issue and endorses the EPG conclusions.

C. Countries in Which OPIC Programs Operate.

The EPG concluded:

OPIC should be confined to the less developed countries, defined by the OPIC Board to exclude the advanced or upper "middle income" countries, except for mineral and fuel projects approved by the Board and exceptions made by the Secretary of State on national interest grounds.

In supporting this compromise option, however, several members cautioned against a rigid restriction which might excessively reduce OPIC's utility or its capacity to be self-sustaining.

The OPIC Board of Directors endorsed the EPG conclusion as a proper focus for OPIC programs, but also expressed concern that excessively rigid restrictions be avoided. It therefore, encouraged OPIC management to prepare guidelines which would permit OPIC to consider exceptional developmental projects in advanced LDCs.

D. Minerals Development as a New OPIC Objective.

The EPG concluded that U.S. private investment in LDC

minerals projects and in oil and gas projects in energy-deficient LDCs can lend important impetus to their development. Such projects also will tend to increase and diversify the world's supply of fuels and non-fuel minerals. OPIC insurance and finance are important to many investors' decisions to proceed with these projects in LDCs because of their high political risks, long period of realization and high capital cost.

The EPG concluded:

OPIC should move ahead with an experimental program to develop innovative risk-reducing forms of investment encouragement for this field and obtain the proper legislative history.

The OPIC Board agreed that OPIC should actively encourage fuel and mineral projects in appropriate developing countries. In this sector, OPIC should offer active counsel to investors, with particular emphasis on prudent measures of risk reduction, including appropriate forms of investment, multi-lateral participation, and collaboration with the IBRD and regional development banks and other national investment insurance agencies. Pending at least a further year of determining the scale of market demand, consideration of establishing a special reserve for losses in this field should be deferred.

There are no special statutory limitations on the use of OPIC's two major program authorities--political risk insurance and loan guaranties--in support of mineral projects. Existing legislation bars use of two specialized programs--pre-investment assistance and direct OPIC loans--for extractive projects. Although neither of these latter programs is likely to be used extensively in the minerals project area, OPIC proposes to seek removal of these statutory constraints with respect to hard minerals in order to have greater program flexibility in carrying out the initiatives endorsed by the EPG and the OPIC Board. These specific legislative proscriptions were beyond the scope of the interagency reviews of OPIC's public policy purposes and were not discussed by the EPG. OPIC's Board of Directors believes that removal of these proscriptions is both within the intent of the EPG's recommended policy and important to its realization.

E. Should OPIC Continue to be a Self-Sustaining Agency?

The EPG concluded:

The self-sustaining mandate should be retained as

a guideline, but this is not to be taken as an objective on a par with the central purpose of the program.

The Board believes self-sustaining programs can be maintained by a combination of differentiated insurance and finance rates and other prudent risk management measures. No change in the governing statute is required. OPIC will make clear in its legislative presentation that this operating criterion does not override the basic developmental purpose of the programs.

F. Board Composition.

The EPG concluded:

OPIC should modify its statute to permit each Government director to designate an alternate with power to speak and vote at Board meetings and, subject to congressional soundings, alter the composition of the Board by adding one Government member.

The OPIC Board did not concur with the EPG. Instead, it unanimously recommended that the size of the Board remain at eleven. It further recommended that the statute not be modified to permit Government directors to designate alternates with power to vote at Board meetings, noting the importance of maximum personal participation by all Board members. The Board further noted the importance, however, of assuring full opportunity for Government agency views to be heard in the absence of Government Board members.

III. Planned Legislative Action.

The Board of Directors, having examined the EPG's conclusions, independently reviewed aspects of OPIC's experience under the 1974 legislation, and assessed OPIC's potential for useful contributions to U.S. international development objectives, recommends the early transmittal to the Congress of the following three legislative proposals:

1. A four-year extension of OPIC's authorities.
2. Removal of the statutory compulsion for OPIC to achieve private participation in its insurance program or to transfer this program to private insurers, while retaining authority for OPIC to

share liabilities with others as a means of risk management and to continue to encourage the development of private markets for investment insurance, so long as such activities are compatible with OPIC's basic objectives and are on equitable terms.

3. Removal of the proscriptions against OPIC's use of its Pre-Investment Assistance funds and Direct Investment Fund loans to assist in the identification, promotion, and financing of non-fuel minerals projects.

Upon receipt of the concurrence of the Director, Office of Management and Budget, I plan to transmit to the Congress a bill containing these and less significant amendments.

  
John J. Gilligan  
Chairman of the Board

THE WHITE HOUSE

WASHINGTON

Date: July 27, 1977

MEMORANDUM

**FOR ACTION:**

Stu Eizenstat *NE*  
Jack Watson *nc*  
Charlie Schultze  
Zbig Brzezinski

**FOR INFORMATION:**

The Vice President  
Bob Lipshutz  
Frank Moore

**FROM:** Rick Hutcheson, Staff Secretary

**SUBJECT:** Lance's memo dated 7/27/77 re new policy directions  
for the Overseas Private Investment Corporation

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

TIME: 12:00 NOON

DAY: ~~Friday~~ *Tues* (per Gischberg)

DATE: July 29, 1977

**ACTION REQUESTED:**

Your comments

Other:

**STAFF RESPONSE:**

I concur.

No comment.

*Please note other comments below:*

*? 8/4 ?*

**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

THE WHITE HOUSE  
WASHINGTON

7/27/77

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

TO: Rich Hutcheson

For Your Information: \_\_\_\_\_

For Appropriate Handling:

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

<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 with: 48 hours; due to Staff Secretary next day

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Robert D. Linder*  
Robert D. Linder

<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"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

Date: July 27, 1977

MEMORANDUM

FOR ACTION:  
 Stu Eizenstat  
 Jack Watson  
 Charlie Schultze  
 Zbig Brzezinski

FOR INFORMATION:  
 The Vice President  
 Bob Lipshutz  
 Frank Moore

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Lance's memo dated 7/27/77 re new policy directions for the Overseas Private Investment Corporation

YOUR RESPONSE MUST BE DELIVERED  
 TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Friday

DATE: July 29, 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)



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

JUL 27 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: Bert Lance *RL*  
SUBJECT: New Policy Directions for the Overseas Private  
Investment Corporation

The attached information memoranda from Governor Gilligan and Secretary Blumenthal inform you of major revisions in Overseas Private Investment Corporation (OPIC) programs which have been reviewed and approved by the EPG. OPIC is a government agency whose main function is to provide political risk insurance--against expropriation, inability to convert local currency, and war damage--to U.S. investment in friendly developing countries. A bill to review OPIC's authorization, which is consistent with these changes, has already been transmitted to Congress. The changes will not necessitate increases in the budget.

The memorandum from Governor Gilligan, Chairman of the OPIC Board, outlines recent EPG and Board decisions affecting proposed legislation and the operations of the agency:

- Congress should be asked to delete statutory language requiring OPIC to turn over its insurance operations to the private sector by the end of 1980, because this timetable is not feasible.
- As an alternative, Congress should be requested to authorize OPIC to encourage the development of private and multilateral investment insurance, consistent with its purpose and on an equitable basis.
- OPIC should, with certain exceptions, cease its operations in the most advanced of the LDCs.
- OPIC should seek to reduce the risk of expropriation of minerals and energy investments by continuing recent efforts to experiment with innovative types of investor relationships and insurance coverage.
- OPIC should continue to undertake to operate on a self-sustaining basis.

During the course of the interagency review the question was raised whether greater concentration of effort on the poorer LDCs and a more active stance in the development of minerals and energy might necessitate relinquishing OPIC's self-sustaining mandate. OMB has taken the position that, until a persuasive case is made to the contrary, OPIC's pursuit of its development and natural resource objectives should be bounded by the requirement to be self-sustaining. We believe that this is both sound principle, in that it works against promotion of the kinds of investment which require subsidies to be successful, and the only feasible basis on which to request the Congress to renew OPIC's authorization and jettison the requirement to turn over its insurance operations to the private sector. Implementation of the new policy directions will be monitored by OMB and the OPIC Board and can be reviewed in the EPG, if it becomes desirable.

As Governor Gilligan indicates, at one point there had been a difference of opinion between the EPG and the OPIC Board (which has six private sector and five executive branch members) on the advisability of requesting Congress to alter the composition of the Board to give government members the majority and to permit subordinates of the government members to vote on the Board when their principals were unable to attend meetings. Subsequently, the EPG reconsidered its position and concurred with the Board's rejection of these proposals. Secretary Blumenthal's covering memo, without referring specifically to this earlier difference, conveys EPG concurrence with the Gilligan memorandum.

Attachments



OFFICE OF THE SECRETARY OF THE TREASURY  
WASHINGTON, D.C. 20220

MEMORANDUM FOR THE PRESIDENT

FROM: W. MICHAEL BLUMENTHAL  
CHAIRMAN, ECONOMIC POLICY GROUP

WMB

SUBJECT: OVERSEAS PRIVATE INVESTMENT CORPORATION

The Overseas Private Investment Corporation (OPIC) began operations in 1971 to promote US foreign investment in developing countries (LDCs) by insuring against political risk. Its authority to issue new insurance and investment guarantees expires on December 31, 1977. Moreover, OPIC's contracts with private insurance companies, with which it shares financial risk, expire on November 30, 1977, and should be renegotiated in October - November.

The EPG has reviewed options for OPIC's future role and unanimously endorses several legislative changes, which are contained in the attachment. The OPIC Board has also supported these recommendations. The proposals amount to a shift in OPIC's policy along four principal lines:

--OPIC should not be forced to transfer all of its insurance functions to private companies by 1980, as Congress mandated in 1974; it could, however, continue joint public/private participation.

--OPIC should sharpen its development focus by concentrating on lower income LDCs.

--Investment in fuels and other raw materials in LDCs should be encouraged in order to promote development and diversify the world's resources.

--OPIC should strive to be financially self-sustaining; however, this should not override the basic developmental purpose of the programs.

OVERSEAS  
PRIVATE  
INVESTMENT  
CORPORATION

1129 20th Street, N.W.  
Washington, D.C. 20527  
Telex-OPIC Wsh 89-2310



June 14, 1977

INFORMATION MEMORANDUM FOR THE PRESIDENT

SUBJECT: Interagency and Board Review of the Overseas  
Private Investment Corporation ("OPIC")

I. Issues.

OPIC's authority to issue new insurance and investment guaranties expires on December 31, 1977. Moreover, OPIC's contracts with private insurance companies participating in the Overseas Investment Insurance Group expire on November 30, 1977, and must be renegotiated in October-November if this means of engaging the private insurance industry in OPIC programs is to continue. A number of related legislative changes need to be proposed to the Congress. In order to meet these deadlines, the Congressional authorizing committees wish to receive the Administration's legislative proposals as soon as possible. Hearings in the House begin on June 21. No appropriations are required.

II. Discussion.

An interagency review of OPIC has been underway for several months, intensively since March. This process led to action on OPIC by the Economic Policy Group ("EPG") on May 16, in the context of a review of U.S. policies toward foreign investment.

A. Continuation of OPIC.

The EPG concluded:

OPIC contributes to advancing U.S. foreign economic development policies and should be continued.

B. Forcing a Transfer of OPIC Insurance Operations to the Private Sector.

Congress expressed its intention in OPIC's 1974 legislation that the agency progressively increase private participation in its insurance functions, with the aim that OPIC withdraw completely from direct underwriting and management of political risk investment insurance in 1980. It is now clear that this schedule cannot be met. Private insurers will not, in the foreseeable future, take over OPIC's underwriting functions on the scale required or write the long-term coverages required to provide an incentive to invest in long-term development projects in less developed countries ("LDCs"). Adherence to this schedule, in effect, would terminate OPIC insurance operations without prospect of replacement by a comparable private sector facility.

The EPG agreed that transferring OPIC insurance underwriting operations to the private sector should not be an independent U.S. policy objective and that the Congress should be asked to alter the private participations requirements in the present legislation. On the basis of preliminary soundings, the Congressional atmosphere seems propitious for such a change.

The EPG reached a consensus on the following legislative objective:

Eliminate all statutory compulsion to achieve private participation and to take OPIC out of insurance writing and management. Provide statutory authority for OPIC, insofar as it does not conflict with pursuit of its national objectives and is fully equitable, to share risks with private companies as a means of risk management and to promote the development of private markets for investment insurance.

The OPIC Board of Directors undertook further review of legislative and financial aspects of this issue and endorses the EPG conclusions.

C. Countries in Which OPIC Programs Operate.

The EPG concluded:

OPIC should be confined to the less developed countries, defined by the OPIC Board to exclude the advanced or upper "middle income" countries, except for mineral and fuel projects approved by the Board and exceptions made by the Secretary of State on national interest grounds.

In supporting this compromise option, however, several members cautioned against a rigid restriction which might excessively reduce OPIC's utility or its capacity to be self-sustaining.

The OPIC Board of Directors endorsed the EPG conclusion as a proper focus for OPIC programs, but also expressed concern that excessively rigid restrictions be avoided. It therefore, encouraged OPIC management to prepare guidelines which would permit OPIC to consider exceptional developmental projects in advanced LDCs.

D. Minerals Development as a New OPIC Objective.

The EPG concluded that U.S. private investment in LDC

minerals projects and in oil and gas projects in energy-deficient LDCs can lend important impetus to their development. Such projects also will tend to increase and diversify the world's supply of fuels and non-fuel minerals. OPIC insurance and finance are important to many investors' decisions to proceed with these projects in LDCs because of their high political risks, long period of realization and high capital cost.

The EPG concluded:

OPIC should move ahead with an experimental program to develop innovative risk-reducing forms of investment encouragement for this field and obtain the proper legislative history.

The OPIC Board agreed that OPIC should actively encourage fuel and mineral projects in appropriate developing countries. In this sector, OPIC should offer active counsel to investors, with particular emphasis on prudent measures of risk reduction, including appropriate forms of investment, multi-lateral participation, and collaboration with the IBRD and regional development banks and other national investment insurance agencies. Pending at least a further year of determining the scale of market demand, consideration of establishing a special reserve for losses in this field should be deferred.

There are no special statutory limitations on the use of OPIC's two major program authorities--political risk insurance and loan guaranties--in support of mineral projects. Existing legislation bars use of two specialized programs--pre-investment assistance and direct OPIC loans--for extractive projects. Although neither of these latter programs is likely to be used extensively in the minerals project area, OPIC proposes to seek removal of these statutory constraints with respect to hard minerals in order to have greater program flexibility in carrying out the initiatives endorsed by the EPG and the OPIC Board. These specific legislative proscriptions were beyond the scope of the interagency reviews of OPIC's public policy purposes and were not discussed by the EPG. OPIC's Board of Directors believes that removal of these proscriptions is both within the intent of the EPG's recommended policy and important to its realization.

E. Should OPIC Continue to be a Self-Sustaining Agency?

The EPG concluded:

The self-sustaining mandate should be retained as

a guideline, but this is not to be taken as an objective on a par with the central purpose of the program.

The Board believes self-sustaining programs can be maintained by a combination of differentiated insurance and finance rates and other prudent risk management measures. No change in the governing statute is required. OPIC will make clear in its legislative presentation that this operating criterion does not override the basic developmental purpose of the programs.

F. Board Composition.

The EPG concluded:

OPIC should modify its statute to permit each Government director to designate an alternate with power to speak and vote at Board meetings and, subject to congressional soundings, alter the composition of the Board by adding one Government member.

The OPIC Board did not concur with the EPG. Instead, it unanimously recommended that the size of the Board remain at eleven. It further recommended that the statute not be modified to permit Government directors to designate alternates with power to vote at Board meetings, noting the importance of maximum personal participation by all Board members. The Board further noted the importance, however, of assuring full opportunity for Government agency views to be heard in the absence of Government Board members.

III. Planned Legislative Action.

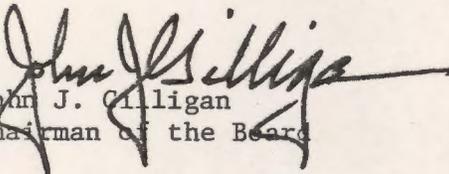
The Board of Directors, having examined the EPG's conclusions, independently reviewed aspects of OPIC's experience under the 1974 legislation, and assessed OPIC's potential for useful contributions to U.S. international development objectives, recommends the early transmittal to the Congress of the following three legislative proposals:

1. A four-year extension of OPIC's authorities.
2. Removal of the statutory compulsion for OPIC to achieve private participation in its insurance program or to transfer this program to private insurers, while retaining authority for OPIC to

share liabilities with others as a means of risk management and to continue to encourage the development of private markets for investment insurance, so long as such activities are compatible with OPIC's basic objectives and are on equitable terms.

3. Removal of the proscriptions against OPIC's use of its Pre-Investment Assistance funds and Direct Investment Fund loans to assist in the identification, promotion, and financing of non-fuel minerals projects.

Upon receipt of the concurrence of the Director, Office of Management and Budget, I plan to transmit to the Congress a bill containing these and less significant amendments.

  
John J. Gilligan  
Chairman of the Board

Date: July 27, 1977

MEMORANDUM

**FOR ACTION:**  
Stu Eizenstat  
 Jack Watson  
 Charlie Schultze  
 Zbig Brzezinski

**FOR INFORMATION:**  
 The Vice President  
 Bob Lipshutz  
 Frank Moore

429  
*Xc Camp*  
*Ginsburg*

*[Handwritten signature]*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Lance's memo dated 7/27/77 re new policy directions for the Overseas Private Investment Corporation.

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

TIME: 12:00 NOON

DAY: Friday

DATE: July 29, 1977

**ACTION REQUESTED:**  
 Your comments  
 Other:

**STAFF RESPONSE:**  
 I concur.  
 Please note other comments below:

No comment.  
*Stu Eizenstat*

Date: July 27, 1977

MEMORANDUM

## FOR ACTION:

Stu Eizenstat  
Jack Watson  
 Charlie Schultze  
 Zbig Brzezinski

## FOR INFORMATION:

The Vice President  
 Bob Lipshutz  
 Frank Moore

1977 JUL 27 PM F

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Lance's memo dated 7/27/77 re new policy directions  
 for the Overseas Private Investment Corporation

YOUR RESPONSE MUST BE DELIVERED  
 TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Friday

DATE: July 29, 1977

## ACTION REQUESTED:

 Your comments

Other: \_\_\_\_\_

## STAFF RESPONSE:

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

**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

August 4, 1977

Tim Kraft -

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

Rick Hutcheson

Re: Meeting with Business Leaders

THE WHITE HOUSE

WASHINGTON

3 August 1977

TO: THE PRESIDENT *Rich*

FROM: RICK HUTCHESON

SUBJECT: Summary of Memos Not Submitted

1. COSTANZA MEMO informing you that she has received petitions with 5000 signatures from Cong. Mikulski, urging your support of H.R. 1037 as originally drafted (with 30% cargo equity instead of the 9 1/2% supported by the Administration).
2. JUANITA KREPS MEMO informing you of "outreach efforts" she has undertaken. She has made short trips to: Pittsburgh, Philadelphia, New York, Chicago, St. Louis, Dallas, Detroit, Tucson, Los Angeles and Boston, checking into the use of Local Public Works funds and other EDA grants in cities facing heavy unemployment and urban decline. On these trips she has met with state and local officials, business representatives and regional DoC employees, has held news conferences, and has announced LPW grants. Next, she plans to visit 4 smaller cities, beginning with Louisville, Kentucky, to meet with representatives of small and large business.
3. MEMOS FROM BLUMENTHAL, LANCE & GILLIGAN informing you of new policy directions for the Overseas Private Investment Corporation, which have been endorsed by the EPG and the OPIC Board, and are reflected in the authorizing legislation already submitted to Congress.

OPIC works to promote U.S. foreign investment in developing countries by insuring against political risk. Its authority to issue new insurance expires at the end of 1977. The new policy directions included in the new authorizing legislation include the following:

- OPIC should not be forced to transfer all insurance functions to private companies by 1980, because this timetable is not feasible (private companies are not willing).
- OPIC should sharpen its development focus by concentrating on lower income LDCs.
- Investment in fuels and other raw materials in LDCs should be encouraged to promote development and diversify the world's resources.
- OPIC should continue to strive to be financially self-sustaining; however, this should not override the basic development purpose of the programs.

*Why do  
we need  
OPIC?*

NSC, Watson and Eizenstat all have no comments.

4. JUANITA KREPS MEMO regarding your participation in meetings with business leaders to discuss current policy issues. She feels that the Administration can gain some business support, not necessarily by doing what business advocates, but by inviting the views of business leaders on a wide range of issues, and by explaining our positions to them.

Kreps says that she is pleased that you agreed (on the return flight from New Orleans) to meet with business leaders to discuss tax reform issues before the tax reform package is completed. Eizenstat comments, however, that if you meet with big business leaders on tax reform, you will be under pressure to meet with small business, labor, minority and public interest representatives as well. Stu suggests that you either have one meeting for small and large business persons, and a second meeting for public interest, labor and minority representatives -- or one meeting for all of the groups together. Kraft prefers the one meeting.

\_\_\_\_\_ One meeting - business only.

\_\_\_\_\_ Two meetings - one for business and one for other groups.

\_\_\_\_\_ One meeting for all groups.

Also, Kreps asks if you can attend the Business Roundtable meeting in Hot Springs, Arkansas, on October 14-15. Kraft advises that your travel schedule in October will not permit your participation at this meeting.

*no  
J*

THE WHITE HOUSE  
WASHINGTON

Mr. President:

With regard to the two schedule requests in this memo:

1) Stu suggests that if you meet with big business leaders on tax reform, you will be under pressure to meet with small business leaders, labor and consumer groups as well. He suggests that you either have one meeting for business persons, and a second meeting for labor, minority and public interest representatives -- or one meeting for all of the groups together. Kraft prefers the one meeting.

2) Kraft advises that your travel schedule in October will not permit your attending the Business Roundtable meeting.

--Rick

THE SECRETARY OF COMMERCE  
WASHINGTON, D.C. 20230

July 28, 1977

MEMORANDUM FOR THE PRESIDENT

During our return from New Orleans we talked about the need to discuss with business leaders current policy issues, notably tax reform. I was pleased to learn that you would provide this group an opportunity to meet with you and Treasury officials before the tax package is completed, and I shall ask Stuart if he will schedule such a session.

Since we must have business support if we are to meet our four-year goals -- particularly the growth target -- the tax package is of course critical. And while it is clear that the one overriding priority of the corporations is a reduction in the corporate income tax, there are many aspects of the tax proposals which businessmen are eager to discuss with you.

In a broader context, there are many opportunities for us to draw on the expertise and dedication of corporate officials in instances where there is no business-related decision at issue. In a curious way, the Republicans seem to have lost much of their support. We can gain some of it, not necessarily by doing what they advocate but by inviting their views on a wide range of issues and taking the time to explain the Administration's positions. Moreover, we should take a bit more credit when we find ourselves on the same side of an issue. Business was delighted when you pulled the rebate, for example. Yet we made little mileage of that action.

Finally, I hope you will find it possible to join them briefly for a Business Roundtable meeting, perhaps at the October 14-15 date. Hot Springs is gorgeous in October, and we could fly down for part of one afternoon or evening session.

  
Juanita M. Kreps

THE WHITE HOUSE

WASHINGTON

August 1, 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
SUBJECT: Kreps' Memo re Meeting with Business  
on Tax Reform

While I agree that it would be useful to meet with big business leaders on tax reform, this will put you under pressure to meet with small business leaders, labor and consumer leaders and others.

Therefore, if you wish to directly have business input, I recommend one of two options:

(a) Have two meetings -- one meeting with leaders of small and large businesses and a second public meeting with labor, minority and public interest groups

(b) Have only one meeting with representatives for all groups, including big and small business.

THE WHITE HOUSE

WASHINGTON

Date: July 28, 1977

MEMORANDUM

FOR ACTION:

Tim Kraft

FOR INFORMATION:

Midge Costanza  
Stu Eizenstat  
Jack Watson

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Kreps' memo dated 7/28/77 re meeting with group on tax reform.

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Saturday

DATE: July 30, 1977

ACTION REQUESTED:

Your comments

Other:

*travel sched. in mid-October  
will not permit his participation*

STAFF RESPONSE:

I concur.

No comment.

*in Round-table mtg. in*

Please note other comments below:

*As Kansas —*

*TK*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

MEMORANDUM

THE PRESIDENT HAS SEEN.  
THE VICE PRESIDENT  
WASHINGTON

9  
1

August 4, 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: THE VICE PRESIDENT *Wf*  
SUBJECT: ACCOMPLISHMENTS OF THE 95TH CONGRESS

Attached are John Brademas' "Achievements Checklist," a statement by Bob Byrd on the Senate's accomplishments and a Legislative Digest of Senate actions. These documents, which cover the first seven months of the 95th Congress, will be put in the Congressional Record and distributed respectively to House and Senate Members today for their use over the recess.

**Electrostatic Copy Made  
for Preservation Purposes**

A C H I E V E M E N T S   C H E C K L I S T

Following is a checklist of legislative achievements by the 95th Congress after seven months:

TABLE OF CONTENTS	<u>Page</u>
Economic Stimulus . . . . .	1
Housing and Other Economic Items. . .	2
Energy. . . . .	3
Ethics Reform and Other House Activities . . . . .	3
Government Reorganization . . . . .	4
Drought and Disaster Relief . . . . .	5
Science . . . . .	5
Education . . . . .	5
Environment and National Parks. . . .	6
International Affairs . . . . .	7
Veterans Affairs. . . . .	8
Federal Employees . . . . .	9
National Defense. . . . .	9
Health. . . . .	10
Agriculture . . . . .	10
Other Legislation . . . . .	10
Appropriations. . . . .	11

ECONOMIC STIMULUS

TAX REDUCTION AND TAX SIMPLIFICATION: A new law will cut taxes by \$34-billion over three years and give businesses a tax credit for certain new employees they hire in 1977 and 1978. The law also provides for simplification of tax computation for individuals, extends the sick pay exclusion and makes other revisions of the Tax Reform Act of 1976. (PL 95-30)

PUBLIC WORKS JOBS: A new law triples, from \$2 billion to \$6 billion, the authorization for federal grants for local public works. The projects will create an estimated 600,000 jobs, largely in construction and related industries in areas of high unemployment. (PL 95-28)

CETA EXTENSION: Congress enacted a law providing for a simple extension through fiscal 1978 for existing programs under the Comprehensive Employment and Training Act. (PL 95-44)

SUPPLEMENTAL APPROPRIATIONS: Congress enacted a law appropriating \$28.9 billion, mostly for federal programs, including \$13 billion for assisted housing. The law also contains \$200 million to help low- and moderate-income homeowners meet unexpectedly high home heating costs occasioned by the harsh winter. (PL 95-26)

UNEMPLOYMENT COMPENSATION: Congress enacted a law extending unemployment compensation under the Federal Supplemental Benefits (FSB) program for seven months, to November 1, 1977, plus a three-month phase-out period through February 1, 1978. FSB, together with regular and extended benefit, provides 52 weeks of compensation. The law also requires roll call votes in the House and Senate on future congressional pay raises under PL 90-206 (PL 95-19)

ECONOMIC STIMULUS APPROPRIATIONS: Congress enacted a law appropriating \$2 billion for economic stimulus, including \$7.9 billion to increase CETA public service jobs to 725,000 from 310,000 in fiscal 1978; \$59 million for 14,800 jobs for older Americans; \$4.9 billion for revenue sharing; and \$100 million for railroad rehabilitation. (PL 95-29)

FIRST BUDGET RESOLUTION: Both Houses adopted in final form the First Budget Resolution for fiscal 1978 which sets a goal of 1.3 million new jobs in 1978. The resolution sets a spending target of \$461 billion and deficit of \$64.6 billion. (S.Con.Res. 19)

YOUTH JOBS: Congress cleared for the President a bill to create about 203,000 jobs and training positions for young persons by establishing a Young Adult Conservation Corps and authorizing a variety of innovative youth employment and training projects. The programs would be funded at an estimated \$1.5 billion for fiscal 1978, including \$350 million for the Young Adult Conservation Corps. (H.R. 6138)

ANTI-RECESSION ASSISTANCE: A new law authorizes \$2.25 billion for counter-cyclical assistance to states and local governments through fiscal 1978. (PL 95-30)

JOINT ECONOMIC COMMITTEE INVESTIGATION: Congress adopted in final form a concurrent resolution providing \$900,000 for an 18-month study of United States and world economic changes and the impact of such changes on the economies of the U.S. and other nations. (H.Con.Res. 248)

RIVER BASIN AUTHORIZATION: A bill in conference would authorize \$1.2 billion for the continuation of projects in 18 river basin plans and \$44 million for special projects in the states of California and Ohio. (H.R. 5885)

#### HOUSING AND OTHER ECONOMIC ITEMS

HOUSING AND COMMUNITY DEVELOPMENT ACT: A bill in conference would reauthorize the nation's major housing programs, including \$12.5 billion over three years for the Community Development Block Grant program, \$1.2 billion in contract authority for assisted housing, and \$140 million for other programs. The bill also increases mortgage lending amounts and extends rural housing programs. (H.R. 6655)

SUPPLEMENTAL HOUSING AUTHORIZATION: Congress enacted a law providing \$378 million in fiscal 1977 in additional contract authority for housing assistance programs, to support a total of some 400,000 assisted housing units. The law also authorizes an additional \$19 million for last winter's heating costs in public housing projects, extends HUD crime insurance and riot reinsurance programs through September 30, 1978, and creates a National Commission on Neighborhoods. (PL 95-24)

SBA ACT AMENDMENTS: A law increased SBA's overall loan ceiling to \$7.4 billion from \$6 billion and increased the surety bond guarantees fund to \$110 million from \$56.5 million. (PL 95-14)

SMALL BUSINESS AMENDMENTS: Congress cleared for the President a bill to authorize an additional \$2.96 billion for small business programs in fiscal 1978 and 1979, increase loan authorization and surety bond guarantee authority and improve the disaster assistance, certificate of competency and small business set-aside programs. (H.R. 692)

INVESTMENT OF PUBLIC FUNDS: The House passed a bill authorizing the Secretary of the Treasury to invest the Treasury's excess operating cash for up to 90 days in obligations of depositaries maintaining Treasury tax and loan accounts. The bill also would authorize savings and loan associations insured by the federal government, or by states, or by corporations chartered under state law, to act as fiscal agents and depositaries in the Treasury tax and loan account system. (H.R. 5675)

REDUCED AIR FARES FOR ELDERLY AND HANDICAPPED: The House passed a bill authorizing reduced fare transportation on a standby basis for elderly and handicapped persons. The bill also would provide for improved air service on intrastate carriers in California and for a study of the feasibility of reduced fares for youth. (H.R. 27)

DEPOSITORY INSTITUTIONS AMENDMENTS: A new law extends Regulation Q interest rate control authority until December 15, 1977, revives the authority of the Federal Reserve banks to purchase up to \$5 billion in public debt obligations directly from the Treasury (until August 31, 1977), and modernizes the Federal Credit Union Act. (PL 95-22)

INDIAN BUSINESS DEVELOPMENT: A new law authorizes \$14 million for each fiscal 1978 and 1979 for the Indian Business Development program established by the Indian Financing Act of 1974. (PL 95-68)

SEC AUTHORIZATION: A new law provides \$1.5 million supplemental authorization for the Securities and Exchange Commission for fiscal 1977, increasing its total authorization for fiscal 1977 to \$56.5 million. (PL 95-20)  
A bill in conference would authorize \$67 million for fiscal 1978 for the Securities and Exchange Commission. (H.R. 3722)

MARINE MAMMAL PROTECTION (TUNA-DOLPHIN BILL): The House passed a bill to reduce mortality and serious injury of dolphins incidental to commercial tuna fishing operations and to provide some relief to the United States tuna fleet when taking dolphins during such fishing. (H.R. 6970)

NATIONAL CONSUMER COOPERATIVE BANK: The House passed legislation creating a National Consumer Cooperative Bank to make loans at market interest rates to consumer cooperatives. The bill would also provide technical assistance to consumer cooperatives and establish a Self-Help Development Fund to assist emerging cooperatives in the inner cities and rural areas. (H.R. 2777)

#### ENERGY

EMERGENCY NATURAL GAS: A new law authorized the President to make emergency allocation of natural gas and to permit emergency purchase of unregulated gas during last winter's shortage. (PL 95-2)

URGENT POWER SUPPLEMENTAL APPROPRIATIONS: A new law appropriated \$6,400,000 for fiscal 1977 to meet the urgent power purchase requirements of the Southwestern Power Administration. The law also lifted limitations on use of ERDA funds. (PL 95-3),

ERDA BUDGET DEFERRALS: The House passed three resolutions to disapprove deferrals of \$25,600,000 for ERDA programs. (H. Res. 305, H. Res. 306, H. Res. 307)

DEEPWATER PORTS: Congress enacted a law extending the Deepwater Port Act of 1974 for three years and authorizing \$2.5 million for each fiscal 1978, 1979, and 1980. (PL 95-36)

SOLAR ENERGY: The House passed a resolution authorizing \$50,000 and directing the Architect of the Capitol to conduct a feasibility study on the use of solar energy in the House Office Building Complex. (H. Res. 322)

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION, FISCAL 1977: Congress enacted a law authorizing \$1.6 billion for non-nuclear energy programs and amounts estimated at \$3.9 billion for nuclear non-weapons programs for the Energy Research and Development Administration in fiscal 1977. (PL 95-39)

AD HOC COMMITTEE ON ENERGY: The House passed a resolution establishing a House Ad Hoc Committee on Energy (40 Members appointed by the Speaker who also appointed Congressman Thomas L. Ashley as Chairman); the committee facilitated House consideration of President Carter's energy package. (H. Res. 508)

PETROLEUM MARKETING PRACTICES: The House passed legislation to protect motor-fuel marketing franchisees from arbitrary or discriminatory termination or non-renewal of their franchises. The bill also requires the disclosure of octane ratings of automotive gasoline to consumers. (H.R. 130)

FEA AUTHORIZATION: A new law authorizes an additional \$60.7 million in fiscal 1977 (making a total of \$404.6 million) and \$1.443 billion for fiscal 1978, including \$1.210 billion for the Strategic Petroleum Reserve (PL 95-70)

DEPARTMENT OF ENERGY: A bill reported from conference would create a Cabinet-level Department of Energy to coordinate the nation's energy programs. (S. 826)

#### ETHICS REFORM AND OTHER HOUSE ACTIVITIES

ETHICS CODE: The House adopted a strong new financial ethics code as part of the rules of the House. The rules require broad financial disclosure by House Members and key staff; a 15-percent-of salary limit on outside earned income by Members; a \$750 limit on any honorarium; limits on gifts; prohibition on personal use of campaign funds; abolition of unofficial office accounts; restrictions on the use of the frank; and curbs on lame-duck travel. (H. Res. 287)

SELECT COMMITTEE ON ETHICS: The House adopted a resolution establishing a Select Committee on Ethics to issue regulations to implement and interpret the financial ethics code, to render advisory opinions, and to work with the Senate in putting the new rules into permanent law. (H. Res. 383)

KOREAN INQUIRY: The House adopted a resolution authorizing the Committee on Standards of Official Conduct to conduct an inquiry to determine whether Members of the House, their immediate families or associates accepted anything of value from the government of the Republic of Korea. (H. Res. 252)

U.S.-KOREAN RELATIONS: The House authorized an International Relations Subcommittee to examine United States-Korean relations, including activities of the Korean CIA in the United States. (H. Res. 319)

SELECT COMMITTEE ON ASSASSINATIONS: The House authorized the continuation of the Select Committee on Assassinations throughout the 95th Congress. The committee is to investigate the assassinations of President Kennedy and Martin Luther King, Jr. (H. Res. 433)

CONGRESSIONAL OPERATIONS: The House established a House Select Committee on Congressional Operations to continue the work and functions of the now defunct Joint Committee on Congressional Operations. (H. Res. 420)

SELECT COMMITTEE ON INTELLIGENCE: The House passed a resolution establishing a permanent Select Committee on Intelligence in the House to oversee the CIA and other intelligence activities. (H. Res. 658)

FEDERAL ELECTION COMMISSION AUTHORIZATION: Both houses passed in differing forms a bill authorizing \$8.1 million for the Federal Election Commission for fiscal 1978. (S. 1435)

FRANKED MAIL ACT OF 1977: The House passed a bill establishing certain limitations on the use of the franking privilege. (H.R. 7792)

ELIMINATING OCTOBER PAY INCREASES: A new law denies the expected October, 1977, pay comparability adjustment to senior officials of the executive, legislative and judicial branches. (PL 95-66) Earlier this year, Congress enacted a law requiring that future pay raises for Members of Congress recommended by the Quadrennial Commission on Executive, Legislative and Judicial Salaries be approved by a recorded vote in both the House and Senate. (PL 95-19)

#### GOVERNMENT REORGANIZATION

REORGANIZATION ACT OF 1977: A new law gives the President authority for three years to transmit to Congress executive branch reorganization plans; such plans would take effect after 60 days unless either house of Congress passed a resolution of disapproval. (PL 95-17)

## DROUGHT AND DISASTER RELIEF

Congress enacted four related laws authorizing \$325 million and appropriating \$275 million for drought assistance. Another law appropriated \$200 million under a previous authorization for drought and cold disaster assistance.

DROUGHT EMERGENCY RELIEF: A new law authorizes \$100 million in fiscal 1977 for water acquisition and other drought relief activities to mitigate the 1976-77 drought in several western states. (PL 95-18)

COMMUNITY EMERGENCY DROUGHT RELIEF: Congress enacted a law authorizing \$225 million in grants and loans to augment community water supplies in drought areas. (PL 95-31)

TWO APPROPRIATIONS LAWS: The Supplemental Appropriations Act (PL 95-26) appropriates \$100 million for the drought emergency authorization in PL 95-18, and the Economic Stimulus Appropriations Act (PL 95-29) appropriates \$175 million for the community drought relief act, PL 95-31.

DISASTER RELIEF: Congress enacted an urgent supplemental appropriation law providing \$200,000,000 under a previous authorization for disaster relief in several Western and Midwestern States suffering from drought or cold this past year. (PL 95-13)

DISASTER RELIEF: A new law extends the Disaster Relief Act of 1974 through fiscal 1978 and authorizes certain drought assistance by the Corps of Engineers. (PL 95-51)

## SCIENCE

NASA AUTHORIZATION: A new law authorizes \$4.05 billion for the National Aeronautics and Space Administration for fiscal 1978. (PL 95-76)

NSF AUTHORIZATION: A bill reported from conference would authorize \$884 million for the National Science Foundation in fiscal 1978. (H.R. 4991)

FAA AUTHORIZATION: The House passed a bill authorizing \$85 million for Federal Aviation Administration research in fiscal 1978. (H.R. 3965)

## EDUCATION

VOCATIONAL EDUCATION: A new law makes technical and miscellaneous amendments to the Vocational Education Act, including provisions relating to the use of federal funds for state and local administrative support. (PL 95-40)

LIBRARY SERVICES: A bill in conference would extend the Library Services and Construction Act for four years, through September 30, 1981. (H.R. 3712)

SCHOOL LUNCH, CHILD NUTRITION AMENDMENTS: A bill in conference would extend the summer feeding program through fiscal 1978 and 1979 at costs of \$274 million and \$307 million respectively, tighten administration of the program, extend commodity purchase authority for the nutrition for the elderly program, and make improvements in the food service equipment program and the free breakfast program in extremely needy schools. (H.R. 1139)

EDUCATION OF THE HANDICAPPED: Congress enacted a law authorizing \$1.1 billion over five years for the Education of the Handicapped Act. (PL 95-49)

HIGHER EDUCATION: A new law amending the Education Amendments of 1976 makes technical and miscellaneous changes relating to higher education and authorizes \$75 million for each fiscal 1978 and 1979 for Title VI of the National Defense Education Act - Foreign Studies and Language Development. (PL 95-43)

CAREER EDUCATION ACT: The House passed legislation authorizing \$275 million over five years for career education programs in elementary and secondary schools. (H.R. 7)

ENVIRONMENT AND NATIONAL PARKS

CLEAN AIR: A bill in conference would authorize \$207.5 million for the Clean Air Act in each fiscal 1978-80; extend pollution compliance deadlines for automobiles, plants, and other emission sources and enlarge state authority to deal with significant deterioration of clean air areas and to permit growth in "non-attainment" (dirty air) areas. (H.R. 6161)

SURFACE MINING CONTROL AND RECLAMATION: Congress sent to the President a bill to provide for a state-federal program to regulate the surface mining of coal, to control the surface impact of underground mines, to provide for the reclamation of abandoned mines and to establish mining and mineral institutes, coal research laboratories and graduate research fellowships. Mining is prohibited on developed farmlands of alluvial valley floors, and procedures are established to determine areas unsuitable for surface mining. (H.R. 2)

EPA AUTHORIZATION: Both houses passed in differing forms legislation authorizing \$313 million for research, development and demonstration activities of the Environmental Protection Agency (EPA) during fiscal 1978. (H.R. 5101)

TINICUM NATIONAL ENVIRONMENTAL CENTER: The House passed legislation authorizing an additional \$7.25 million for acquisition of land and development of the Tinicum National Environmental Center in Pennsylvania. (H.R. 2817)

WATER RESOURCES COUNCIL: A new law authorizes \$3,905,000 for the U.S. Water Resources Council in fiscal 1978 for coordinating and directing river basin planning. (PL 95-41)

WATER RESOURCES RESEARCH AND SALINE WATER CONVERSION: Congress cleared for the President a bill authorizing \$61,950,000 for saline water research and development demonstration projects in saline water conversion technology and general water research grants. (H.R. 4746)

OCEANS AND ATMOSPHERE: A new law establishes qualifications for individuals appointed to the National Advisory Committee on Oceans and Atmosphere (NACOA), to set the number of members at 18 and to authorize \$520,000 for the committee in fiscal 1978. (PL 95-63)

NATIONAL SEA GRANT PROGRAM: A new law authorizes \$58 million for the National Sea Grant Program in fiscal 1978. (PL 95-58)

NATIONAL WILDLIFE REFUGES: Both houses passed in differing forms legislation authorizing \$32.3 million for the National Wildlife Refuges at San Francisco Bay, Seal Beach and the Great Dismal Swamp in Virginia and North Carolina. (H.R. 5493)

LAND AND WATER CONSERVATION FUND: A new law establishes a special account of \$450 million in the Land and Water Conservation Fund to be used for a 3-year program to acquire previously authorized units of the national park system. (PL 95-42)

WATER POLLUTION CONTROL: The House passed legislation authorizing \$18.2 billion over three years for federal water pollution control programs. (H.R. 3199)

ELEANOR ROOSEVELT MEMORIAL: A new law authorizes \$995,000 for land acquisition and development of the Val-Kill retreat of Eleanor Roosevelt as a National Historic Site. (PL 95-32)

MANASSAS NATIONAL BATTLEFIELD PARK: The House passed a bill authorizing an 1800-acre expansion of the existing Manassas National Battlefield Park in Virginia. (H.R. 2437)

SOIL AND WATER RESOURCES CONSERVATION: Both houses passed in differing forms a bill to establish a mechanism for making long-range policy for the conservation, protection and enhancement of the nation's land, water and related resources. (S. 106)

BULL RUN RESERVE: A new law permits general recreational access and other multiple uses for six months within a 42,500-acre portion of the Bull Run Reserve, Mt. Hood National Forest, Oregon. (PL 95-55)

SAFE DRINKING WATER: Both houses passed in differing forms a bill authorizing \$71 million in fiscal 1978 and \$81 million in fiscal 1979 for the Safe Drinking Water Act. (S. 1528)

## INTERNATIONAL AFFAIRS

RHODESIAN CHROME: Congress enacted a law authorizing the President to reimpose the embargo on imports of chrome ore, ferrochrome and nickel from Rhodesia as a sanction against minority rule. (PL 95-12)

INTERNATIONAL DEVELOPMENT AND FOOD ASSISTANCE: Congress cleared for the President a bill which would authorize \$1.6 billion for international food and economic development assistance in fiscal 1978. (H.R. 6714)

EXPORT ADMINISTRATION ACT AMENDMENTS: Congress enacted a law to extend the Export Administration Act for two years and prohibit American compliance with foreign boycotts of nations friendly to the U.S. In addition, the bill would prohibit the export of Alaskan oil for two years if the President makes certain findings. (PL 95-52)

INTERNATIONAL DEVELOPMENT INSTITUTIONS: A bill reported from conference would provide for additional U.S. contributions to the World Bank Group (\$1.6 billion), the Asian Development Bank (\$814 million), the Asian Development Fund (\$180 million), and the African Development Fund (\$150 million). In addition, the bill would require - with certain exceptions - that U.S. officials of all international lending institutions oppose extension of financial assistance for nations engaging in a consistent pattern of gross violations of human rights. (H.R. 5262)

INTERNATIONAL SECURITY ASSISTANCE: Congress cleared for the President a bill authorizing \$3.2 billion for international security assistance in fiscal 1978, including funds for grant military assistance programs, grant military education and training programs, foreign military sales credits and guarantees, security supporting assistance, the Middle East Special Requirements Fund, the contingency fund, International Narcotics Control, and the Southern African Special Requirements Fund. (H.R. 6884)

MILITARY ASSISTANCE TO PORTUGAL: Congress enacted a law authorizing \$32.25 million in supplemental military assistance to Portugal for fiscal 1977. Funds would be used to help equip and train a newly established 4,000 man air-transportable Portuguese brigade which would be assigned to NATO. (PL95-2)

SOVIET JEWS: The House and the Senate adopted in final form a concurrent resolution expressing the concern of Congress regarding the harassment of Soviet Jews and other minorities. (S.Con.Res. 7)

STATE DEPARTMENT SUPPLEMENTAL: Congress enacted a law authorizing \$89,650,000 in supplemental funds for the Department of State for fiscal 1977. The total consists of \$60 million for UNESCO; \$18.7 million for Soviet and Eastern European refugees; \$150,000 for emergency medical assistance for Americans living abroad; and \$10.8 million (which together with \$13.9 million already authorized would provide \$24.7 million) for a foreign service building project in Cairo. (PL 95-45)

INTERNATIONAL TRADE COMMISSION: A bill reported from conference would authorize \$11.5 million for the International Trade Commission (ITC) in fiscal 1978 and make administrative improvements in the commission's operation. (H.R. 6370)

FOREIGN RELATIONS AUTHORIZATION: A bill reported from conference would authorize \$1.6 billion in fiscal 1978 for the Department of State, the U.S. Information Agency, and the Board for International Broadcasting. (H.R. 6689)

ARMS CONTROL AND DISARMAMENT AGENCY: A bill in conference would authorize \$14.6 million for the Arms Control and Disarmament Agency in fiscal 1978. (H.R. 6179)

EXPORT-IMPORT BANK: A bill in conference would realign the authorization of the Export-Import Bank with the new fiscal year and require certain bank actions concerning human rights, export subsidy programs and nuclear proliferation. (H.R. 6415)

ATLANTIC TUNA CONVENTION ACT: Congress enacted a law authorizing necessary sums through 1980 to carry out the Atlantic Tuna Convention Act of 1975. (PL 95-33)

COMMERCIAL FISHERIES RESEARCH AND DEVELOPMENT: Congress enacted a law authorizing an additional \$33.9 million through fiscal 1980 for the Commercial Fisheries Research and Development Act. (PL 95-53)

U.S.-CANADIAN RECIPROCAL FISHERIES AGREEMENT: A new law gives congressional approval to a Reciprocal Fisheries Agreement between the United States and Canada during 1977. (PL 95-73)

FISHERY CONSERVATION ZONE TRANSITION ACTS: A new law sanctions 200-mile international fishing agreements with six nations; another new law sanctions such agreements for three other countries and the Common Market. (PL 95-6; PL 95-8)

PEACE CORPS AUTHORIZATION: Both Houses passed in differing forms a bill authorizing \$81 million for the Peace Corps in fiscal 1978. (S. 1235)

HARP SEALS: Congress adopted in final form a resolution expressing the concern of Congress with respect to the killing of new-born harp seals in Canadian waters. (H.Con.Res. 142)

TRADING WITH THE ENEMY ACT REFORM: The House passed a bill limiting the provisions of the Trading With the Enemy Act to declared wars and authorizing the President to regulate international economic transactions during national emergencies. (H.R. 7738)

INTERNATIONAL NAVIGATIONAL RULES: A new law implements the 1972 Convention on the International Regulations for Preventing Collisions at Sea. (PL 95-75)

ROMANIAN EARTHQUAKE RELIEF: Congress enacted legislation authorizing \$20 million for relief and rehabilitation assistance to victims of earthquakes in Romania. (PL 95-21)

DIPLOMATIC RELATIONS: The House passed a bill repealing the immunity statute for the foreign diplomatic community in the United States. The bill also would require liability insurance for all embassy personnel and their families who plan to operate motor vehicles, vessels or aircraft while in the U.S. (H.R. 7819)

#### VETERANS AFFAIRS

VETERANS' HOME FACILITIES: A new law authorizes \$15 million for each fiscal 1978 and 1979 to revise the program of grants to states for construction, remodeling, and renovation of state home facilities for veterans. (PL 95-62)

MEDICAL SERVICES FOR VETERANS IN THE PHILIPPINES: The House passed a bill extending for 15 months through fiscal 1979 at a rate of \$2.1 million per year authority to provide grants and make contracts for hospital care and medical services for certain Philippine veterans. (H.R. 5029)

VA MEDICAL FACILITIES ACQUISITION: The House passed a bill revising procedures relating to the construction, alteration, and acquisition of VA medical facilities. (H.R. 5025)

VA MEDICAL SERVICES FOR VETERANS IN HAWAII AND ALASKA: The House passed a bill clarifying a requirement that medical services continue to be provided on a fee basis to service-connected disabled veterans in Alaska and Hawaii. (H.R. 5027)

AUTOMOBILE ASSISTANCE ALLOWANCE FOR DISABLED WWI VETERANS: The House passed a bill providing an automobile assistance allowance and automotive adaptive equipment to certain disabled veterans of World War I. (H.R. 6502)

VETERANS COMPENSATION FOR PAIRED EXTREMITIES: The House passed a bill providing increased awards of service-connected compensation to certain veterans who have suffered the loss or loss of use of paired extremities. (H.R. 6501)

VETERANS COMPENSATION: The House passed a bill increasing by six percent service-connected disability compensation and dependency and indemnity compensation for veterans and their survivors. (H.R. 1862)

DISABLED VETERANS HOUSING ASSISTANCE: The House passed a bill providing specially adapted housing assistance to veterans with a permanent and total service-connected disability due to the loss or loss of use of one upper and one lower extremity. (H.R. 7658)

VETERANS AND SURVIVORS PENSION ADJUSTMENT ACT OF 1977: The House passed legislation increasing veterans and survivors pensions by seven percent, providing a 25 percent differential to World War I surviving spouses age 78 or older, and increasing the limits on outside income which beneficiaries may receive and still be eligible for a full pension. (H.R. 7345)

#### FEDERAL EMPLOYEES

FEDERAL LIFE AND HEALTH BENEFITS DURING RETIREMENT: The House passed a bill reducing from 12 to 5 years the length of service required to retain federal employee group life insurance and health benefits coverage during retirement. (H.R. 4319)

RESTORATION OF CERTAIN ANNUITIES: The House passed legislation restoring survivor annuities to certain surviving spouses of federal employees which were terminated because of the remarriage of the spouse before July 18, 1966, and the annuity of a surviving spouse of a Member of Congress who died before January 8, 1971, which was terminated because of the remarriage of such spouse. (H.R. 3755)

UNIFORMITY FOR FEDERAL EMPLOYEES HEALTH BENEFITS: The House passed a bill providing that the provisions of any contract under the Federal Employees Health Benefits Program shall supersede and pre-empt any conflicting state or local law. (H.R. 2931)

HATCH ACT REFORM: The House passed a bill to modify restrictions on political activities of federal civilian and postal employees by repealing the prohibitions on candidacy or campaign participation by most federal workers in partisan political elections. (H.R. 10)

INCREASE IN NUMBER OF HEARING EXAMINERS: The House passed a bill increasing by 100 the number of hearing examiner positions which the Civil Service Commission may establish and place in grade GS-16 of the General Schedule. (H.R. 6975)

#### NATIONAL DEFENSE

DEPARTMENT OF DEFENSE AUTHORIZATION: A new law authorizes \$36 billion in ~~fiscal 1978~~ for military procurement, research and development and civil defense and authorizes active-duty and reserve forces strength of 2.9 million and civilian personnel of 1 million. (PL 95-79)

COAST GUARD AUTHORIZATION: A new law authorizes \$1,262,521,000 for the Coast Guard in fiscal 1978. The law also authorizes a year-end strength for active duty personnel of 38,145 and provides for average military training student loans in four training categories. (PL 95-61)

NUCLEAR RESCISSION: A new law rescinds \$664 million, including \$453 million which had been intended for a new nuclear carrier and conversion of an existing ship to a nuclear-armed vessel. (PL 95-15)

MILITARY ENLISTMENT BONUS EXTENSION: A new law extends for fifteen months, to September 30, 1978, existing authority to pay enlistment bonuses up to \$3,000 and re-enlistment bonuses up to \$15,000 for enlisted military personnel in the Armed Services. (PL 95-57)

DEFENSE PRODUCTION ACT: A new law extends the Defense Production Act by two years, until September 30, 1979. (PL 95-37)

BATTLE MONUMENTS COMMISSION: The House passed a bill providing that any retired member of the Armed Forces recalled to active duty with the American Battle Monuments Commission shall not be chargeable against the authorized end strengths and grade limitations of the Department of Defense or the military departments concerned. (H.R. 7678)

STRATEGIC AND CRITICAL MATERIALS: The House passed a bill to amend the Strategic and Critical Materials Stock Piling Act by establishing a stock-pile procurement fund, encouraging barter for stockpile materials, and requiring specific rather than standing authorization for acquisition of materials. (H.R. 4895)

MILITARY CONSTRUCTION AUTHORIZATION: A new law authorizes \$3.7 billion in fiscal 1978 for certain construction at military installations. (PL 95-82)

HEALTH

HEALTH PROGRAMS EXTENSION ACT OF 1977: A new law authorizes \$3.3 billion for health programs in fiscal 1978, including health services research; health statistics; comprehensive public health services; hypertension programs; migrant health; community health centers; medical libraries; cancer control programs; the National Cancer Institute; heart, blood vessel, lung and blood disease prevention and control programs; the National Heart, Lung, and Blood Institute, National Research Service Awards; population research and voluntary family planning programs; sudden infant death syndrome; hemophilia; national health planning and development; health resources development; and community mental health centers. (PL 95-83)

AGRICULTURE

DEFERRAL OF WHEAT REFERENDUM: Congress enacted a law deferring a 1977 wheat marketing quota referendum from August 1, 1977, until 30 days after the adjournment of Congress or October 15, whichever is earlier. (PL 95-48)

FEDERAL CROP INSURANCE CORPORATION: Congress enacted a law to increase the authorized capital stock of the Federal Crop Insurance Corporation from \$100 million to \$150 million. (PL 95-47)

PAPERWORK REDUCTION IN AGRICULTURAL CENSUS: The House passed a bill providing for a 40-percent reduction in respondents' paperwork burden for the 1979 agricultural census, to expand participation in such censuses by re-defining "farms"; to develop and implement new methods for collecting data on farm ownership and to establish a date for the publication of agricultural census data. (H.R. 7012)

AGRICULTURAL ACT OF 1977: A four-year farm bill in conference would adjust price supports, increase the limitation on payments to individual farmers, establish an on-farm grain reserve program, extend the Food for Peace program, make major revisions in the food stamp program and authorize a variety of farm and rural conservation programs. (S. 275)

OTHER LEGISLATION

AGE DISCRIMINATION: A new law extends for six months the date upon which the U.S. Commission on Civil Rights is required to file its report under the Age Discrimination Act. The bill also would extend the commodities provision of the Older Americans Act of 1965 for one year through fiscal 1978 and permit the acceptance of cash in lieu of commodities. (PL 95-65)

DRUG ENFORCEMENT: The House passed a bill authorizing \$645 million for three years for drug enforcement under the Controlled Substances Act. (H.R. 5742)

JUVENILE JUSTICE: A bill reported from conference would extend the Juvenile Justice and Delinquency Prevention Act of 1974 and authorize \$150 million in fiscal 1978, \$175 million in fiscal 1979 and \$200 million in fiscal 1980. The bill also would authorize \$25 million in each fiscal 1978, 1979 and 1980 for the Runaway Youth Act and authorize the transfer of the program to ACTION from HEW after April 30, 1978. (H.R. 6111)

DEBT COLLECTION PRACTICES: The House passed legislation prohibiting professional debt collectors from harassing or intimidating any person in connection with the collection of a debt and from making false or misleading representations. (H.R. 5294)

U.S. RAILWAY ASSOCIATION: Both Houses passed in differing forms a bill authorizing \$13 million in fiscal 1978 for U.S. Railway Association litigation arising from the reorganization of the bankrupt railroads in the Northeast and Midwest. (H.R. 4049)

FEDERAL RULES OF CRIMINAL PROCEDURE: A new law approves certain proposed amendments to the Federal Rules of Criminal Procedure and disapproves other proposed changes. (PL 95-78)

COMMISSION ON NEW TECHNOLOGICAL USES OF COPYRIGHTED WORKS: The House passed legislation to extend by seven months until July 31, 1978 the term of the National Commission on New Technological Uses of Copyrighted Works. (H.R. 4836)

MARITIME AUTHORIZATION: A bill in conference would authorize \$553 million for maritime activities in fiscal 1978, including ship construction and operating subsidies, and research and the Merchant Marine Academy. (S. 1019)

PUBLIC ASSISTANCE AMENDMENTS: The House passed a bill to make administrative improvements in the SSI program, improve aid to Puerto Rico, Guam and the Virgin Islands, increase funds for child welfare services, increase protection for children in foster care programs, extend federal funding for child support enforcement and improve the AFDC program. (H.R. 7200)

PUBLIC ASSISTANCE AND MEDICAID FUNDING AMENDMENTS: Congress enacted a law extending for 15 months, until October 1, 1978, the current eligibility of SSI recipients for food stamps; extending until September 30, 1978, federal matching funds for child support collection and paternity establishment services provided for persons not receiving AFDC; extending the due date to April 1, 1978, for HEW day care standards appropriateness study; and to prevent the cut-off of \$142 million in medicaid funds for 20 states which have not achieved certain statutory requirements for evaluations of long-term patient care. (PL 95-59)

MINE SAFETY AND HEALTH: A bill in conference would improve health and safety protection for metal and nonmetal miners and would transfer coal and noncoal mine safety enforcement to the Department of Labor. (S. 717)

INDIAN CLAIMS STATUTE OF LIMITATIONS: A bill reported from conference would extend until April 1, 1980, the deadline for commencing tort or contract actions for Indian claims which accrued before July 18, 1966. (S. 1377)

INDIAN CLAIMS: A new law authorizes \$2.25 million for the Indian Claims Commission for fiscal 1978 and facilitates the transfer of cases from the Commission to the United States Court of Claims. (PL 95-69)

MEMBERS RESIDENCE FOR STATE INCOME TAX PURPOSES: A law provides that state income taxes may not be levied against a Member of Congress in other than his/her own state when the Member is required to maintain an abode in the Washington area while attending sessions of Congress. (PL 95-67)

MEMORIAL TO THE FIFTY-SIX SIGNERS OF THE DECLARATION OF INDEPENDENCE: The House passed a bill authorizing the Secretary of the Interior to establish a memorial to the fifty-six signers of the Declaration of Independence in Constitution Gardens in the District of Columbia. (H.R. 2960)

FEDERAL HIGHWAY OBLIGATIONS: The House passed a bill limiting obligations for federal-aid highways and highway safety construction programs to \$7,445,000,000 in fiscal 1978. (H.R. 7462)

PRIVACY PROTECTION COMMISSION: Congress enacted a law extending the life of the Privacy Protection Study Commission two and a half months until September 30, 1977. (PL 95-38)

LEGAL SERVICES CORPORATION: The House passed a bill authorizing \$217 million in fiscal 1978 and \$275 million in fiscal 1979 for the Legal Services Corporation and revising the authorities of the corporation. (H.R. 666)

APPROPRIATIONS, FISCAL 1978

	BILL	COMPARED WITH PRESIDENT'S REQUEST
Agriculture (H.R. 7558) .....	\$ 12,749,378,000	\$ -167,639,000
**Defense (H.R. 7933) .....	111,184,166,000	-2,693,114,000
*Foreign Assistance (H.R. 7797).....	6,694,131,300	-904,829,836
HUD-Independent Agencies (H.R. 7554)	69,370,554,000	-1,403,858,000
Interior (PL 95-74) .....	10,026,349,000	-5,421,000
Labor-HEW (H.R. 7555).....	60,168,561,000	-425,409,000
Legislative (H.R. 7932).....	990,067,800	-144,653,800
Military Construction (H.R. 7589)..	2,977,720,000	-37,880,000
Public Works (H.R. 7553).....	10,294,414,000	-73,697,000
State-Justice-Commerce (H.R. 7556).	7,709,432,000	+231,875,500
Transportation (H.R. 7557).....	6,196,609,023	-86,175,000
Treasury-Postal (PL 95-81) .....	7,478,254,000	-115,242,000
TOTAL .....	\$305,839,636,123	\$-5,826,043,136

District of Columbia - \$491,116,000-Budget Request not yet received

Figures reflect law or conference agreements except that \* indicates bills as passed by the House. \*\*Includes funds for the B-1 bomber that were deleted by the Senate. This item is being reported in disagreement by House conferees.

STATEMENT OF SENATOR ROBERT C. BYRD

THE FIRST SEVEN MONTHS--  
SENATE ACCOMPLISHMENTS OF THE 95th CONGRESS  
January 4-August 3, 1977

The accomplishments of the Senate during the first seven months of the 95th Congress are impressive. Senators have worked assiduously on a variety of issues both in committee and on the floor. We have made changes to the rules of the Senate which have resulted in greater efficiency of the Senate and greater effectiveness of Senators. We have passed 11 of the 13 regular appropriation bills well in advance of the beginning of the approaching fiscal year. We have come to grips with issues ranging from farm prices to the B-1 bomber which affect the well-being of every American and the security of the nation. We have acted expeditiously on two extremely important programs which were left from last year--strip mining controls and air quality standards.

The Congress finally prevailed in establishing a Federal program to minimize the degradation of the environment by surface mining. Two previous Republican Presidents thrice vetoed our initiatives to set up uniform minimum strip mining and reclamation standards. President Carter, however, supported our efforts and signed the surface mining act into law today.

The Senate has acted in favor of a position which has been advocated by American presidents for several decades by voting to set up a waterway user fee to pay for the operation and maintenance of the inland waterway.

The Senate is continuing to give President Carter's legislative proposals thorough study and consideration, as illustrated in a status report on his major recommendations which is attached.

In response to the priority concern of this Congress, the Senate has already passed 21 energy-related measures. Senate action ranges from giving the President special authority to deal with the natural gas shortage during the record cold winter to passage more recently of a measure which will facilitate the expeditious and orderly development of the energy resources on the Outer Continental Shelf. Seven energy-related bills have become law. Two await the President's signature while two others are in Senate-House conference. Ten await passage by the House as listed below:

Enacted: 7

Deepwater Ports Extension (H.R. 6401, P.L. 95-36)  
ERDA Nonnuclear Authorization, 1977 (S. 36, P.L. 95-39)  
Export Control--Arab Boycott (H.R. 5840, P.L. 95-52)  
FEA Authorization (S. 1468, P.L. 95-70)  
Natural Gas Emergency (S. 474, P.L. 95-2)  
Urgent Power Supplemental Appropriation (H.J. Res. 227, P.L. 95-3)  
Strip Mining (H.R. 2, P.L. 95-87)

Sent to President: 2

Department of Energy (S. 826, P.L. 95- )  
Public Works--Energy Research Appropriation (H.R. 7553, P.L. 95- )

In Conference: 2

Clean Air (H.R. 6161); Conferees have reached agreement  
Mine Safety (S. 717)

Passed Senate, not House: 10

Alaska Pipeline Destruction (S. 1496)  
Educational Institution Energy Saving Grants (S. 701)  
ERDA Nonnuclear Authorization, 1978--Civilian (S. 1340; H.R. 6796  
on House Union Calendar)  
ERDA Nuclear Authorization--Civilian/Military (S. 1341)  
ERDA Nuclear/Nonnuclear Authorization--Civilian (S. 1811)  
ERDA Nuclear Authorization--Military (S. 1339; H.R. 6566 on House  
Union Calendar)  
ERDA Synthetic Fuel Loan Guarantee Program (S. 37)  
Outer Continental Shelf (S. 9; H.R. ordered reported 7/27)  
Pipeline Destruction (S. 1502)  
Radiation Exposure (S. 266)

Aside from these 21 bills which we have considered on the Senate floor, our committees have already spent many hours hearing witnesses and examining the numerous components of the President's omnibus energy package. Senators are to be congratulated on the important committee work they have already done so that the full Senate will have this urgent matter for consideration in September.

The leadership is grateful to all members of the Senate for their cooperation in writing this record of achievement of which we can all be proud.

LEGISLATIVE DIGEST  
January 4-August 3, 1977

ENERGY-ENVIRONMENT:

Emergency Natural Gas - Congress enacted early this year a measure giving the President special emergency authority to deal with the natural gas shortage during the winter months.

Department of Energy - Congress sent to the President a bill to create a cabinet-level Department of Energy incorporating some 50 energy-related agencies including FEA, ERDA and the FPC.

Strip Mining - We have sent the President a measure to minimize the degradation of the environment by requiring minimum uniform standards for mining and reclamation.

Clean Air - Close to enactment is a measure setting final auto emission standards in 1980 and requiring other measures to improve air quality.

Mass Transit - The Senate has approved \$5.3 billion in new funds to help cities and States pay for urban mass transit programs.

Export Control--Alaskan Oil - The Congress has enacted a measure prohibiting the export of Alaskan oil except for mutually beneficial exchanges or for national security reasons.

ERDA - The Senate has authorized \$5.2 billion for nuclear and nonnuclear energy research and development and \$3.8 billion for ERDA programs which have military applications.

Public Works--Energy Research Appropriations - We have cleared for the President an appropriation of \$10.4 billion of which \$5.9 billion is for energy research.

Outer Continental Shelf - The Senate has passed a measure which will facilitate the environmentally-safe development of oil and other resources on the Outer Continental Shelf.

Energy Saving Grants for Schools - The Senate has authorized matching grants to schools to help them meet the high costs of fuel and to encourage energy conservation measures.

Pipeline Destruction - The Senate has passed provisions making it a Federal crime to willfully destroy the Trans Alaska pipeline or any interstate pipeline systems transporting gas or oil.

Alaska Pipeline Treaty - The Senate voted to ratify a treaty with Canada to insure that present and future pipelines across Canadian territory will be free from discretionary taxation.

ECONOMY-UNEMPLOYMENT:

Tax Cut - Congress has enacted a 3-year \$34 billion tax cut. Forty-six million Americans--90% with incomes less than \$20,000--will pay less taxes. Corporations will be allowed a tax credit on hiring new employees. Ninety-six percent of all taxpayers will have a simpler method of computing their taxes.

Economic Stimulus Appropriations - Congress has enacted a measure providing \$20.1 billion to create 415,000 new CETA jobs in implementing the President's economic stimulus proposals. Includes funds for public works projects, public service employment, and countercyclical revenue-sharing to help State and local governments continue their basic services and to target employment and training programs to youth, veterans and unskilled workers.

Public Works Employment - Congress has enacted a measure authorizing \$6 billion for local public works projects which provide jobs through construction in places with the most distressing levels of unemployment.

Unemployment Compensation - Congress has extended the unemployment compensation program until October 31 to aid those temporarily unemployed with an income to meet their day-to-day living expenses.

Youth Employment - We have sent the President a bill adding a new title to CETA to put 200,000 unemployed youths to work on neighborhood improvement, public facilities, parks and other projects in an effort to enhance job prospects and career opportunities for youths.

Housing and Community Development - Under consideration by Senate and House conferees is a \$14.6 billion multi-year authorization for housing assistance and community development.

#### INTERNATIONAL:

Arab Boycott - We have enacted provisions attacking the most repugnant aspects of the Arab boycott against Israel and generally improving export administration.

Rhodesian Chrome - Congress acted early this year to halt the importation of chrome from Rhodesia which was in violation of U.N. sanctions against trade with that country.

Foreign Corporate Bribes - The Senate passed a measure to make it a crime for U.S. companies to bribe foreign officials and to remove the means of concealing bribes by falsification of corporate records.

Intelligence Activities - For the first time in history, the Senate voted on a separate bill authorizing the budget for the intelligence activities of the U.S. Government including specific amounts for the CIA and the DIA.

Transfer of Prisoners in Mexican/Canadian Jails - The Senate has agreed to a resolution of ratification of treaties with Mexico and Canada to allow American convicted prisoners in those countries to return to the U.S. to serve out their prison terms.

#### HEALTH:

Black Lung - The Senate has concluded debate on a measure to improve the benefits program to miners disabled from Black Lung disease and awaits passage of the House bill.

Clinical Laboratories - The Senate has voted to expand the program of mandatory licensure to all laboratories except military and veterans hospitals.

Health Research - Congress enacted a \$3.3 billion authorization for the major public health programs.

Mine Safety - The Senate has voted to strengthen the national mine safety and health program by providing uniform administration and enforcement for the entire mining industry under a single Act administered by the Department of Labor.

#### OTHER:

Omnibus Farm Bill--Food Stamps - The Senate and House have agreed to extend the basic price support programs for major commodities and the Food for Peace (P.L. 480) program. This bill also makes important revisions in these programs as well as needed reform to the Food Stamp program which is extended for two years.

Senate Committee Reorganization and Code of Ethics - At the beginning of the session, the Senate reduced the number of Senate committees and realigned jurisdictions into a more rational order. It agreed to numerous other changes to spread legislative responsibilities more equally among all Senators. The Senate also adopted an official code of conduct for Senators and staff which requires extensive financial disclosure.

Ethics in Government - The Senate has passed a bill requiring extensive financial disclosure by top officials and employees throughout the Federal Government and providing for the appointment of a special prosecutor who would be responsible for investigating any wrongdoing of top government officials.

Presidential Reorganization Authority - Congress has enacted a 3-year extension of the President's authority to submit to Congress plans to reorganize Executive branch agencies.

Defense Funds - In conference is a measure appropriating \$109 billion for the Department of Defense. As recommended by the President, the Senate omitted funding for procurement of the B-1 bomber.

Waterway User Fee - The Senate has voted to establish, for the first time in our history, a system of commercial user charges to pay for the maintenance and improvement of the inland waterways.

Insecticides (FIFRA) - The Senate has passed a measure designed to improve the operation of the Federal pesticide registration program and to protect the public against health and environmental hazards from pesticides.

Omnibus Judgeships - The Senate passed a bill providing for the appointment of 110 additional permanent district court judges to permit the judicial system to keep pace with increased cases.

Campaign Financing - The Senate has passed a measure simplifying the reporting requirements for candidates and generally improving the administration of the present law.

THE WHITE HOUSE  
WASHINGTON

Mr. President:

THREE SIGNATURES NEEDED

for DNC fundraising letter,  
which I understand you have  
already approved (attached).

*please sign "Jimmy"*  
Rick *(per DNC request)*

---

# THE PRESIDENT'S CLUB

---

## OF THE DEMOCRATIC PARTY

---

1625 Massachusetts Avenue, N.W. • Washington, D.C. 20036

August 4, 1977

TO: PAUL SULLIVAN

FROM: BOB BLAND AND CRIS MURRAY

SUBJ: LETTERS FOR FALL MAILING

Attached are the three versions of the letter to be sent out in September by the Direct Mail Department.

The stationery will be like the attached, printed in dark green on 7"x10" paper.

The first version will be computer printed and personalized. It will go to approximately 425,000 recent contributors, either to the DNC or the Carter campaign.

The second version will be simply printed. It will go to approximately 280,000 individuals who donated to the DNC during the 1969 - 1975 period, but have not done so since.

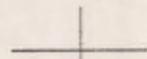
The third version will be simply printed also. It will go to 1,415,000 individuals thought likely to join. The typographical error on page 2, paragraph 2 will be corrected.

The President's signature will be printed on each second page in light blue.

We need for the President to sign his name three times on a blank, white sheet of paper. As stated before, we would prefer that the letter be signed, "Jimmy." The preferable pens are felt-tip or fountain type, and it must be black ink.

# Jimmy Carter

Washington, D.C. 20036



Check with me  
on text before  
printing  
JC

Jimmy

Jimmy

Jimmy

---

# THE PRESIDENT'S CLUB

---

## OF THE DEMOCRATIC PARTY

---

1625 Massachusetts Avenue, N.W. • Washington, D.C. 20036

August 9, 1977

To: Rick Hutcheson

From: Bob Bland and Cris Murray, Direct Mail Section, DNC

Subj: Direct Mail Letters, Fall

Enclosed are copies of the letters to be mailed this fall.

The first, beginning "Because you and I...", is to be mailed to 705,000 previous contributors to the DNC and the Carter campaign. 425,000 of these will be personalized by computer.

The second, beginning "I would like...", is to be mailed to 1.415 million prospective contributors.

All are to be printed on stationery printed like the attached, 7"x10", in dark green. The President's signature will be printed in medium blue and the text in black.

We are now working under a very tight time frame to meet our drop date of September 2. The printers have the copy and are ready to go as soon as the word is given.

September 9, 1977

Mr. John Lydenberg  
756 South Main Street  
Geneva, N.Y. 14306

My Dear Friend,

Because you and I share an allegiance to the Democratic Party, I've decided to write this letter to you at this critical time.

Recently the Democratic Party prepared a report which contains an ominous note for next year's Congressional elections.

Traditional Republicans, the report states, will be joined by a growing conservative "new right" movement to finance a concerted attack against Democratic strength in Congress.

I'm enclosing a copy of this report because it explains why many fine Democratic incumbents will face difficult re-election campaigns in 1978... and why the strongest possible candidates must also be found to challenge Republican strongholds.

My Administration requires the strong support of Congress if we are to achieve many of the goals we have set. For the long run, we need to assure the continuity of large Democratic majorities in the House of Representatives and the Senate.

Only with the strong assistance of the Democratic National Committee, through effective campaign services and direct financial support, can we hope to maintain or even increase Democratic strength in Congress next year.

And only with the continuing support of an unprecedented number of loyal Democrats can the Party do its job effectively.

That's why earlier this year the Party formed The President's Club, to help me carry out my commitments to the American people.

*Computer letter  
Page 1*

( 2 )

If you haven't yet joined The President's Club, I urge you to do so now; if you are already a member, I hope you will send an additional contribution to help at this time.

Because you and the Party have already achieved so much, I know we will continue to be successful in this new effort to elect Democrats.

Next year's elections will determine the occupants of all 435 seats in the House of Representatives and at least 33 Senate seats. The Democratic Party must raise several million dollars to assure that Democrats win as many of them as possible.

If enough loyal Democrats will contribute an average of \$25 each, I know we will accomplish everything we have set out to do.

The Democratic Party and I must depend on you now just as we have before; I know you will join with us again.

Sincerely,

JC:sc

Jimmy Carter

P.S. If you have not received your 1977 President's Club membership card, the Democratic National Committee will send it to you soon after your contribution is received.

Computer  
P. 2

My Dear Friend,

I would like to invite you to accept membership in The President's Club.

The Democratic Party has formed this club to attract the support of Democrats who will help our Administration to carry out its commitments to the American people.

The challenge of coming months is enormous. And the Democratic Party will be called upon to contribute more assistance than ever before.

The Party must in turn depend on you to join in this effort now. I believe that we can.

The Democratic Party plays a vital role in keeping me in close contact with local political organizations, elected officials and others who make up the heart of our constituency.

The way you feel about our efforts is very important to me. So to make it easier for you to communicate your thoughts, the Party will be preparing regular reports for members of The President's Club, and will establish a way for you to send back your comments.

Your reactions to these reports will help us to formulate our proposals for strengthening the economy, solving our energy problems, eliminating government waste, and improving our nation's world stature.

But once we have formulated the programs to reach these goals, we need the full support of a Congress which is committed to the same goals. And here the Democratic Party must provide perhaps its most essential service -- working for success in 1978's Congressional elections.

A report prepared recently by the Democratic Party predicts a concerted attack by Republicans, allied with a growing conservative "new right" movement, against Democratic strength in Congress next year.

JC:SP  
version

Page 1.  
Black plate

1,115,000

( 2 )

I'm enclosing a copy of this report because it explains why many fine Democratic incumbents will face difficult re-election campaigns in 1978... and why the strongest possible new candidates must be found to challenge Republican strongholds..

With the help of The President's Club, the Democratic Party can provide the campaign services which will assure success. But a greater number of supporters than ever before must be called upon to help.

That's why I'm asking you now to join The President's Club and send your 1977 contribution to the Democratic Party.

Next year's elections will determine the occupants of all 435 seats in the House of Representatives and at least 33 Senate seats. The Party must raise several million dollars to assure that Democrats win large majorities.

If enough loyal Democratic supporters will donate an average of \$25 each, I know we will accomplish everything we have set out to do.

The Democratic Party and I must depend on you to help us reach our goals; I know that you will join us.

Sincerely,

JC:sp

Jimmy Carter

P.S. The Democratic National Committee will send you your President's Club membership card soon after your contribution is received, and place your name on its mailing list to get periodic reports on our progress.

JC:sp  
Version

P.2

Black, +  
blue signature

1,415,000

To Ken Curtis  
J

#1

I prefer #3  
JC

September 9, 1977

Mr. John Lydenberg  
756 South Main Street  
Geneva, N.Y. 14306

My Dear Friend,

Because you and I share an allegiance to the Democratic Party, I've decided to write ~~[this letter]~~ to you at this critical time.

Recently the Democratic Party prepared a report which contains an ominous note for next year's Congressional elections.

"prepared a report"??

Traditional Republicans, the report states, will be joined by a growing ~~[conservative]~~ "new right" movement to finance a concerted attack against Democratic strength in Congress.

computer letter  
Page 1

I'm enclosing a copy of this report because it explains why many fine Democratic incumbents will face difficult re-election campaigns in 1978... and why the strongest possible candidates must also be found to challenge Republican strongholds.

My Administration requires the <sup>continuing</sup> ~~strong~~ support of Congress if we are to achieve many of the goals we have set. For the long run, we need to assure the continuity of ~~[large]~~ Democratic majorities in the House of Representatives <sup>our</sup> and the Senate.

Only with the <sup>our</sup> strong <sup>and</sup> assistance of the Democratic National Committee, through effective campaign services and direct financial support, can we hope to maintain or even increase Democratic strength in Congress next year.

And only with <sup>other</sup> the continuing support of <sup>you and</sup> an unprecedented number of loyal Democrats can the Party do its job effectively.

That's why earlier this year the Party formed The President's Club, to help me carry out my commitments to the American people.

Electrostatic Copy Made  
for Preservation Purposes

If you haven't yet joined The President's Club, I urge you to do so now; if you are already a member, I hope you will send an additional contribution to help at this time.

Because you and the Party have already achieved so much, I know we will continue to be successful in this new effort to elect Democrats.

Next year's elections will determine the occupants of all 435 seats in the House of Representatives and at least 33 Senate seats. The Democratic Party must raise several million dollars to assure that Democrats win as many of them as possible.

If enough loyal <sup>then together</sup> Democrats will contribute an average of \$25 each, ~~I know~~ we will accomplish everything we have set out to do.

The Democratic <sup>National Committee</sup> ~~Party~~ and I must depend on you now just as we have before; I know you will join with us again. ~~we will win together.~~

Sincerely,

JC:sc

Jimmy Carter

P.S. If you have not received your 1977 President's Club membership card, the Democratic National Committee will send it to you soon after your contribution is received.

*Computer letter*  
P. 2

#2

September, 1977

My Dear Friend,

Because you and I share an allegiance to the Democratic Party, I've decided to write ~~[this letter]~~ to you at this critical time.

Recently the Democratic Party prepared a report which contains an ominous note for next year's Congressional elections.

"prepared a report"??

Traditional Republicans, the report states, will be joined by a growing ~~[conservative]~~ "new right" movement to finance a concerted attack against Democratic strength in Congress.

I'm enclosing a reprint of this report because it explains why many fine Democratic incumbents will face difficult re-election campaigns in 1978... and why the strongest possible candidates must also be found to challenge Republican strongholds.

JC: sr.  
vacuum

My Administration requires the <sup>continuing</sup> ~~[strong]~~ support of Congress if we are to achieve many of the goals we have set. For the long run, we need to assure the continuity of ~~[large]~~ Democratic majorities in the House of Representatives<sup>our</sup> and the Senate.

Page 1  
black plate

Only with the strong assistance of the Democratic National Committee<sup>and</sup> through effective campaign services and direct financial support<sup>x</sup> can we hope to maintain or even increase Democratic strength in Congress next year.

And only with the <sup>other</sup> continuing support of <sup>you and</sup> an unprecedented number of loyal Democrats can the Party do its job effectively.

That's why earlier this year the Party formed The President's Club, to help me carry out my commitments to the American people.

Electrostatic Copy Made for Preservation Purposes

If you haven't yet joined The President's Club, I urge you to do so now; if you are already a member, I hope you will send an additional contribution to help at this time.

Because you and the Party have already achieved so much, I know we will continue to be successful in this new effort to elect Democrats.

Next year's elections will determine the occupants of all 435 seats in the House of Representatives and at least 33 Senate seats. The Democratic Party must raise several million dollars to assure that Democrats win as many of them as possible.

If enough loyal Democrats will contribute an average of \$25 each, I know we will accomplish everything we have set out to do. *then together*

The Democratic ~~Party~~ *National Committee* and I must depend on you now just as we have before; I know you will join with us again.

Sincerely,

JC:sr

Jimmy Carter

P.S. If you have not yet received your 1977 President's Club membership card, the Democratic National Committee will send it to you soon after your contribution is received.

JC: sr  
Version  
P. 2

Block, +  
due 1/9

# 3

My Dear Friend,

I would like to invite you to accept membership in The President's Club.

The Democratic Party has formed this club to attract the support of Democrats who will help our Administration to carry out its commitments to the American people.

The challenge of coming months is enormous. And the Democratic Party will be called upon to contribute more assistance than ever before.

*I know that we can*  
~~The Party must in turn~~ depend on you to join in this effort now. ~~I believe that we can.~~

The Democratic Party plays a vital role in keeping me in close contact with local political organizations, elected officials and others who make up the heart of our constituency.

The way you feel about our efforts is very important to me. So to make it easier for you to communicate your thoughts, the Party will be preparing regular reports for members of The President's Club, and will establish a way for you to send back your comments.

JC:SP  
VERSION

Your reactions to these reports will help us to formulate our proposals for strengthening the economy, solving our energy problems, eliminating government waste, and improving our nation's world stature.

Page 1  
Black photo

But once we have formulated the programs to reach these goals, we need the full support of a Congress which is committed to the same goals. And here the Democratic Party must provide perhaps its most essential service -- working for success in ~~1978's~~ the 1978 Congressional elections.

A report prepared recently by the Democratic Party predicts a concerted attack by Republicans, allied with a growing ~~(conservative)~~ "new right" movement, against Democratic strength in Congress next year.

"prepared" ??

I'm enclosing a copy of this report because it explains why many fine Democratic incumbents will face difficult re-election campaigns in 1978... and why the strongest possible new candidates must be found to challenge Republican strongholds.

With the help of The president's Club, the Democratic Party can provide the campaign services which will assure success. But a greater number of supporters than ever before must be called upon to help.

That's why I'm asking you now to join The President's Club and send your 1977 contribution to the Democratic Party.

Next year's elections will determine the occupants of all 435 seats in the House of Representatives and at least 33 Senate seats. The Party must raise several million dollars to assure that Democrats win large majorities. *continue to*

If enough loyal Democratic supporters will donate an average of \$25 each, I know we will accomplish everything we have set out to do.

The Democratic <sup>*National Committee*</sup> ~~Party~~ and I must depend on you to help us reach our goals; I know that you will join us. *We will win together.*

Sincerely,

Jimmy Carter

JC:sp

P.S. The Democratic National Committee will send you your President's Club membership card soon after your contribution is received, and place your name on its mailing list to get periodic reports on our progress.

*JC:sp  
Version  
P. 2*

*Black, r  
blue ink*

~~CONFIDENTIAL~~

THE WHITE HOUSE  
WASHINGTON

August 4, 1977

Hamilton Jordan -

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

Rick Hutcheson

Re: Unlawful Payments by  
Coca Cola

"DETERMINED TO BE AN ADMINISTRATIVE MARKING  
CANCELLED PER E.O. 12356, SEC. 1.3 AND  
ARCHIVIST'S MEMO OF MARCH 16, 1983"

THE WHITE HOUSE  
WASHINGTON

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

ACTION  
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
✓	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	LANCE
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

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

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

TO: The President

From: Bob Fipschutz

Paul Austin  
was very anxious  
to make you aware  
of this information.

8/3/77

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

August 3, 1977

MEMORANDUM FOR: JODY POWELL

FROM: BOB LIPSHUTZ  
DOUG HURON

RE: Unlawful Payments by Coca-Cola

Tomorrow morning, August 4, Coca-Cola will file with the Securities and Exchange Commission a report detailing \$1.3 million in unlawful corporate payments made, mostly abroad, since January 1, 1971. The report will be made public in 7-10 days but may leak sooner, possibly tomorrow.

Of the \$1.3 million, some \$14,500 was spent within the United States, of which \$8,000 was expended for political contributions. According to Coke, none of these funds were contributed to Jimmy Carter, either in his races for Governor or for President.

The report states that Coca-Cola also makes lawful political expenditures of non-corporate funds through its Non-Partisan Committee for Good Government. It mentions, moreover, that one such expenditure--\$1,775 made in July 1976 to co-sponsor a luncheon for Jimmy Carter in New York City--has been questioned by the Federal Election Commission.

We have been aware of the FEC investigation of this matter for some time, but so far it has not been made public. Briefly, Coke's expenditure was made during the general election period when our campaign was publicly financed and receipt of contributions was prohibited. The spending would have been lawful, however, if it was an "independent expenditure"--i.e., if it was not in any way coordinated with our campaign.

Both Coke and we have taken the position with the FEC that the expenditure was independent. We have also indicated a willingness to conciliate the matter. The FEC has been dealing principally with Coke, and we have not been involved in the negotiations.

We expect to become more involved--and to conciliate--when the FEC and Coke have completed their talks.