

8/11/77 [3]

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memo	From Andrew Young to The President (1 page)re: Weekly Summary of US Mission to the UN activi- ties/ enclosed in Hutcheson to Mondale etal 8/11/77 <i>Opened 6/1/92</i>	8/4/77	A
memo w/att.	From Brzezinski to The President (7 pp.)re:For- eign Trips/ enclosed in Hutcheson to Brzezinski 8/11/77 <i>4 pp. opened per RAC NLC-126-8-34-1-5, 2/7/13</i> <i>4 pp. opened per RAC NLC-126-8-34-3-3, 2/7/13</i>	8/11/77	A

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EYES ONLY

THE WHITE HOUSE
WASHINGTON

August 11, 1977

The Vice President
Midge Costanza
Stu Eizenstat
Hamilton Jordan
Bob Lipshutz
Frank Moore
Jody Powell
Jack Watson

Cabinet Summaries

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

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

MEMORANDUM TO: THE PRESIDENT
FROM: Jack Watson *Jack* August 6, 1977
RE: Summaries for the Week of
August 1 - 5, 1977

We are attaching summaries received from the
following:

Agriculture
Commerce
CEA
GSA
HEW
HUD
Interior
Justice
Labor
Transportation
Treasury
UN

I am also attaching a brief status report.

CC: The Vice President

THE SECRETARY OF COMMERCE
WASHINGTON, D.C. 20230

August 5, 1977

AUG 5 1977 "FYI"

cc: V.P.
C
/

REPORT TO THE PRESIDENT

Economic Development Assistance to Frankford Arsenal Area
Today, the Economic Development Administration awarded a \$12.5 million grant to the City of Philadelphia to help overcome job and income losses related to the closing of Frankford Arsenal. This grant, combined with \$4.5 million in City funds, will enable Philadelphia to implement the comprehensive economic adjustment program it has developed for addressing problems due to the Frankford closing. This program is designed to help revitalize the American Street industrial corridor in the northeastern area of the City, and includes the rehabilitation of existing industrial facilities, establishment of an industrial development loan fund, modernization of street and rail facilities, and construction of off-street parking spaces. Philadelphia officials anticipate that these activities will attract new industry to the area and generate more than 1,000 new jobs, many of which will be filled by former Frankford employees.

Transfer of Tuna Vessels to Foreign Flags

Since the beginning of the current controversy over the protection of porpoises in tuna fishing, the Maritime Administration has received 13 applications to transfer tuna purse seiner vessels to foreign flags. While such applications would have been approved routinely in the past, we now consider these cases as precedent-setting. This week the Maritime Administration approved the first two of these applications, subject to conditions designed to ensure compliance with U.S. treaties and laws governing the conservation of living marine resources. Specifically, these conditions require that the foreign buyer agree to comply with U.S. laws, permit National Marine Fisheries Service observers aboard the vessel, furnish a substantial compliance bond, and accept restrictions on subsequent resale of the vessel. Each remaining application will be considered on its own merits.

Interagency Study of Puerto Rican Economy

Since your March decision to initiate this study, the interagency study group has agreed to a comprehensive study plan and has started its implementation. The study will focus on the impact of Federal programs and policies on Puerto Rican

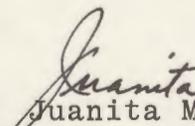
problems through detailed assessments of the following major sectors of economic activity: agriculture; industrial development; transportation; construction and housing; energy; population, employment and migration; health, education and welfare; and tourism. To supplement these assessments now underway, the Department will develop an overall economic and financial assessment of the Puerto Rican economy and the role of current Federal programs. As a special issue, we are also investigating certain of the island's banking and financial problems. Puerto Rican representatives have been informed of our progress and we expect the study to be completed before June 30, 1978.

Oceanographic Research in Cuban Territorial Waters

During the period of July 13-15, the National Oceanic and Atmospheric Ship RESEARCHER initiated oceanographic investigations in the Florida straits, including observations less than three miles off the coast of Cuba. This is the first U.S. vessel to obtain diplomatic clearance to operate in the territorial waters of Cuba since diplomatic ties were severed in early 1961. Clearance was obtained with the stipulation that Cuban observers would be aboard, a requirement typical of many countries. The Cuban observers were provided copies of the raw data collected and informed that final data would be forwarded as soon as possible. They expressed satisfaction with the investigations and appreciation to NOAA's Chief Scientist and the ship's crew for the hospitality they had received.

Eighth Korea-United States Commerce Ministers Meeting

I plan to lead a delegation to attend the Eighth Korea-United States Commerce Ministers Meeting in Seoul, to be held September 28 through 30. A range of bilateral commercial topics will be discussed, including trade policy issues, fisheries problems, export expansion, and Korean industrial property rights protection. While in Korea, I also will be calling upon President Park and several Ministers. The trip will include a one-day visit to Japan where I expect to call upon Prime Minister Fukuda and the International Trade and Industry Minister. In my talk with the latter, I will reiterate U.S. concerns with imbalances in our bilateral trade, and will pursue the same theme in a speech to the American Chamber of Commerce in Japan.


Juanita M. Kreps

THE WHITE HOUSE
WASHINGTON

August 11, 1977

Administrator Solomon

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

Rick Hutcheson

RE: NEW BUILDING DEMAND IN
WASHINGTON
TELEPHONE SYSTEMS



United States of America
General Services Administration
Washington, D.C. 20405

*Solomon
JC*

Administrator

August 5, 1977

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on GSA Activities

New Building Demand in Washington

We have firm request from all departments in the Government for new immediate needs for space in Washington, DC, of 400,000 square feet. This does not include needs for the new Department of Energy. A detailed report and memo will be sent to you next week. *no*

Disaster Support Johnstown, Pa. - Fires in Western States

GSA is providing agencies involved in disaster relief with office space, machines and equipment, telecommunications, vehicles, and storage space in the Johnstown, Pennsylvania, flood area. Additionally, GSA is providing priority supply support to agencies fighting fires in Alaska and other Western States.

Telephone Systems

In prior years some civilian agencies have been permitted to establish their own telephone systems rather than use the GSA Centrex system. Because of the potential cost saving of a single system, we are working on merging the various systems. *Good*

Blair-Lee House

A timetable for repairs to the Blair-Lee House is being developed.

EPA Beverage Container Guidelines

These guidelines will pose significant problems in the operation of vending machines in Federal facilities. We have begun discussions with EPA to resolve these problems and expect to meet EPA's implementation schedule of November 21, 1977.

THE WHITE HOUSE
WASHINGTON

August 11, 1977

Secretary Califano

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

Rick Hutcheson

RE: H.R. 7200

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THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

August 5, 1977

1977 AUG 5 PM 5:07

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

The following is my weekly report on significant activities in the Department of Health, Education, and Welfare:

- o Abortion: As you know, the Federal District Court In New York yesterday dissolved the injunction against enforcement of the Hyde Amendment. Accordingly, I issued a statement ~~which is attached~~. As the statement makes clear, HEW will now finance abortions through medicaid only in cases where a doctor certifies that the life of the mother would be endangered if the fetus is carried to term, or for prompt treatment of rape and incest victims before a pregnancy can be established.

This accords with the recent opinion of Attorney General Bell concerning the intent of the Hyde Amendment, and is consistent with language adopted by the House in the FY 1978 Appropriations Bill. On Thursday the Senate voted to retain its broader language (abortion where "medically necessary"), thereby necessitating another conference after the recess.

- o Hospital Cost Containment: Last week I gave you a full report on cost containment. On Tuesday, the Senate Human Resources Committee reported out the bill by a vote of 11 to 3. However, the House Ways and Means Health Subcommittee (Rostenkowski) failed to make a quorum and made no further progress on the bill.
- o H.R. 7200: There were more set-backs this week in the Senate Finance Committee (see last week's report). In addition to the regressive eligibility rules already adopted, and the budget-busting price tag, the Committee approved the following proposals which the Administration opposed:

--enacted a \$10 million emergency aid program for SSI recipients, but gave responsibility for the program to the States and not HEW, which administers SSI;

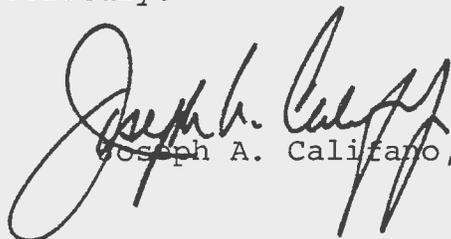
--required reports by the Secretary on (a) staffing needs in the SSI program, and (b) the steps HEW will take to bring the SSI program into what they regard as "compliance with the law;"

--required that pilot projects be conducted on annual reporting by SSI recipients of their financial status, because the annual case determinations already being conducted were deemed inadequate; and

--adopted a \$5 monthly increase in payments to institutionalized SSI recipients that we had opposed -- first year cost of \$12 million.

In addition, the Committee tentatively agreed to add \$13 million to the existing \$26 million of federal welfare funds for Puerto Rico, the Virgin Island, and Guam and to change the matching rate for the funds from \$1 federal/\$1 territorial to \$2 federal/\$1 territorial. Some provisions favored by the Administration were also accepted, but they were, on balance, much less significant than those we opposed.

- o Equal Opportunity: On Wednesday I established a task force to conduct a searching review of the equal employment opportunities and affirmative action programs in HEW. My goal is to insure that we investigate and resolve equal employment opportunity complaints efficiently and judiciously, and that we maximize the effectiveness of our upward mobility program. The task force will report to me by December 1.
- o Summer Vacation: I will be on leave in Wellfleet, Massachusetts, beginning Sunday afternoon, August 7 to August 15, and for the period August 29 to September 6. In my absence, Under Secretary Hale Champion will be Acting Secretary.


Joseph A. Califano, Jr.

*Veto
bait*

THE WHITE HOUSE
WASHINGTON

August 11, 1977

Secretary Harris

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

Rick Hutcheson

RE: ALMA-BACON COUNTY, GEORGIA



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

Pat
J

August 5, 1977

AUG 5 1977

MEMORANDUM FOR: The President

SUBJECT: Weekly Report of Major
Departmental Activities

The following are brief descriptions of significant activities at the Department of Housing and Urban Development.

Regional Administrator Training. The ten HUD Regional Administrator designates are in Washington for a month of intensive training. This orientation has been designed to be the most comprehensive ever conducted by the Department. The Regional Administrators will experience a variety of activities ranging from concise briefings from Principal Staff to a three-day program on the interaction of Federal programs, to intensive examination of selected key Departmental programs from the conceptual level to the operating level. It will focus on a need for a sensitivity to the policies and priorities of this Administration and the need for interaction with other organizations, agencies, and levels of government.

Johnstown Flood Disaster. We are continuing our emphasis on Federal-state-local cooperation in the Johnstown disaster area. Twenty-eight Federal agency teams are making detailed damage surveys to identify what clean-up work and repair or replacement of damaged or destroyed public facilities needs to be done. The fact that an estimated 12,500 residents and businesses have Federal flood insurance policies valued in excess of \$250 million should help alleviate some of the losses due to the flooding.

Alma-Bacon County, Georgia. After a meeting with the interested Federal agencies opposing the construction of Lake Alma on environmental grounds, and a separate meeting with local and state supporters of the project, the decision has been made not to release Community Development Block

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Grant (CDBG) funds designated for the Lake Alma project. CEQ, EPA, and Interior objected to the lake because of expected serious damage to the environment, especially the destruction of wetlands. NEPA responsibility under the CDBG program has been delegated to local officials, and Alma-Bacon County had prepared a technically well-regarded Environmental Impact Statement. This is the first time HUD has intervened in the CDBG environmental decision making process. It is anticipated that Alma-Bacon County officials will now sue HUD to force release of the funds.

*Do
not
release
funds*

National Flood Insurance Issue Resolved. On Wednesday, August 3, I announced that HUD and the National Flood Insurers Association (NFIA), an insurance industry pool which has had operational responsibility for the sale, issuance, and handling of flood insurance policies, had resolved the major issue of secretarial authority over the National Flood Insurance program. This issue had hampered negotiation of a new agreement between HUD and NFIA.

Solar Energy in New Communities. The new community of Park Forest South, Illinois, has just completed plans for construction of a windmill to supply part of the lighting for a new Beatrice Foods plant. Beatrice Foods will also utilize solar energy to provide for 60 percent of its heating and cooling needs.

May Mortgage Totals Up 49 Percent from May '76. We reported that \$13.4 billion of home mortgage loans were closed in May, 1977, 49 percent more than the \$9.0 billion originated in May, 1976. This indicates that housing activity is continuing at a strong pace.

Pat
Patricia Roberts Harris

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THE WHITE HOUSE
WASHINGTON
August 11, 1977

Secretary Adams

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

Rick Hutcheson

RE: CONCORDE/SUPERSONIC TRANSPORT
OIL POLLUTION CONTROL SUPER-
FUND



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

Rock J

August 5, 1977

57 AUG 5

MEMORANDUM FOR THE PRESIDENT

THROUGH: Jack Watson

Bob Adams

SUBJECT: DOT Issues for Presidential Review

* Concorde/Supersonic Transport in the United States ACTION

I have instructed the appropriate DOT officials to finish a proposed national SST noise rule and complete proposed operating specifications for the Concorde by September 1 so these can be issued in September, as was contemplated by the "test system" started at Dulles.

I know there are serious domestic and international problems involved in this matter and I therefore need guidance from you on whether you want to be personally involved in this decision by receiving an option paper and meeting with me. Or if you want me to proceed to a decision after meeting with Zyg Brzezinski and Stu Eizenstat.

Proceed to decision

I want to be personally involved. Meet with me

after working proposal out = 369 & Stu

JC

Aviation Regulatory Reform

UPDATE

The Senate Commerce Committee met twice this week to consider the draft aviation reform proposal, and gave "tentative" approval to a bill containing small community, pricing flexibility, and automatic entry provisions. I have talked with Senator Magnuson again and he now believes a bill is in condition to be reported very soon after the recess. I have again told Representative Anderson of the House Subcommittee on Aviation that the Administration wants a bill filed on regulatory reform as well as aircraft noise and I would not appear at his field hearings in Chicago or elsewhere until we have a House bill filed.

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Deepwater PortsINFORMATION

On August 1, the Directors of the Louisiana Offshore Oil Port (LOOP, Inc.) agreed to the terms of their license to build a deepwater port in the Gulf of Mexico about 18 miles off the coast. The LOOP five-member consortium was able to provide owners' guarantees to meet the license requirements which will help guard against anti-competitive abuses in the ownership, control, and operation of these facilities. The first phase of LOOP construction would be a \$350 million terminal capable of handling about 1.3 million barrels of oil a day.

As you know, a deepwater port license was also offered to Seadock Inc., an eight-member consortium which had planned to build a similar facility 26 miles from Freeport, Texas. Three major Seadock stockholders - Exxon, Gulf, and Mobil, withdrew from the consortium and its future is in doubt. On August 2, Governor Briscoe of Texas wrote to you expressing concern that the Federal license requirements had been too restrictive and providing a copy of recently enacted Texas legislation to construct a publicly-owned deepwater port. Our analysis of the Briscoe letter and a suggested reply were sent to Jack Watson today in a separate memorandum.

Oil Pollution Control SuperfundINFORMATION

The FY 1978 DOT budget included the establishment of a \$200 million fund to be financed by oil shippers, to pay for environmental damage caused by oil spills. You had endorsed this fund as part of your March message on oil tanker safety. The Senate Commerce Committee reported out the bill this week to create this fund, but amended it to transfer the fund to the Department of Commerce. The House Merchant Marine and Fisheries Committee has reported a similar bill which keeps the fund in DOT. It is essential that jurisdiction over the fund stay with the Department of Transportation since the Coast Guard tracks the movement of ships, conducts inspections, and boards non-complying vessels. DOT sets safety standards and would be the agency required to identify the ship or ships liable for an oil spill. I will work with the conferees of both the House and Senate on this issue.

ok

THE WHITE HOUSE

WASHINGTON

August 8, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT:

Secretary Adams Memo re:
Concorde SST in the United
States

In view of the important domestic and foreign policy considerations involved in a decision regarding landing rights for the Concorde SST, I strongly recommend that you request Secretary Adams to prepare a decision memorandum for you on this issue.

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

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August 5, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren
Gus Speth
Marion Edey *ME*

SUBJECT: CEQ Weekly Status Report

Environmental Message Follow-up: We are following up on your Environmental Message by:

- Offroad Vehicles - sent all concerned agencies detailed memo on steps needed to implement your Executive Order and requested progress report.
- NEPA Regulations - we have sent questionnaires concerning perceived problems with the current NEPA process, reflecting the concerns voiced in public meetings, to business, labor, environmental, scientific, and federal, state, and local government representatives. The replies to these questionnaires will be used to help formulate our NEPA regulations.
- Wildlife and Natural Areas - Testified on several special purpose environmental bills, suggesting the legislation be deferred until civilian initiatives established by the environmental message (e.g., National Heritage Trust, and Nongame Wildlife Study) were carried out.

Sea Level Panama Canal: Supplied information to Eizenstat on major environmental and economic issues involved in construction of a sea level canal, and suggested a quick EOP review.

Conservation of Soil and Prime Farm Land: Edey testified before the Senate Agriculture Committee on two bills intended to achieve this purpose. Supported strengthening EPA's existing program to control pollution from runoff and suggested ways to improve economic incentives for farmers. Declined to commit the Administration on creation of new Commissions or totally new programs.

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THE SECRETARY OF THE TREASURY
WASHINGTON

F.Y.I.

August 5, 1977

AUG 5 1977

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MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. WITTEVEEN FACILITY

Mike Blumenthal will attend a meeting in Paris on Saturday that will attempt to reach agreement along industrial countries and OPEC participants on a major supplement of perhaps \$10 billion to IMF lending resources -- the "Witteveen Facility." Preliminary discussions among the industrial countries indicate that they are prepared to put up a share of roughly \$5 billion, with a U.S. share on the order of \$1.7 billion. The key question to be resolved at the meeting is whether the OPEC group will provide a roughly comparable amount. We will press hard for this outcome. Mike will brief you fully on the results of the meeting when he returns.

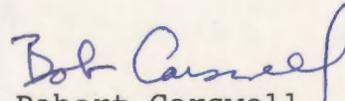
2. URBAN FINANCING

Treasury has submitted a detailed, but preliminary urban economic development proposal to OMB. This results from your earlier request that we recommend whether there should be an "urban bank" at the Federal level. Our general conclusion is that a package of urban private sector financing incentives could be constructive, but that a Federal entity lending to municipal governments is not needed. Furthermore, new tax incentives for this purpose would be inconsistent with Treasury's tax reform objectives.

We intend to submit a final proposal by the September 15 deadline for FY 1979 budget submissions. We are coordinating with the OMB staff handling reorganization in this area. Summaries of the proposal have been provided to Stu Eizenstat, HUD and Commerce. Any program of this type would probably be managed by one of these agencies or perhaps an independent entity.

3. INTERNATIONAL FINANCIAL INSTITUTIONS

The Senate should finish its consideration of the foreign assistance appropriations bill today. As regards the House, the Secretary had urged Chairman Reuss to bring up approval of the Conference Report on the IFI authorization bill yesterday, based on our judgment that we had the necessary votes. Although consideration was scheduled, this was later pulled back because the leadership believed it would be too controversial. Our task will likely be more difficult in September.


Robert Carswell
Acting Secretary

U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

"FYI"

C

1977 AUG 5 PM 5:00

August 5, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: RAY MARSHALL *Ray*

SUBJECT: MAJOR DEPARTMENTAL ACTIVITIES, JULY 30-AUGUST 5

LABOR MANAGEMENT SERVICES ADMINISTRATION

Telephone Workers

There continues to be a serious danger of a nationwide strike against the Bell System on August 7. Such a strike would probably last from three to five weeks and involve 700,000 employees represented by the Communications Workers of America (CWA) and two other unions. The impact of a strike will be on such auxiliary services as the installation of equipment rather than on basic telephone service. Glenn Watts, CWA president, will probably try to see you to get you to intervene. As you know, such a meeting would set a precedent which might get you entangled in other major strikes in the future.

United Mine Workers (UMW)

Between 55,000 and 70,000 coal miners are continuing their wild-cat strikes over the reduction of benefits from the UMW's Health and Retirement Fund. The situation is very serious and the potential for violence is high. In West Virginia strikers are receiving food stamps, but in Kentucky they are not. Bands of West Virginia miners are moving into Kentucky to try to close the mines there. As a result, there may be violent clashes at mine entrances in Kentucky. About 1,000 miners are demonstrating in Washington today to protest the reduction in health benefits.

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Steelworkers

As expected, Steelworker locals in five states struck iron-ore mining operations on August 1. Although the strike shuts down 85 percent of our iron-ore production, stockpiles are high and the strike presents no immediate problems. The strike is over incentive pay and local issues. Management claims that these issues are covered by the no-strike clause in the Experimental Negotiating Agreement. The union disagrees. Because both sides regard this strike as a test-case, there is no real probability of an early settlement. The basic immediate problem caused by this strike is not iron-ore production but the threat it poses to the relatively stable industrial relations system that has emerged in the basic steel industry.

Teamsters

I mentioned last week that the Teamsters' Central States Health and Welfare Fund had tried to extend a multi-million dollar insurance contract with Alan Dorfman who had previously been convicted of accepting kickbacks. Because our investigators began questioning the Fund's trustees about this contract, the trustees have reconsidered. They are currently soliciting other bids on the contract.

EMPLOYMENT AND TRAINING-- ECONOMIC STIMULUS PACKAGE

CETA Expansion Progress Report

During the last week in July 20,000 more people were enrolled in CETA jobs. This is the largest weekly increase to date and was higher than expected. Our latest figures show that 429,850 people are now holding CETA jobs. This represents 114 percent of the planned increase at this point.

DeKalb County, Georgia

I have checked into the situation in DeKalb County which you mentioned to me this morning. The newspaper story about the local CETA program was apparently based on outdated information. The county is now at 98 percent of plan and no corrective action is needed. Because of the delay in the passage of the program, many prime sponsors got off to a slow start. But, as the figures mentioned above indicate, this problem seems to be behind us.

Chicago

The deputy solicitor of labor and a representative of Under Secretary Bob Brown met on August 4 with Chicago officials to discuss the allegations of political hiring in the local CETA program. We expect a resolution of the problem soon. I will give you a more detailed report next week.

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA)

As you may know, Assistant Secretary Eula Bingham joined the heads of three other regulatory agencies on August 2 to announce new cooperative efforts in the health and safety area. OSHA will work closely with the Environmental Protection Agency (EPA), the Food and Drug Administration (FDA) and the Consumer Product Safety Commission in such areas as public education about toxic substances, regulation development, enforcement and coordination of research and planning.

NATIONAL ALLIANCE OF BUSINESS (NAB)

At the initial meeting of an informal labor-management committee I have formed in conjunction with our employment programs, I spoke to Bill Miller of Textron. He reiterated his interest in meeting with you to discuss reviving the National Alliance of Business (NAB). Because I feel that a rejuvenated NAB would be a great help in involving the private sector in our programs I strongly recommend that you meet with Miller.



THE SECRETARY OF THE INTERIOR
WASHINGTON

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1977 AUG 5 PM 5:00
August 5, 1977

MEMORANDUM TO THE PRESIDENT

From : Secretary of the Interior

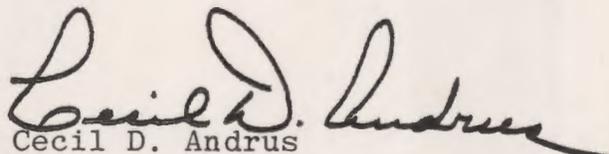
Subject : Major Topics for the Week of August 1

Republican members of Congress are saying that our Water Policy Review Commission is just a cover for federal takeover of private water rights. Nothing is more politically volatile in the West. After consultation with Gary Hart and others, we have extended the time frame by ninety days and forcefully pointed out in the press that we recognize the vital importance of this resource and are going to the people, in Carter style, to seek their suggestions and recommendations.

Interior has three people working full time on the Hill. Other people who, as a normal function of their duties, have on-going contact with Members of Congress total eighteen. Of these 21 people, 4 are non-career and 17 are career employees. One of the 17 has a political background.

The strip mine implementation is off to a strong start. Julian Carroll wants Kentucky to have a little extra input, but I can handle that.

I will be in the West from August 22 to the 27th with my family on a vacation. If there is a Cabinet meeting on Monday, the 22nd, Under Secretary Jim Joseph will attend.


Cecil D. Andrus

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

C

AUG 5 1977

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze ^{CLS}

Subject: CEA Weekly Report

Social Security. My staff has talked with staff of the Senate Finance Committee about Senator Long's proposals for financing the Social Security System. Treasury, CEA, OMB, HEW, and Commerce are forming a task force to study the economic implications of the Senator's proposals, and to examine various alternatives.

Humphrey-Hawkins. Aides to Senator Humphrey and Congressman Hawkins this week presented me and other members of the Administration with a new draft Humphrey-Hawkins bill. Their proposal was prepared in response to the Administration's recent redraft of the original Humphrey-Hawkins bill. Their new proposal is better in many respects than earlier versions, but it still contains some problematic sections. I will meet with Humphrey and Hawkins in about 10 days to discuss their proposal.

Tax Reform. We will provide you with a memo on alternative investment incentives before your next meeting with Treasury on this subject. We are also concerned about how tax reform is to be phased-in, and have begun to do some work on this. From a fiscal policy standpoint, as well as for other economic and equity reasons, we probably will not want to have all of the tax reform proposals take effect at once.

Economic Report of the President. CEA members and staff have begun organizational work on the 1978 Economic Report, which CEA prepares for publication shortly after the budget is released in January.

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Economic News. The weekly data on retail sales for the past four weeks show an encouraging uptrend after a flat period in May and June. While the weekly data are notoriously erratic, the improvement is in all probability a real one.

THE WHITE HOUSE

WASHINGTON

11 August 1977

MEMORANDUM FOR
THE HONORABLE GRIFFIN B. BELL
The Attorney General

The President reviewed your memorandum of August 5, 1977 and made the following notation:

Page 2 - Item 3 - Paragraph 3 -
"Congress has no right to deny or consent"

Rick Hutcheson
Staff Secretary



Office of the Attorney General

Washington, D. C. 20530

August 5, 1977

1977 AUG 5 PM 2 57

Re: Principal activities of the Department of Justice for the week of August 1 through August 5

1. John C. Sacco, Buffalo Organized Crime Figure/U.S. Judge John T. Curtin

Even though Federal Judge Curtin allowed Sacco to be subject to release on a personal recognizance bond, local state authorities had charged Sacco with multiple receiving stolen property violations and the state judge ordered Sacco to be held for those charges without bail because of the unusually high potential for flight. It is the Department's best information that the state judge has not changed his opinion and Sacco is still in jail being held by state authorities.

There is nothing we can do specifically as to Judge Curtin's ruling in the Sacco case. It would be inappropriate for the Attorney General or the White House to comment publicly on this particular case and the particular judge. It could be important if at a convenient and appropriate time (press conference, speech, message to Congress) the President said that where the government has proven a substantial risk that a defendant will flee prosecution or has proven that the defendant is a substantial threat to the safety of witnesses and others, bail should be denied or the amount of bail should be substantial in order to deter flight or probable harm to other persons.

The Attorney General and other members of the Justice Department have made this point and intend to continue making it.

2. Organized Crime

Vincent "Tippy" Panetta and Ed Rock, two Philadelphia racketeers, were convicted for operating a large-scale loan-sharking business and were sentenced on July 19 by Judge P. Fullam of the United States District Court respectively to prison terms of nine years and five years each.

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Panetta was denied bail pending appeal based on the court's finding based on the government's proof that he posed a danger to the community and a risk of flight. Six of the loansharking victims testified to loans up to \$30,000 each at interest rates of 180% on an annual basis.

3. Aliens

The comprehensive undocumented alien package was finally birthed. It is anticipated that the legislation will be submitted to the Congress prior to its return from the August recess.

Task Forces at INS concentrated on four locations during the month of July in an effort to decrease the accumulated backlogs of applications for benefits. At Baltimore, during the period of July 11-22, 2,153 petitions were adjudicated; at Washington, D.C. for this period, 1,477 petitions were completed; at Los Angeles, 3,500 applications were completed since July 6; at Miami, 7,792 cases were completed since July 5. This operation will continue through FY 1977 and by the time it is terminated, it is anticipated that some 30,000 cases will have been adjudicated.

Congress has no right to deny or consent

The Attorney General and a number of other Administration officials (Holbrooke of State, Castillo of INS, HEW) testified Thursday morning on the impending parole (probably August 11) of 15,000 Indochinese refugees. It was orally communicated to the Attorney General's office Friday by the Counsel of the House Judiciary Committee that the House Judiciary leadership (Rodino, Eilberg, McClory, Fish) would be sending the Attorney General a letter giving their grudging consent (though not required by the statute) with reservations to the action. Senator Eastland, who has not expressed an objection, has not as yet sent a formal expression of assent.

4. Legislative Potpourri

● Indian Claims -- The Congress passed this week a two and three-quarter year extension of the statute of limitations for the filing of suits by the Department of Justice on behalf of Indian tribes. The present law permitting such suits expires on August 16 and would have required the premature filing of suits against some 100,000 persons, chiefly landowners, in the eastern states (Maine, New York, South Carolina). The extension allows for an expected settlement out of court of the majority of these claims. Congressmen Danielson and Udall and Senator Abourezk deserve credit for their management of the legislation.

- Juvenile Delinquency -- The reauthorization and 1977 amendments to the Juvenile Delinquency and Prevention Act of 1974 were passed by both houses. This is the major piece of legislation in the juvenile delinquency area, originated and shepherded by Senators Bayh and Culver and Congressman Andrews. It provides needed money for states and for private groups to employ innovative ways to combat delinquency; it also requires states over the period of the next five years to get out of institutions children who have committed no real crimes but are merely "status offenders," i.e., runaways, truants, "beyond control."

- Special Prosecutor, Ethics in Government -- S. 555, the Public Officers Integrity Bill (special prosecutor, ethics, conflicts of interest) presents timing problems as it moves into the House in September. Although the Administration supports the bill and is hopeful for its passage this session, the special prosecutor provision is an obvious target for an amendment, such as the one passed earlier in the Senate, calling for a special prosecutor for the KCIA investigation.

5. Criminal Code Reform

The Criminal Code Reform Bill (S. 1437) is moving on schedule toward enactment this Congress (probably next session). The Kennedy-McClellan version (midwifed by the Attorney General) is expected to be voted out of the Senate Judiciary Committee in September and will, it is hoped, pass the Senate this session.

6. Access to Justice

The Department of Justice expects to introduce a package of "access to justice" bills into Congress before the recess or early in the fall which will include restrictions on diversity jurisdiction, more reasonable fees for witnesses, a federal class action bill, and provision for arbitration as an alternative to full-fledged litigation. The Department's bill enlarging magistrates' jurisdiction has already passed the Senate and will begin hearings in the House in September before Congressman Kastenmeier's subcommittee. Together with the significant increases in federal judges expected from the additional judgeships bill expected to pass this session, these bills should improve the conditions of the federal judiciary. No fault insurance, another Administration-supported bill, will also contribute to alleviating congestion in the courts so that citizens can obtain speedier justice. The attorney fees bill, on the other hand, also supported by the Administration, which would

permit public interest and other groups to be paid for their participation in agency proceedings according to the usefulness of their participation, failed on an 8-8 vote to emerge from the Senate Judiciary Committee this Thursday. It had similarly failed in the House Judiciary Committee earlier this year.

7. Sex Discrimination

Administration-supported legislation that would extend Title VII of the Civil Rights Act to preclude denial of pregnancy benefits in employment health plans is also expected to be voted on in September. Women's organizations have given this bill their highest priority. Labor also supports the bill.



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

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August 5, 1977

MEMORANDUM TO THE PRESIDENT

THROUGH Jack Watson
Secretary to the Cabinet

SUBJECT: Weekly Report

STRIKE. Striking miners living and working in West Virginia are eligible for food stamps because their actions have not been declared illegal. Those living in West Virginia but working in Kentucky, and those living and working in Kentucky are not eligible since the courts have judged them illegal.

We are attempting to generate, through Chairman Perkins, a request from any charitable organization for our mass feeding (commodity distribution) program. This would provide aid for the hungry but keep food stamps out of the controversy.

There will be a meeting with Labor this afternoon (Friday) to coordinate activities and maintain a consistent Administration policy.

ASCS - FmHA. All ASCS state committees have been selected. Two await formal appointment, six holding for White House approval.

* ~~See attached report on the status of state executive appointments.~~

The Civil Service Commission has denied our request to make executive directors Schedule C appointees.

Also attached is the status of Farmers Home appointments.

The Civil Service Commission did approve our request for 20 at-large Schedule A appointments for ASCS and FmHA combined. Although there are 30 holdovers with veterans or career status, this will give us the flexibility we need for necessary transfers.

FIRES. Deputy Secretary White will spend the weekend in California reviewing firefighting operations and obtaining an updated report on the extent of the fires and their damage.

* Hamilton is compiling these.

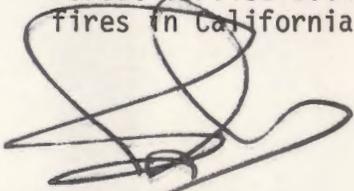
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As of this morning (Friday), 13 large fires were out of control on National Forest lands. An additional eight large fires are burning on state protected lands and one under the jurisdiction of the Bureau of Land Management.

We estimate that 1 million acres have burned in Alaska. Two fires in California (Los Padres and Modoc National Forests) have destroyed over 50,000 acres. Another 100,000 acres on Federal, state and private lands have burned this week alone.

The Forest Service has 5,000 firefighters deployed. State and private agencies have another 2,000 and Interior 1,900.

Forest Service estimates that it costs \$5 million per day to fight the fires in California alone.



BOB BERGLAND

Attachments-2

THE WHITE HOUSE
WASHINGTON

11 August 1977

Zbig Brzezinski

The attached was returned
in the President's outbox today
and is forwarded to you for
forwarding to Secretary Brown.

Rick Hutcheson

①

THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

August 5, 1977

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Significant Actions, Secretary and Deputy Secretary of Defense
(Week of July 30 - August 5, 1977)

NATO: On Wednesday I testified on NATO initiatives before Sam Nunn's Armed Services Subcommittee. There was considerable discussion in both open and closed sessions on the Evans/Novak article published that morning. I assured the committee that a forward defense strategy for NATO remains our policy; we do not concede the loss of one-third of Germany to a Soviet invasion. The hearing went into lengthy detail on NATO strategy and forces. I discussed our initiatives in NATO to improve alliance capabilities. Senator Nunn believes we have made a good start in this area, but that the present military state of NATO is worse than inadequate.

Defense Appropriations Bill: The conference on the Defense Appropriations Bill was concluded on Tuesday. The conference committee plans to file its report before the recess, with floor action in early September. Some of the items in the report are denial of consolidation of helicopter pilot training; deletion of funding for long lead procurement for a fourth nuclear carrier; full funding for our ballistic missile defense R&D request; full funding of our A-10, F-16 aircraft, and FB-111 modifications; funds for 97 F-15s (a figure between our initial request and that in President Ford's budget), and \$15M for Project SEAFARER. Conference recommendations on contracting-out were complicated and unclear; we can expect some additional restrictions in this area.

Budget Amendment on Cruise Missile: I testified on Tuesday before the House Armed Services Committee on the amendment for the cruise missile and other add-on initiatives. Questions focused on our overall strategic force capabilities vis-a-vis the Soviets; the rationale for the B-1 decision; the future of the TRIAD; impact on the SALT negotiations; possible use of alternative penetration bombers, e.g., FB-111; details on the modifications necessary for B-52s; and the M-X. I shall testify before the Senate committee after the recess.

Unionization: On Wednesday the Senate Armed Services Committee reported out a bill which would prohibit unionization of the military services. The Senate will not take it up until after the recess. A DoD Directive prohibiting certain unionization activities will be issued next week. My position remains that legislation is not needed at this time, and that the effectiveness of the new directive should be assessed prior to enacting rigid and legally risky legislative solutions.

Status Reviews for Servicemen Missing in Southeast Asia: On July 15 I forwarded for your approval the detailed implementation plan for reinstatement of status reviews. The matter is now appropriate for action and the announcement and implementation can begin promptly after your approval to resume the reviews. Representative Sonny Montgomery has urged me to proceed soon along these lines, and offered to help with the public. ok

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Korea: This morning I briefed members of the Senate and House on my Korean trip, which, as I reported to you, I think went very well. The group was smaller than that with which I met before the trip, but included many of the same persons. Don Fraser again expressed his dissatisfaction that we were not pressuring Park more about human rights, and reminded me that Congress had cut off aid to Korea in 1963 to force Park to hold elections. They all seemed relieved by my conclusion that we should not plan to request extensive FMS credits this year. I did not detect explicit concern about my plan to seek this year the authority to transfer used equipment of the United States ground forces over the next five years. For the first time a number of those present indicated that they considered that the decision had been taken, that we were proceeding in a reasonable fashion, and that they would urge their colleagues to support the Administration's program. I believe we still have a difficult task ahead, but the beginnings of progress may be perceptible. We are organizing for a major effort with Congress immediately on their return.

Comment on China -- Senator Glenn: On my July 22 weekly report you noted a question regarding the statement that John Glenn "would like to see continued work on a 'Two China' solution, which I told him I don't think workable." My understanding is that John was referring to a possible Republic of China move in the direction of an independent Taiwan; the specific reference to "Two Chinas" was his.

Discharge Review Program: The House Veterans' Affairs Committee has reported out a new bill (introduced by Chairman Roberts) which would deny benefits retroactively to about half of those who already have had discharges upgraded under our Special Discharge Review Program. Floor action on this or any other legislation on this subject is not expected until after the recess; by that time the program will be in its final month. This Department continues to oppose this and other attempts to take away benefits from persons who received upgrades.

Presidential Appointments: During Monday's Cabinet meeting you asked about holdovers in the Departments. Of the 27 Presidential appointments in DoD (not counting judges of the Court of Military Appeals, who serve fixed terms), only five holdovers remain. Two of those are in the process of departing and another will be soon; the other two have been asked to stay for an indefinite period.

Panama Canal Treaty: Charles met with Senator Hathaway on Tuesday to discuss the treaty issue, as part of the series of meetings Ham Jordan is coordinating. Hathaway said he personally favored a revised treaty. He added that the time the treaty came before the Senate was critical -- the closer to the 1978 elections, the more difficult ratification becomes. He reported that local reaction to the possibility of a treaty was emotional and unfavorable, especially in veterans' groups. Nevertheless, he said he is prepared to vote for a "good" treaty in spite of the views of some constituents.

Meeting with SALT Hardliners: Yesterday's session with Nitze, Rostow, et al. was disappointing. It clearly will require followup. Rostow, who is probably the least expert of all on the subject, unfortunately was at his most didactic and opinionated; the others did not acquit themselves well, either. Zbig and I have discussed the matter. We will get together with members of the group for further discussion, one hopes of a less tendentious nature.

Minuteman III Rescission: I testified today before George Mahon's Defense Appropriations Subcommittee in support of our Minuteman III rescission request. Members expressed concern that we are not doing enough for the strategic forces -- eliminating or terminating too many systems without adding new ones. They also complained that by cancelling contracts, as in the Minuteman case, we effectively preempt the requirement for Congressional approval of rescissions. No subcommittee vote will be taken until after the recess--by which time, those who oppose the Minuteman decision agree, it will be a fait accompli.

Arnold Bunker

THE WHITE HOUSE

WASHINGTON

August 5, 1977

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MEMORANDUM FOR THE PRESIDENT

FROM: Jack Watson *Jack*
SUBJECT: STATUS REPORT

IGR NETWORK - We are continuing to help define and develop the roles of the intergovernmental relations officers of the departments and agencies and are meeting with all of them regularly to discuss work in progress, mutual problems, etc. The IGR "network" that we wanted to establish throughout the Executive Branch is beginning to take shape and is beginning to function as a cohesive mechanism.

We have surveyed all the departments to evaluate their progress in implementing your memorandum dated February 25, 1977 regarding involvement of state and local officials in the policy process and have suggested ways in which several departments can expand or improve their consultation practices.

FRANKFORD ARSENAL, PHILADELPHIA - At the request of the Vice President's staff, Bruce Kirschenbaum of my staff has convened an interagency working group to assist in finding jobs for all of those personnel displaced by the closure of the Arsenal. We have had excellent cooperation from the agencies, particularly Jule Sugarman at Civil Service. The Vice President may have spoken to you about signing a directive permitting the Civil Service more leeway in placing these people.

BASE CLOSING PROCEDURES - Bert and I will give you a memorandum next week on some proposed new base closing procedures.

DoD-GSA - We also convened a meeting between Jay Solomon and John White, Assistant Secretary at DoD in charge of installations, to discuss problems of excess property. We should have major changes in this policy ready for your FY 79 budget review.

REGIONAL REORGANIZATIONS - We are monitoring the departments' plans to reorganize their regional offices and seeing to it that

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the departments know what each other are doing, and why. Significant changes in regional organization are underway in most of the domestic departments. OMB has the lead.

LEAA - We have received numerous reports that LEAA's announced plans to abolish their regional offices may have violated certain reorganization laws and civil service regulations. I have asked Jim Parham to look into the matter and will follow through with OMB, Justice, and Civil Service, as appropriate.

MILLIKEN PROJECT - Jim Parham continues to coordinate the working group on this project.

EMERGENCY PREPAREDNESS TASK FORCE - Bruce Kirschenbaum is attending the weekly meetings at FEA to help prepare for next winter's expected shortages of energy. We convened a special meeting this past week at which Walt Kallaur of GSA and Tom Dunn of FDAA reported on the problems and operational concerns associated with last winter's shortages and the interaction of energy problems and winter "disasters."

HENRY HOWELL - My staff is assisting Henry Howell on some requests he discussed with you last month.

OPPORTUNITIES INDUSTRIALIZATION CENTERS (OICs) - I met this week with Dr. Leon Sullivan and thirty Black ministers from all over the country to receive 700,000 petitions signed by their supporters and constituents asking for your support and pledging their help in combatting unemployment. As I think you are aware, OICs are community-based organizations which use CETA funds for training and employment programs. Although they were very serious in their demands for expanding jobs programs, they also stated that you "look great" to them and their communities. They want you to know that they support you and that they "appreciate the fact that you are a Christian man." At some point this fall, I think it would be a good idea for you to meet with Dr. Sullivan, the founder and moving force behind OIC. Dr. Sullivan is one of the most respected and responsible black leaders in the country.

FEDERAL AID ADMINISTRATION PROJECT - As you know from my previous reports to you on the subject, we will submit to you before the end of this month several specific reform

proposals for your review. Subject to your approval there will be major initiatives for you to announce in early September.

If we are able to hold to that schedule, we could then highlight your reform initiatives at the annual meeting of the National Governors' Conference on September 9. I have discussed with the Vice President whether he might be able to give a keynote speech on that subject to the Governors. If he cannot do so, and if you would like me to do so, I could give the speech. In either event the National Governors' Conference would be an excellent forum for the discussion of these major initiatives on your part.

ok
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~~CONFIDENTIAL~~

TO: President Carter August 4, 1977

THROUGH: Jack Watson

FROM: USUN - Ambassador Young

SUBJECT: Weekly Summary of U.S. Mission to the U.N. Activities
July 27 - August 3

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1. NAMIBIA

A. Western Five Group met twice with UN Commissioner for Namibia Ahtisaari to obtain technical assistance on the UN role in the Namibia settlement.

B. SWAPO delegation headed by Sam Nujoma is arriving August 4 to attend the meetings with the Group of Five scheduled to begin August 8.

C. A possible special session on Namibia which was suggested (but opposed by key Africans) seems now to have been knocked down.

2. CUBANS EXPLORE POSSIBLE YOUNG-CASTRO TALKS ON ANGOLA

The Cubans have indicated that Castro would be interested in meeting with Young to discuss the Angolan situation.

3. YOUNG MEETING WITH GOVERNOR ROMERO BARCELO OF PUERTO RICO, 8/21

Discussion centered on the Puerto Rican issue within the UN and the possibility of inviting specific UN Ambassadors to visit Puerto Rico. A UN committee will discuss Puerto Rico around August 16, at which time "liberation" movements and others will speak.

4. ECONOMIC AND SOCIAL COUNCIL SUMMER SESSION IN ITS LAST WEEK

The useful session which ends August 6 has included gaining support for a working group to draft a convention on Illicit Payments.

5. AMB. YOUNG'S OTHER MEETINGS: Morris Abrams and others on Uganda (7/28); lunch with Vernon Jordan (7/28); Amb. Lobo of Mozambique (7/29); dinner with Maurice Templesman (industrialist) and Foreign Minister Nguza of Zaire (7/29); Congressman Lehman (8/1); International Labor Organization Director General Blanchard (8/1); 40 Haitians protesting visit to Haiti (8/2); and African Women Leaders (8/3).

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CONFIDENTIAL
U.S. DEPT. OF STATE
4/3/81
NARS, DATE 5/11/82



DEPARTMENT OF STATE

Washington, D.C. 20520

*Staff -
No copy up*

August 4, 1977

~~CONFIDENTIAL~~

MEMORANDUM FOR DR. ZBIGNIEW BRZEZINSKI
THE WHITE HOUSE

Subject: The President's Participation in the
32nd General Assembly

A decision on the amount of time the President should spend in New York at the 32nd General Assembly must take into account both the importance of the substantive issues and the most effective use of the President's time. On both grounds, the Department believes there is a very strong case for the President spending two full days in New York this year, thereby breaking precedent with the past pattern of the President visiting New York only long enough to deliver a major statement to the UN during the General Assembly general debate.

-- The principal substantive issues at this year's General Assembly will involve the Middle East, Namibia, Rhodesia, and the follow-up to CIEC. Each one of these is in a state of intense diplomatic activity and could well have evolved by early fall to a point where the exercise of Presidential leadership through personal diplomacy could have a major impact on the thinking of world leaders assembled in New York.

-- There is one important common characteristic of all four of the issues mentioned above. Third World countries will have a major influence on whether we are able to deal with these issues successfully or unsuccessfully. A two day visit would enable the President to cultivate those Third World countries whose assembled representatives in New York will have a major voice on the course of diplomatic activity affecting these four key issues.

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Per, Rac Project
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BY KS NARA DATE 2/6/13

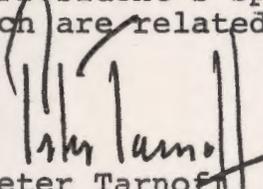
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-- The UN increasingly is recognized as a forum where the developing countries play a major role. To date, our bilateral consultations in New York have tended to focus too exclusively on our traditional allies or on the Soviet Union. A Presidential visit of two days would provide a unique opportunity for this Administration at the highest level to reach beyond the normal small circle of countries most immediately important to us to a larger circle of countries which are assuming a new significance in our diplomatic effort.

-- There is also a practical advantage to the President remaining two days in New York. During the Autumn there will be strong pressures on the White House to permit visits to Washington of world leaders attending the General Assembly. The President will have an opportunity to establish personal contact with the greatest number of leaders by having his meetings in New York rather than Washington and with a minimum of protocol.

For all these reasons, we believe a two day visit is highly desirable. A one day stay inevitably will have to focus on the President's speech and unavoidable activities which are related more to protocol than substance.


Peter Tarnoff
Executive Secretary

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~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

STATE AND NSC
RECOMMENDATIONS OF STATE/OFFICIAL VISITS
FOR JANUARY TO JUNE, 1978

Europe

Prime Minister Jorgensen of Denmark (Official Visit) -- State and the NSC recommend that he be invited for a visit in January when Jorgensen will be the President of the Council of the European Communities, *but I am doubtful.*

INVITE HIM IN JANUARY _____ OTHER _____

President Tito of Yugoslavia (State Visit) -- The Vice President has informally invited him. It is recommended that we follow-up with an invitation from you.

APPROVE _____ OTHER _____

President Ceausescu of Romania (State Visit) -- The Romanians are quite anxious for an early meeting. You may recall there was general agreement when you met with Pungan.

APPROVE _____ (State/NSC recommend) DISAPPROVE _____

Middle East

President Zayid of the United Arab Emirates -- State and the NSC recommend that he be invited, *but I am doubtful.*

APPROVE _____ DISAPPROVE _____

President Boumediene of Algeria (State Visit) -- You asked him to consider an early meeting with you and he is very much interested in such a meeting.

INVITE HIM FIRST HALF _____ (NSC recommends)
SECOND HALF ----- (State recommends)

Why?

Prime Minister Nouria of Tunisia (Official Visit) -- Nouria has accepted your invitation.

INVITE HIM FIRST HALF _____ (State recommends)
SECOND HALF ----- (NSC recommends)

Why?

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

CONFIDENTIAL

- 2 -

Africa

President Kaunda of Zambia (State Visit) -- Kaunda was slated to meet with you in May during a private visit that was postponed by him because of developments in Africa. State and the NSC recommend that he be invited for a State Visit early next year.

APPROVE

DISAPPROVE

East Asia

Prime Minister Thanin of Thailand (Official Visit) -- State and the NSC recommend that he be invited.

APPROVE

DISAPPROVE

~~CONFIDENTIAL~~

COMMENTS FROM APPOINT-
MENTS & SCHEDULING

August 8, 1977

CONFIDENTIAL ATTACHMENT

TO : Rick Hutcheson
FROM: Tim Smith (for Kraft)
RE : Brzezinski foreign-visitor scheduling
memo of 8/5/77 (attached)

We feel the President, when reviewing the attached, should take into account (a) his relatively heavy domestic travel schedule for the Fall (New Jersey - Sept. 10; Virginia - Sept. 24; California/Midwest - around Oct. 21-22); (b) the likelihood of a heavy Congressional schedule in late September and early October just prior to adjournment; and (c) that guidelines for foreign visitor scheduling agreed to by State and the NSC provide for a maximum of two official visits and two-three office visits (30-min. appointments) per month.

In light of the above, we recommend that the President choose the "conservative", i.e. less time-consuming, alternatives presented in the Brzezinski memo. For example, we recommend a one-day rather than a two-day visit to the UNGA; that the Vice President rather than the President see the Prime Minister of Barbados, etc.

Finally, we recommend deferring as many of the 1978 commitments as possible until later in the Fall. You will note from his marginal comments that Brzezinski himself appears to have some doubts about the priority of some of the suggestions, and the substantive priorities themselves could change between now and mid-1978.

Attachment

DECLASSIFIED

Per: Rac Project

ESDN: 126-8-34-24

BY: 125 NARA DATE 2/6/13

THE WHITE HOUSE

WASHINGTON

Date: August 5, 1977

MEMORANDUM

FOR ACTION:

FOR INFORMATION:

Tim Kraft

*see attached
comments*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

Z. Brzezinski memo 8/5/77 re
Foreign Visit Schedule ----

CONFIDENTIAL ATTACHMENT

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: Noon

DAY: Monday

DATE: AUGUST 8

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

*attachment
in safe*

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

8/9

Rick ---

We have summarized our views
as much as possible --- would
appreciate your including the
attached as part of Zbig's
foreign visit Schedule for the
President.

Thanks.

fran

THE WHITE HOUSE
WASHINGTON

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		POWELL
		WATSON
		LANCE
		SCHULTZE

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	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

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<input type="checkbox"/>	WARREN



DEPARTMENT OF STATE

Washington, D.C. 20520

*Staff -
No group*

August 4, 1977

~~CONFIDENTIAL~~

MEMORANDUM FOR DR. ZBIGNIEW BRZEZINSKI
THE WHITE HOUSE

Subject: The President's Participation in the
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Per, Rac Project

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BY 1CS NARA DATE 2/6/13

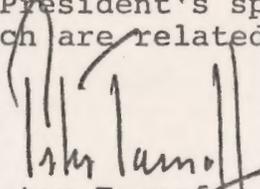
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Peter Tarnoff
Executive Secretary

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~~CONFIDENTIAL~~

CONFIDENTIAL

STATE AND NSC
RECOMMENDATIONS OF STATE/OFFICIAL VISITS
FOR JANUARY TO JUNE, 1978

Europe

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President Tito of Yugoslavia (State Visit) -- The Vice President has informally invited him. It is recommended that we follow-up with an invitation from you.

APPROVE _____ OTHER _____

President Ceausescu of Romania (State Visit) -- The Romanians are quite anxious for an early meeting. You may recall there was general agreement when you met with Pungan.

APPROVE _____ (State/NSC recommend) DISAPPROVE _____

Middle East

President Zayid of the United Arab Emirates -- State and the NSC recommend that he be invited, *but I am doubtful.*

APPROVE _____ DISAPPROVE _____

President Boumediene of Algeria (State Visit) -- You asked him to consider an early meeting with you and he is very much interested in such a meeting.

INVITE HIM FIRST HALF _____ (NSC recommends)
SECOND HALF ----- (State recommends)

Prime Minister Nouria of Tunisia (Official Visit) -- Nouria has accepted your invitation.

INVITE HIM FIRST HALF _____ (State recommends)
SECOND HALF ----- (NSC recommends)

~~CONFIDENTIAL~~

CONFIDENTIAL

~~CONFIDENTIAL~~

CONFIDENTIAL

- 2 -

Africa

President Kaunda of Zambia (State Visit) -- Kaunda was slated to meet with you in May during a private visit that was postponed by him because of developments in Africa. State and the NSC recommend that he be invited for a State Visit early next year.

APPROVE _____

DISAPPROVE _____

East Asia

Prime Minister Thanin of Thailand (Official Visit) -- State and the NSC recommend that he be invited.

APPROVE _____

DISAPPROVE _____

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

Stu Eizenstat -

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

Rick Hutcheson

Re: Cannon-Kennedy Bill

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

Personal

5

*She
info
J*

DELTA AIR LINES, INC.
HARTSFIELD ATLANTA INTERNATIONAL AIRPORT
ATLANTA, GEORGIA 30320

W. T. BEEBE
CHAIRMAN OF THE BOARD AND
CHIEF EXECUTIVE OFFICER

August 8, 1977

SC

THE PRESIDENT HAS SEEN.

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

Dear Mr. President:

As you well know, Delta Air Lines is strongly opposed to the current markup of the Cannon-Kennedy Bill. It has deficiencies which simply cannot be glossed over. We keep advising them and Mary Schuman of our concern, but we go beyond just our concerns -- we make suggestions for correcting the bill and including appropriate language to back up our suggestions.

Because you and I have had a long relationship in Georgia, I particularly want you to know what we are doing in the way of opposing this bill so that there will not be any secrets involved. For this reason I am enclosing a copy of the August 5th letter by Dick Maurer to members of the Senate Commerce Committee and others.

It is my intention for Delta to expend whatever energy and resources we have available to us to fight deregulation in its present form. I am extremely sorry that we apparently are on opposite sides of this issue, but we expect to make our fight on the basis of issue and to avoid any personality involvements.

I notice with interest that you have Mary Schuman canvassing the country trying to sell deregulation in its present form, and we shall try to counteract effectively her mission and any and all such future efforts which we conceive as being very misguided.

Putting this issue aside, you have my every good wish always, both personally and in the administration of the Presidency of the United States, and Nancy joins in these best wishes to you and Rosalynn.

Respectfully yours,

Tom

WTB-hst

DELTA AIR LINES, INC.

HARTSFIELD ATLANTA INTERNATIONAL AIRPORT
ATLANTA, GEORGIA 30320

R. S. MAURER
SENIOR VICE PRESIDENT
GENERAL COUNSEL

August 5, 1977

The Honorable Howard W. Cannon
4602 Federal Building
Las Vegas Boulevard, South
Las Vegas, Nevada 89101

Dear Senator Cannon:

This letter relates to President Carter's letter of July 28, 1977, concerning the subject of airline regulatory reform. President Carter's letter contained a number of assumptions which we believe were erroneous and also did not mention certain important factors which bear on the subjects discussed.

The first such erroneous assumption was that "The current regulatory scheme permits lower fares only by means of heavily regulated and highly restricted price discounts." It is true that the present statute, and the CAB administration of it, does permit differential pricing. This is a time-honored marketing technique, specifically designed to permit greater use of capacity in off-peak period (and, in the case of the airlines, in underdeveloped markets). Differential pricing is encouraged by the federal government in many industries, usually because of its potential for conserving energy and other resources.

In addition, however, and here is where we believe that President Carter's assumption was wrong--the present statute permits, and there exists, a considerable amount of direct price competition. For example, Delta Air Lines is the world's largest operator of off-peak, twenty percent reduced fare services for the benefit of budget-minded travelers. These fares have not only been permitted by the CAB under the existing statute, but the CAB has commended them as being highly in the public interest. They have been warmly accepted by the traveling public, as proved by the fact that as much as 20% of Delta's business is carried at these greatly reduced fares.

Aside from the direct benefit of these price reductions for the traveling public, Delta's marketing of the fares, and the reactions of other carriers, have been a classic illustration of price competition. For example, as a result of the grant to Delta of service obligations in various markets, Delta's route system has grown in such a manner that, over a circuitous routing through Atlanta, Delta can operate between the Northeast and California.

The circuitous route competes with three nonstop operations between the Northeast and California, and therefore normally would not heavily penetrate the Northeast-California markets. Delta introduced its 20% reduced fares over this circuitous routing some years back and significantly promoted the fares. As a result, Delta began to penetrate the Northeast-California markets. This, in turn, forced the nonstop carriers to introduce the 20% reduced fares between the Northeast and California. This is a clear example of direct price competition under the existing statute.

Many other examples could be cited. For example, Delta has just introduced a new, 39% reduced, specialized fare between Midway Airport and St. Louis. TWA has recently introduced a whole new class of service at a highly-reduced fare between Chicago and California.

Accordingly, we believe that it is wrong to argue that differential pricing is the only way in which the current regulatory scheme permits lower fares. The present statute clearly permits many forms of price competition.

A second questionable assumption is the conclusion that only greatly increased freedom of entry, "or the realistic threat of it," prevents pricing flexibility from being abused. In part, this is based upon the erroneous assumption, discussed above, that there is no price flexibility under the present statute. But more fundamentally, this assumption is incorrect because, for years, the Civil Aeronautics Board has prevented the pricing flexibility which has in fact existed under the present statute from being abused by the air carriers. Indeed, this is one of the primary obligations of the Civil Aeronautics Board under the existing law--to prevent price gouging. This responsibility can and has been discharged in a way which does not eliminate all management discretion with respect to prices, as explained above. The present law constitutes a careful blend of highly pro-competitive provisions (which has resulted in a steady increase in the degree of industry competition under general CAB control) and provisions which enable the CAB at one and the same time to protect the public from pricing abuses while granting the industry a reasonable measure of pricing flexibility. Whether automatic route entry can be justified on other grounds or not (and Delta is strongly opposed to the concept), it is simply not correct to state that provision for such entry is necessary to prevent pricing flexibility from being abused.

A third incorrect assumption is the implication that, if automatic entry provisions are not enacted, some change in the existing statute would be necessary "to limit carriers to price increases only where they are justified by rising costs." The present statute already obligates the CAB to relate the fare level and structure to "the lowest cost consistent with furnishing" the service, and to "revenue sufficient to enable such air carrier, under honest, economical and efficient management, to provide adequate and efficient air carrier service." The CAB has interpreted and used the latter provision, along with the former quoted language, to disallow millions of dollars of costs, and thus carefully to limit allowable price increases only to those which "are justified by rising costs" incurred under the most careful management.

Another misleading assumption in the President's letter is the belief that an automatic entry provision would allow carriers to enter markets "without having to undergo the costly process of obtaining Board approval." While there are costs associated with the certification process, the costs are not serious ones. More importantly, they are incurred for highly beneficial reasons: (1) to permit all interested parties, including interested consumers and members of the traveling and shipping public, airport operators, city governments and others, as well as the carriers involved, to present facts which will help insure development of a sound national air transportation system; and (2) to insure that both aspiring applicants and incumbents, as well as interested consumer and civic groups, are given full due process of law. We simply cannot understand how, in a nation founded upon law, the affording of reasonable due process can be considered as unduly costly.

The Congress should also note the basic impact of testimony recently offered by World Airways before the House Budget Committee. World has a pending application for a CAB certificate authorizing it to perform high-density, low-fare service in the principal California-Northeast traffic markets and has pressed vigorously for an early hearing thereon. Before the Budget Committee, however, testifying with respect to "regulatory reform," World's representative stated flatly that if extensive freedom of entry is to be permitted, so that a large number of carriers are to be permitted to operate in the transcontinental markets, World "is not going to have any part of it." Thus one of the strong advocates of low-cost competition has made it clear that an economic test for entry must be maintained.

Another improper assumption is that the current "burden of proof in entry proceedings" must somehow be "reversed" in order to create a presumption that "competition is consistent with the public interest." That presumption need not be created by a reversal of the burden of proof, when it already exists in the policy statement of the existing Act and, if necessary, could be further strengthened by revision of that policy statement. We respectfully submit that introduction of a "negative" public interest standard, such as that proposed by the reverse burden of proof regarding public convenience and necessity, would simply be productive of unnecessary litigation and delay in the administrative process.

The foregoing are the more seriously incorrect assumptions in the President's letter. We also have a number of other substantive problems with his proposals, but these have already been addressed in Delta's submission to the Senate Commerce Committee members in comments dated July 7, 1977. Accordingly, we will not address those substantive problems further, but instead will turn to the factors which President Carter's letter does not mention, but which are extremely important. These we believe can all be classified as basic inconsistencies in the regulatory reform effort.

First, the emphasis on a sudden and extensive increase in the degree of industry competition (the existing statute is already pro-competition, the degree of competition within the industry has steadily increased over the years, and the industry is therefore already highly competitive) will definitely result in lower load factors and the operation of unnecessary capacity in those markets (mostly the medium-haul and long-haul high density markets) where reform would provoke such multiple duplication of existing competitive services. Experience has always shown that an increase in airline competition results in lower load factors, at least for a significant period of time. There is nothing in the reform approach to increased competition which indicates that a different economic result would occur should "automatic entry" be enacted into law. While we believe that such increased competition would be relatively short-lived, and that ultimately airline service with large equipment would be operated by fewer carriers in fewer markets, in the interim there would be a serious waste of scarce energy supplies. In this respect, the reform movement is wholly inconsistent with the national policy of energy conservations.

Second, the President's letter does not mention small community service. Perhaps this is because the small community provisions of the present bill, even as it is being marked up (a) will result in a greatly increased degree of CAB regulation, and a much more burdensome type of regulation than currently exists, and (b) has

the potential for a tremendously increased subsidy bill. This aspect of the reform movement seems to be going full speed forward without any realistic assessment of the cost to the American taxpayer. In this respect the movement is inconsistent with two of President Carter's national goals--those of reducing federal regulation and reducing federal expenditures.

Third, because of the proposed freedom of entry and exit, and the resultant general instability of the airline system envisioned by the reform proposals, there is an inevitable conflict between regulatory reform and enforcement of safety standards. Any effort to compensate for this by an increase in the size and budget of the FAA would clearly be in conflict with the economy-in-government platform upon which President Carter ran, thus creating another inconsistency.

Fourth, pending airline reform proposals are inconsistent with the approach being taken by the Executive, but not mentioned in the President's letter, with respect to other modes of transportation. Secretary Adams' speech to the Transportation Association of America on June 16 indicated that any reforms necessary in the case of trucking industry regulation could be accomplished under the existing motor carrier provisions of the present Interstate Commerce Act. But the same thing is true of the existing Federal Aviation Act. That Act (in major part patterned on the Motor Carrier Act) is an amazingly flexible statute, which has continually adapted to changing conditions over the years and remains fully capable of adapting to present and future change. The recent and past changes in the direction of CAB regulation alone prove this fact. It is therefore inconsistent, and incorrect, to take the position that the desire for increased route competition, increased price competition, increased administrative expedition, and the like can be achieved only by amending the Federal Aviation Act. Each and every one of these goals can be achieved under the existing law.

Fifth, the Administration has just completed a negotiation with the United Kingdom concerning air routes between the two countries which will result in carefully controlled competition in the trans-Atlantic arena. This concession by the United States to the United Kingdom, decreasing the present degree of competition and tightly controlling that which will remain, is in direct contradiction to the emphasis in the President's letter upon a sudden burst of additional competition in the domestic arena.

Let us briefly discuss only one more extremely pertinent consideration not mentioned in President Carter's letter. The need alleged for legislative revision is seriously inconsistent and in conflict with the findings of recent U.S. News & World Report and Harris Poll surveys. Both of these surveys showed that in the view of consumers, the airlines topped the list of all industries surveyed in terms of value given to the purchaser, and in terms of concern for public health and safety. In short, there is no grass roots movement, no real complaint by the consuming public, concerning the quality, quantity, or price of airline service. This leaves the reform movement one not founded upon need, but only upon the argument of academicians and theorists who will not have to bear the cost of any damage which their untested theories, if adopted, would inflict upon the public and the United States air transportation industry-- today the foremost, most competitive, lowest priced system of airline service in the world.

This letter is being sent individually to each member of the Senate Commerce Committee. A copy is being sent to all members of the Georgia Delegation, the Secretary of Transportation, the Director of the Office of Management and Budget, and the Chairman and all members of the Civil Aeronautics Board.

Sincerely,

ORIGINAL SIGNED BY
R. S. MAASER

THE WHITE HOUSE
WASHINGTON

August 11, 1977

Alan K. Campbell

For your information, the attached memorandum to Departments and Agencies was signed by the President and given to the Chief Executive Clerk for appropriate handling.

Rick Hutcheson

cc: The Vice President
Hamilton Jordan
Bert Lance
Richard Harden

Re: Civil Service Commission Request
for Presidential Directive to
Departments and Agencies

*logged
8/14 3 pages*

THE WHITE HOUSE
WASHINGTON

*? telling
Alan Campbell*

	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

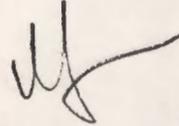
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	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

8/11/77

THE VICE PRESIDENT
WASHINGTON

August 3, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: THE VICE PRESIDENT
SUBJECT: CIVIL SERVICE COMMISSION REQUEST
FOR PRESIDENTIAL DIRECTIVE TO
DEPARTMENTS AND AGENCIES



Alan Campbell requests that you direct the heads of executive departments and agencies to cooperate with the Civil Service Commission's efforts to find suitable federal jobs for civil servants displaced by executive reorganization and other executive actions.

As Alan states in the attached memorandum, the need for this directive is exemplified by the Commission's experience in placing Frankford Arsenal employees in agencies other than DoD.

Also attached is a proposed memorandum to the departments and agencies.

I recommend that Alan's request be granted.



UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D.C. 20415

July 29, 1977

CHAIRMAN

MEMORANDUM FOR THE PRESIDENT

The Civil Service Commission is working to put in motion the protections which you have directed for employees who are involved in reorganizations. Our specific objectives are to protect them against loss of employment, salary or grade. We have already testified before the Congress in support of salary and grade level protection and a draft bill is nearing completion. In addition, we have been working with agencies involved in reorganization to make sure that they institute appropriate procedures to give priority in placing those displaced by reorganization within their own agency. It is my feeling, however, that this priority of placement effort needs to be extended to placement in agencies other than the one being reorganized.

The situation is exemplified by our experience at the Frankford Arsenal in Philadelphia. Vice Chairman Sugarman made an on site evaluation of that situation about ten (10) days ago. He found that the Defense Department has done an excellent job of trying to place people within the Defense Department, but that there were certain kinds of personnel for whom there simply were no jobs available in the Defense community.

The Commission has worked with Defense to try to identify situations in other agencies where the employees might be placed, but the Commission really has no authority to institute a priority placement system in those other agencies. Therefore, I would like for you to direct us to institute such a system and to direct the agency heads to give priority to those displaced by reorganization in other agencies when they are hiring from outside their own agency. We would plan to leave some leeway for internal promotions, because to totally cancel internal promotion in order to place displaced employees would probably generate enormous resistance and might also be contrary to a number of existing union agreements.

A memorandum from you to agency heads is attached for your consideration and approval.


ALAN K. CAMPBELL

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HEADS OF
EXECUTIVE DEPARTMENTS AND AGENCIES

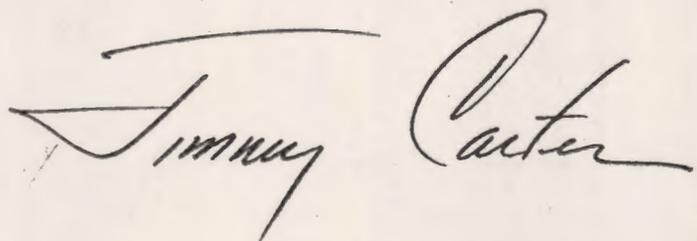
Government reorganization for better Government performance is one of my main goals, and I am encouraged by the progress made so far. How we handle the personnel aspects will be important to our ultimate success. I am committed to accomplishing the reorganization with a minimum of hardship to employees.

The reorganization will unquestionably require consolidation of functions and, in some cases, the closing of certain activities. In the event employees of your agency cannot be transferred with the same functions, you should do everything you can to place them in other suitable positions, including filling vacancies within your agency with qualified employees scheduled to be displaced, working through the Civil Service Commission's Displaced Employee Program to facilitate placements in other agencies, and providing opportunities for retraining.

This is a two-way responsibility. Just as I expect you to give all possible assistance to your own displaced employees, it is also your responsibility to give full consideration to hiring displaced workers of other agencies. This is the only way we can ensure that employees will not be adversely affected by the reorganization.

I have asked the Chairman of the Civil Service Commission to set up additional mechanisms to aid in the placement of employees affected, including mandatory priorities in hiring, and to provide you with other assistance as necessary. Chairman Campbell will follow through with these efforts and will report the results to me.

I am counting on your cooperation and resourcefulness to help us carry out the transition to greater governmental effectiveness as smoothly as we can.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned at the bottom right of the page.

THE WHITE HOUSE
WASHINGTON
August 11, 1977

Stu Eizenstat
Tim Kraft
Bunny Mitchell

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

Rick Hutcheson

CORETTA KING PHONE CALL -
TESTIMONIAL TO MARTIN LUTHER
KING

THE WHITE HOUSE
WASHINGTON

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

ACTION	FYI	
		MONDALE
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		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

9
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August 10, 1977

MR. PRESIDENT:

Coretta King called me this afternoon and said it is very important that she speak with you sometime tomorrow morning between 7:30 and 10:00. She did not reveal the subject which she wishes to discuss.

She can be reached at 404-523-1686.

Stu

Stu Eizenstat

—
Testimonial to MLK, Jr., 10/12/77
for fundraiser

—
MLK, Jr. holiday

—
Film ok - left out some who
are complaining

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

August 11, 1977

Secretary Blumenthal -

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

Rick Hutcheson

Re: Tax Reform

cc: Jack Watson
Stu Eizenstat

Attachment:

Sec. Blumenthal's memo only

THE WHITE HOUSE
WASHINGTON

August 11, 1977

Stu Eizenstat -

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

Rick Hutcheson

cc: Frank Moore
Jack Watson
Charlie Schultze

*Tax Reform: -
Sec. B's Meeting
with Ways & Means
Committed*

THE WHITE HOUSE
WASHINGTON

*Telling
Blumenthal*

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

*Send memo
note to Sec Blumenthal
: Pres write check*

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

ENROLLED BILL
AGENCY REPORT
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ARAGON
BOURNE
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BUTLER
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HARDEN
HUTCHESON
JAGODA
KING

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

*It must be comprehensive
bold & fair -*

C/

THE WHITE HOUSE
WASHINGTON

August 5, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
BOB GINSBURG

SUBJECT: Tax Reform: Secretary Blumenthal's Meeting with Members of the Ways and Means Committee

We have the following comments on Secretary Blumenthal's memorandum on his meeting with the Democratic members of the House Ways and Means Committee:

1. We share Secretary Blumenthal's concern with dividing the tax package in two parts. The proposal that we divide the tax reform effort into a 1978 segment and a 1979 segment would be inconsistent with your commitment to announce a comprehensive tax reform program (not one-half of a comprehensive program) within one year of taking office. Furthermore, the notion that rate reductions should be considered in the first year and controversial items like capital gains in the second year is a prescription for tax reduction but not tax reform.
2. Many members of Congress would really prefer to avoid the tough tax reform issues. If we do not present them and the public with a comprehensive program, we will immediately lose some of our leverage and your comprehensive reform goal will go the way of all past tax reform efforts -- generous tax cuts combined with a few piecemeal reform measures.
3. The fact that many members of Congress are reluctant to take on even the obvious tax inequity of "expense account" living only proves to us that you and the Vice President will need to spend a considerable amount of your personal time taking the reform program to the public and working individually with the members of Congress.

I never heard of a 2-part program



PRIORITY

THE SECRETARY OF THE TREASURY
WASHINGTON 20220

August 3, 1977

1977 AUG 3 PM 5:00

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/

MEMORANDUM FOR THE PRESIDENT

I had a meeting this morning with all of the Democratic members of the House Ways and Means Committee to brief them on tax reform and to solicit their comments.

While there is clearly a wide difference of views and special interests represented in this group, there also appears to be a large measure of agreement on a number of points. You will wish to keep these in mind as you make the final decisions on the shape and scope of the tax reform proposals:

1. Chairman Ullman and most members would like to see us send up a package by no later than the middle of September and begin hearings, with testimony from Administration witnesses and some others, in the two or three weeks preceding October adjourment. They will probably wish to continue hearings after Congress comes back in January and aim towards passage by the House in April or May.
2. A majority of members, including Ullman are quite concerned about a single massive and comprehensive bill coming to them in an election year. Their fear is that too many special interests will be stirred up to unite in opposition, making passage difficult and creating problems for those facing a tough re-election campaign.

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for Preservation Purposes**

3. The alternative many members prefer involves dividing the tax reform proposals into two portions, with one to be tackled by the Congress in 1978 and the second in 1979-80.
4. Loopholes, foreign taxation, perhaps the taxable bond option, relief for small business, and some reductions in the rate schedule appear to be the most popular candidates for early consideration in the 1978 package. On the other hand, most members would prefer to deal with more controversial tax items including capital gains, double taxation of dividends and capital stimulation at a later date.
5. Most members are very nervous about certain proposals designed to make taxation fairer, but likely to cause particular opposition from special interest groups without raising much additional revenue. A prime example, in this category, is the move toward restricting expense account living as it affects the restaurant and hotel industries. No one likes the two martini luncheon, but few members are willing to tackle the political pressures from the industries and the unions involved.

In the decision packages which we are preparing for you, we will, of course, deal with all aspects of fundamental tax reform. The goal of your own discussions with Messrs. Long and Ullman will have to include, however, coming to some understanding with them about how comprehensive the bill for consideration in 1978 is to be and whether or not we wish to achieve fundamental tax reform in two parts rather than in one. one

I would personally be reluctant to go forward in two parts unless it proves absolutely necessary. For one thing we will find it very difficult to divide the package into two or more parts without upsetting the overall

balance of pluses and minuses. I, therefore, think we should try to convince the Congress to go along with the comprehensive approach. But after my session this morning, I am not entirely sure that we can succeed.

Mike

W. Michael Blumenthal

THE WHITE HOUSE
WASHINGTON

August 4, 1977

The Vice President
Stu Eizenstat
Hamilton Jordan
Frank Moore
Bert Lance
Charlie Schultze

The attached is for your
information.

Rick Hutcheson

RE: TAX REFORM

~~8/9~~
8/11

THE PRESIDENT HAS SEEN.

PRES. SAW.

COMMENTED
VERBALLY AND

THE WHITE HOUSE
WASHINGTON

SUSAN CLOUGH
FILLED IN.

TBS

8/11

August 11, 1977

Memo to: The President

From: Tim Smith

Cong. Adam Benjamin (D-Ind) will be completing a White House tour tomorrow morning at 9:15 a.m., along with his family and his brother's family.

Bill Cable (House Liaison) recommends a brief greeting and picture. We would not put on the issued schedule.

Do you want to do?

Yes

No

THE WHITE HOUSE
WASHINGTON

Sen. Long has told Dan Tate ^{ok} that he is willing to see you any-time on energy, but feels a meeting would be more useful in early September than now. ↓

Only four Senators have participated in his Committee's hearings thus far, and he would prefer to get a feel for the feelings of the Committee as a whole before a meeting with the President.

Schlesinger and Tate recommend waiting until after the recess.

Schlesinger, Tate and Eizenstat recommend pursuing a meeting - preferably at Camp David - with Sen. Byrd, however.

THE WHITE HOUSE
WASHINGTON

8/11 5:17 p.m.

The telephone operator reported as follows on calls placed by the President:

1. Sen. Sam Nunn is in Oregon - out on a river - will hear from him tomorrow - left word.
2. Sen. Jennings Randolph - out of his office but is in town. Left word.
3. Sen. Stennis - he is in his district - his office will locate and have him call.
4. Sen. Zorinski is on an airplane flight. His office will pass the word when he touches down in Omaha.
5. Sen. Richard Stone - out of the country on vacation. Will hear from him on the 19th. Left word.

THE WHITE HOUSE
WASHINGTON

MEMORANDUM TO: THE PRESIDENT
FROM: Jack Watson *Jack* August 6, 1977
RE: Summaries for the Week of
August 1 - 5, 1977

We are attaching summaries received from the following:

Agriculture
Commerce
CEA
GSA
HEW
HUD
Interior
Justice
Labor
Transportation
Treasury
UN

I am also attaching a brief status report.

CC: The Vice President

THE WHITE HOUSE

WASHINGTON

August 8, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Secretary Adams Memo re:
Concorde SST in the United
States

In view of the important domestic and foreign policy considerations involved in a decision regarding landing rights for the Concorde SST, I strongly recommend that you request Secretary Adams to prepare a decision memorandum for you on this issue.

- Juvenile Delinquency -- The reauthorization and 1977 amendments to the Juvenile Delinquency and Prevention Act of 1974 were passed by both houses. This is the major piece of legislation in the juvenile delinquency area, originated and shepherded by Senators Bayh and Culver and Congressman Andrews. It provides needed money for states and for private groups to employ innovative ways to combat delinquency; it also requires states over the period of the next five years to get out of institutions children who have committed no real crimes but are merely "status offenders," i.e., runaways, truants, "beyond control."

- Special Prosecutor, Ethics in Government -- S. 555, the Public Officers Integrity Bill (special prosecutor, ethics, conflicts of interest) presents timing problems as it moves into the House in September. Although the Administration supports the bill and is hopeful for its passage this session, the special prosecutor provision is an obvious target for an amendment, such as the one passed earlier in the Senate, calling for a special prosecutor for the KCIA investigation.

5. Criminal Code Reform

The Criminal Code Reform Bill (S. 1437) is moving on schedule toward enactment this Congress (probably next session). The Kennedy-McClellan version (midwifed by the Attorney General) is expected to be voted out of the Senate Judiciary Committee in September and will, it is hoped, pass the Senate this session.

6. Access to Justice

The Department of Justice expects to introduce a package of "access to justice" bills into Congress before the recess or early in the fall which will include restrictions on diversity jurisdiction, more reasonable fees for witnesses, a federal class action bill, and provision for arbitration as an alternative to full-fledged litigation. The Department's bill enlarging magistrates' jurisdiction has already passed the Senate and will begin hearings in the House in September before Congressman Kastenmeier's subcommittee. Together with the significant increases in federal judges expected from the additional judgeships bill expected to pass this session, these bills should improve the conditions of the federal judiciary. No fault insurance, another Administration-supported bill, will also contribute to alleviating congestion in the courts so that citizens can obtain speedier justice. The attorney fees bill, on the other hand, also supported by the Administration, which would

permit public interest and other groups to be paid for their participation in agency proceedings according to the usefulness of their participation, failed on an 8-8 vote to emerge from the Senate Judiciary Committee this Thursday. It had similarly failed in the House Judiciary Committee earlier this year.

7. Sex Discrimination

Administration-supported legislation that would extend Title VII of the Civil Rights Act to preclude denial of pregnancy benefits in employment health plans is also expected to be voted on in September. Women's organizations have given this bill their highest priority. Labor also supports the bill.

the departments know what each other are doing, and why. Significant changes in regional organization are underway in most of the domestic departments. OMB has the lead.

LEAA - We have received numerous reports that LEAA's announced plans to abolish their regional offices may have violated certain reorganization laws and civil service regulations. I have asked Jim Parham to look into the matter and will follow through with OMB, Justice, and Civil Service, as appropriate.

MILLIKEN PROJECT - Jim Parham continues to coordinate the working group on this project.

EMERGENCY PREPAREDNESS TASK FORCE - Bruce Kirschenbaum is attending the weekly meetings at FEA to help prepare for next winter's expected shortages of energy. We convened a special meeting this past week at which Walt Kallaur of GSA and Tom Dunn of FDAA reported on the problems and operational concerns associated with last winter's shortages and the interaction of energy problems and winter "disasters."

HENRY HOWELL - My staff is assisting Henry Howell on some requests he discussed with you last month.

OPPORTUNITIES INDUSTRIALIZATION CENTERS (OICs) - I met this week with Dr. Leon Sullivan and thirty Black ministers from all over the country to receive 700,000 petitions signed by their supporters and constituents asking for your support and pledging their help in combatting unemployment. As I think you are aware, OICs are community-based organizations which use CETA funds for training and employment programs. Although they were very serious in their demands for expanding jobs programs, they also stated that you "look great" to them and their communities. They want you to know that they support you and that they "appreciate the fact that you are a Christian man." At some point this fall, I think it would be a good idea for you to meet with Dr. Sullivan, the founder and moving force behind OIC. Dr. Sullivan is one of the most respected and responsible black leaders in the country.

FEDERAL AID ADMINISTRATION PROJECT - As you know from my previous reports to you on the subject, we will submit to you before the end of this month several specific reform

COMMENTS FROM APPOINT-
MENTS & SCHEDULING

THE WHITE HOUSE
WASHINGTON

Date: August 5, 1977

MEMORANDUM

FOR ACTION:

Tim Kraft *see attached
comments*

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

Z. Brzezinski memo 8/5/77 re
Foreign Visit Schedule ----

CONFIDENTIAL ATTACHMENT

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: Noon

DAY: Monday

DATE: AUGUST 8

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

*attachment
in safe*

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

8/9

Rick ---

We have summarized our views
as much as possible --- would
appreciate your including the
attached as part of Zbig's
foreign visit Schedule for the
President.

Thanks.

fran

THE WHITE HOUSE
WASHINGTON

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		SCHULTZE

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

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

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	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

DELTA AIR LINES, INC.

HARTSFIELD ATLANTA INTERNATIONAL AIRPORT
ATLANTA, GEORGIA 30320

R. S. MAURER
SENIOR VICE PRESIDENT
GENERAL COUNSEL

August 5, 1977

The Honorable Howard W. Cannon
4602 Federal Building
Las Vegas Boulevard, South
Las Vegas, Nevada 89101

Dear Senator Cannon:

This letter relates to President Carter's letter of July 28, 1977, concerning the subject of airline regulatory reform. President Carter's letter contained a number of assumptions which we believe were erroneous and also did not mention certain important factors which bear on the subjects discussed.

The first such erroneous assumption was that "The current regulatory scheme permits lower fares only by means of heavily regulated and highly restricted price discounts." It is true that the present statute, and the CAB administration of it, does permit differential pricing. This is a time-honored marketing technique, specifically designed to permit greater use of capacity in off-peak period (and, in the case of the airlines, in underdeveloped markets). Differential pricing is encouraged by the federal government in many industries, usually because of its potential for conserving energy and other resources.

In addition, however, and here is where we believe that President Carter's assumption was wrong--the present statute permits, and there exists, a considerable amount of direct price competition. For example, Delta Air Lines is the world's largest operator of off-peak, twenty percent reduced fare services for the benefit of budget-minded travelers. These fares have not only been permitted by the CAB under the existing statute, but the CAB has commended them as being highly in the public interest. They have been warmly accepted by the traveling public, as proved by the fact that as much as 20% of Delta's business is carried at these greatly reduced fares.

Aside from the direct benefit of these price reductions for the traveling public, Delta's marketing of the fares, and the reactions of other carriers, have been a classic illustration of price competition. For example, as a result of the grant to Delta of service obligations in various markets, Delta's route system has grown in such a manner that, over a circuitous routing through Atlanta, Delta can operate between the Northeast and California.

The circuitous route competes with three nonstop operations between the Northeast and California, and therefore normally would not heavily penetrate the Northeast-California markets. Delta introduced its 20% reduced fares over this circuitous routing some years back and significantly promoted the fares. As a result, Delta began to penetrate the Northeast-California markets. This, in turn, forced the nonstop carriers to introduce the 20% reduced fares between the Northeast and California. This is a clear example of direct price competition under the existing statute.

Many other examples could be cited. For example, Delta has just introduced a new, 39% reduced, specialized fare between Midway Airport and St. Louis. TWA has recently introduced a whole new class of service at a highly-reduced fare between Chicago and California.

Accordingly, we believe that it is wrong to argue that differential pricing is the only way in which the current regulatory scheme permits lower fares. The present statute clearly permits many forms of price competition.

A second questionable assumption is the conclusion that only greatly increased freedom of entry, "or the realistic threat of it," prevents pricing flexibility from being abused. In part, this is based upon the erroneous assumption, discussed above, that there is no price flexibility under the present statute. But more fundamentally, this assumption is incorrect because, for years, the Civil Aeronautics Board has prevented the pricing flexibility which has in fact existed under the present statute from being abused by the air carriers. Indeed, this is one of the primary obligations of the Civil Aeronautics Board under the existing law--to prevent price gouging. This responsibility can and has been discharged in a way which does not eliminate all management discretion with respect to prices, as explained above. The present law constitutes a careful blend of highly pro-competitive provisions (which has resulted in a steady increase in the degree of industry competition under general CAB control) and provisions which enable the CAB at one and the same time to protect the public from pricing abuses while granting the industry a reasonable measure of pricing flexibility. Whether automatic route entry can be justified on other grounds or not (and Delta is strongly opposed to the concept), it is simply not correct to state that provision for such entry is necessary to prevent pricing flexibility from being abused.

A third incorrect assumption is the implication that, if automatic entry provisions are not enacted, some change in the existing statute would be necessary "to limit carriers to price increases only where they are justified by rising costs." The present statute already obligates the CAB to relate the fare level and structure to "the lowest cost consistent with furnishing" the service, and to "revenue sufficient to enable such air carrier, under honest, economical and efficient management, to provide adequate and efficient air carrier service." The CAB has interpreted and used the latter provision, along with the former quoted language, to disallow millions of dollars of costs, and thus carefully to limit allowable price increases only to those which "are justified by rising costs" incurred under the most careful management.

Another misleading assumption in the President's letter is the belief that an automatic entry provision would allow carriers to enter markets "without having to undergo the costly process of obtaining Board approval." While there are costs associated with the certification process, the costs are not serious ones. More importantly, they are incurred for highly beneficial reasons: (1) to permit all interested parties, including interested consumers and members of the traveling and shipping public, airport operators, city governments and others, as well as the carriers involved, to present facts which will help insure development of a sound national air transportation system; and (2) to insure that both aspiring applicants and incumbents, as well as interested consumer and civic groups, are given full due process of law. We simply cannot understand how, in a nation founded upon law, the affording of reasonable due process can be considered as unduly costly.

The Congress should also note the basic impact of testimony recently offered by World Airways before the House Budget Committee. World has a pending application for a CAB certificate authorizing it to perform high-density, low-fare service in the principal California-Northeast traffic markets and has pressed vigorously for an early hearing thereon. Before the Budget Committee, however, testifying with respect to "regulatory reform," World's representative stated flatly that if extensive freedom of entry is to be permitted, so that a large number of carriers are to be permitted to operate in the transcontinental markets, World "is not going to have any part of it." Thus one of the strong advocates of low-cost competition has made it clear that an economic test for entry must be maintained.

Another improper assumption is that the current "burden of proof in entry proceedings" must somehow be "reversed" in order to create a presumption that "competition is consistent with the public interest." That presumption need not be created by a reversal of the burden of proof, when it already exists in the policy statement of the existing Act and, if necessary, could be further strengthened by revision of that policy statement. We respectfully submit that introduction of a "negative" public interest standard, such as that proposed by the reverse burden of proof regarding public convenience and necessity, would simply be productive of unnecessary litigation and delay in the administrative process.

The foregoing are the more seriously incorrect assumptions in the President's letter. We also have a number of other substantive problems with his proposals, but these have already been addressed in Delta's submission to the Senate Commerce Committee members in comments dated July 7, 1977. Accordingly, we will not address those substantive problems further, but instead will turn to the factors which President Carter's letter does not mention, but which are extremely important. These we believe can all be classified as basic inconsistencies in the regulatory reform effort.

First, the emphasis on a sudden and extensive increase in the degree of industry competition (the existing statute is already pro-competition, the degree of competition within the industry has steadily increased over the years, and the industry is therefore already highly competitive) will definitely result in lower load factors and the operation of unnecessary capacity in those markets (mostly the medium-haul and long-haul high density markets) where reform would provoke such multiple duplication of existing competitive services. Experience has always shown that an increase in airline competition results in lower load factors, at least for a significant period of time. There is nothing in the reform approach to increased competition which indicates that a different economic result would occur should "automatic entry" be enacted into law. While we believe that such increased competition would be relatively short-lived, and that ultimately airline service with large equipment would be operated by fewer carriers in fewer markets, in the interim there would be a serious waste of scarce energy supplies. In this respect, the reform movement is wholly inconsistent with the national policy of energy conservations.

Second, the President's letter does not mention small community service. Perhaps this is because the small community provisions of the present bill, even as it is being marked up (a) will result in a greatly increased degree of CAB regulation, and a much more burdensome type of regulation than currently exists, and (b) has

the potential for a tremendously increased subsidy bill. This aspect of the reform movement seems to be going full speed forward without any realistic assessment of the cost to the American taxpayer. In this respect the movement is inconsistent with two of President Carter's national goals--those of reducing federal regulation and reducing federal expenditures.

Third, because of the proposed freedom of entry and exit, and the resultant general instability of the airline system envisioned by the reform proposals, there is an inevitable conflict between regulatory reform and enforcement of safety standards. Any effort to compensate for this by an increase in the size and budget of the FAA would clearly be in conflict with the economy-in-government platform upon which President Carter ran, thus creating another inconsistency.

Fourth, pending airline reform proposals are inconsistent with the approach being taken by the Executive, but not mentioned in the President's letter, with respect to other modes of transportation. Secretary Adams' speech to the Transportation Association of America on June 16 indicated that any reforms necessary in the case of trucking industry regulation could be accomplished under the existing motor carrier provisions of the present Interstate Commerce Act. But the same thing is true of the existing Federal Aviation Act. That Act (in major part patterned on the Motor Carrier Act) is an amazingly flexible statute, which has continually adapted to changing conditions over the years and remains fully capable of adapting to present and future change. The recent and past changes in the direction of CAB regulation alone prove this fact. It is therefore inconsistent, and incorrect, to take the position that the desire for increased route competition, increased price competition, increased administrative expedition, and the like can be achieved only by amending the Federal Aviation Act. Each and every one of these goals can be achieved under the existing law.

Fifth, the Administration has just completed a negotiation with the United Kingdom concerning air routes between the two countries which will result in carefully controlled competition in the trans-Atlantic arena. This concession by the United States to the United Kingdom, decreasing the present degree of competition and tightly controlling that which will remain, is in direct contradiction to the emphasis in the President's letter upon a sudden burst of additional competition in the domestic arena.

Let us briefly discuss only one more extremely pertinent consideration not mentioned in President Carter's letter. The need alleged for legislative revision is seriously inconsistent and in conflict with the findings of recent U.S. News & World Report and Harris Poll surveys. Both of these surveys showed that in the view of consumers, the airlines topped the list of all industries surveyed in terms of value given to the purchaser, and in terms of concern for public health and safety. In short, there is no grass roots movement, no real complaint by the consuming public, concerning the quality, quantity, or price of airline service. This leaves the reform movement one not founded upon need, but only upon the argument of academic-ians and theorists who will not have to bear the cost of any damage which their untested theories, if adopted, would inflict upon the public and the United States air transportation industry-- today the foremost, most competitive, lowest priced system of air- line service in the world.

This letter is being sent individually to each member of the Senate Commerce Committee. A copy is being sent to all members of the Georgia Delegation, the Secretary of Transportation, the Director of the Office of Management and Budget, and the Chairman and all members of the Civil Aeronautics Board.

Sincerely,

ORIGINAL SIGNED BY
R. S. GARDNER

THE WHITE HOUSE
WASHINGTON

*? Telling
Alan Campbell*

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Sec Blumenthal*

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