

9/20/77 [4]

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ORIGINAL WATSON MEMO

THE WHITE HOUSE
WASHINGTON

September 9, 1977

Jack Watson -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling. No additional comments
were made.

Rick Hutcheson

cc: Stu Eizenstat

Re: Formation of Urban Investment
Team

THE WHITE HOUSE
WASHINGTON

9/6/77

Mr. President:

OMB concurs with Watson.

CEA has serious reservations about the effectiveness of the program, because of the limited resources, and because of the difficulties inherent in this kind of assistance. CEA recommends that this program be coordinated with the urban policy group.

Bunny Mitchell agrees with Stu's comments, which are attached.

--Rick

8:30 AM

Held
Q
-

THE WHITE HOUSE
WASHINGTON
THE PRESIDENT HAS SEEN.

September 2, 1977

MEMORANDUM TO: THE PRESIDENT
FROM: Jack Watson *Jack*
Bruce Kirschenbaum
RE: Formation of Urban Investment Team

The following proposal outlines an urban initiative which could be undertaken immediately, be action-oriented and require no new legislation or additional funding. The proposal is designed to focus federal/state/local and private resources and efforts on a variety of diverse urban problems and to accomplish some tangible results in a short term. It would also permit us to experiment with different strategies for cities with different kinds of problems before trying to apply those strategies on a broad scale. The proposal has been discussed at length with the Secretaries or Assistant Secretaries of all the participating departments and agencies. Ham and Stu both endorse the concept and believe that it is a timely initiative.

STATEMENT OF PROBLEM

As you know, we are currently spending billions of dollars on federal urban programs, without, in many cases, having significant and visible results in helping our cities -- especially those in severe economic decline and those suffering from uncontrolled and counter-productive growth. Although many of the Administration's programs are designed to deal with urban problems, we need to aggregate and highlight those programs more effectively and begin to develop some "Carter" urban themes and approaches. Among other things, we need to demonstrate as dramatically and visibly as possible your awareness of and concern for urban problems and your determination to do something about them. We think this proposed initiative can help do that and at the same time, build on your

parallel themes of "Cabinet government," "public/private partnership" and "making the government work better."

PROPOSED INITIATIVE

We propose formation of an "Urban Investment Team" whose principal mission would be to assemble, coordinate and focus the delivery of all federal assistance to a carefully selected group of cities. The principal purpose of the Team would be to maximize the impact of all available resources -- federal, state, local and private. The Team would require the participating local governments to prepare a development/priorities plan in collaboration with the private sector and the State, so that all government assistance and private sector investments could be shaped to meet the specific needs and priorities of the participating cities.

The Team would be composed of representatives (Assistant Secretaries or their equivalent level) of the following departments and agencies:

HUD	Commerce	EPA
Transportation	Labor	OMB
Treasury	SBA	Domestic Council

My staff and I would coordinate the activities of the Team, but the bulk of the actual staff work would, of course, be done by the participating agencies under the direction of the participating Assistant Secretaries. The White House role would be that of convenor/coordinator/communicator.

The Team's initial responsibility would be to select the participating cities. The selected cities would be located in different regions, manifest varying degrees of economic distress, possess varying populations and be politically diverse. All of the participating cities should have strong local leadership, an active private sector and the capacity to prepare a meaningful local development plan.

Once the participating cities were selected, the Team would work with each one in preparing its development plan outlining the priorities of the area. The private sector and, to the extent feasible, the State government and other immediately affected local governments would be involved

in the process. The private sector would be asked to make explicit, specific commitments of resources to support the plan. At the same time, the various Federal agencies would identify the entitlement and discretionary assistance which potentially could be available to each of the participating cities.

Once the local development plan is completed, it would be submitted to the Team for joint consideration and approval; the Team would expedite and coordinate the approval process. After approval, the Team would meet with City and other local government officials, State officials and representatives of the private sector to negotiate a timetable and strategy for implementation. The strategy would include flexible Federal assistance to the City and commitments of resources from the State government, local government and the private sector.

Subsequent to the initial commitments and funding, the Team would continue to monitor the City's progress toward its objectives. It also would evaluate the extent to which the various private sector and State and local government commitments are being honored. The Team would also determine whether and to what extent the experiences of the participating cities are transferable to other cities, and whether and how the process could be replicated on a broader scale.

Specific Objectives

- o Provide you with an immediate, visible, action-oriented, urban initiative which would begin addressing real problems with existing resources and present legislative authorization.
- o Minimize the administrative complications, delays and fragmentation that characterize the existing Federal aid system.
- o Offer opportunities to use coordinated Federal assistance and White House involvement as a catalyst for greater private sector investments in the participating cities.
- o Provide opportunities to facilitate greater State assistance in cooperation with local development efforts.
- o Encourage local governments to develop an integrated plan for their city (e.g., Moving Detroit Forward) rather than dealing with Federal agencies and each other on a fragmented ad hoc basis.

- o Insist on priority-setting on the part of the participating local governments so that some of the burden for making "trade-offs" is shifted to them.
- o Experiment with different approaches to various urban problems in different parts of the country and test this model as a federal/state/local/private way of dealing with such problems.

I suggest that this initiative be combined with John Portman's recent proposal to you that leaders from the private sector around the country be invited to a White House dinner to discuss urban problems. If you approve this proposal, we could complete the selection of participating cities by early October. The White House dinner then could be used to announce the program and to bring the appropriate state and local officials and private sector leaders of the selected cities to Washington.

PROPOSED TIME SCHEDULE

No later than ---

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- October 3rd - Memo to President for city selection.
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through December Meetings with cities, private sector, and others to develop criteria for plans. Federal agencies identify funds already flowing to cities, and instituting of general procedures to guide individual city efforts.
- December through
February 1978 - Finalize criteria for development plans, assist cities in drafting plans.

- March 1, 1978 - Submission of final plans.
- April 1, 1978 - Approval (and/or modification) of plans and decisions on funding of each.

It should be noted that there are currently two major interdepartmental efforts examining the Administration's urban policies and programs.

- 1) The Urban and Regional Policy Group is developing policy initiatives for the FY 1979 budget and legislative package.
Stu is monitoring and coordinating that effort and, working closely with Pat Harris and others, has recently redefined the Group's focus and the manner in which the work of the Group will proceed.
- 2) The "Economic and Community Development" Reorganization Team at OMB is developing proposals for reorganizing and rationalizing the existing urban development programs.

The work of the Urban Investment Team would complement both of these longer-term, interdepartmental efforts. In addition, the participating cities could serve as laboratories for testing the policy initiatives developed by the Urban Regional Policy Group.

* * * *

Approve _____ Disapprove _____

See me _____

THE WHITE HOUSE

WASHINGTON

September 6, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: Urban Investment Team

I solicited comments on Jack's proposal from Robert Embry, Assistant Secretary, Department of Housing and Urban Development, who is an expert in community development, having headed the community development program in Baltimore. I attach his comments.

I think that Jack's idea is a good one but I think that the scope of the project should initially be kept more circumscribe.

A highly visible White House-dominated project serving 10-15 cities may be erroneously received as the Administration's answer to the demands for an urban policy and may require a substantial commitment of additional White House staff. In addition, choosing this many cities will spread resources thin for what is in essence a pilot project and will present political problems because of the wide number of cities who will be solicited for participation in the program.

Nevertheless I think the idea has considerable merit.

I would suggest the following:

- a. Jack and his staff begin to work on choosing three cities for such a program.
- b. A considerable amount of analytical work and field analysis be done under Jack's direction and with full Administration support in further developing the way in which the program would evolve.
- c. Formal announcement of the program and the cities to be selected would be made as part of the urban policy we are now developing in conjunction with HUD and other agencies.

With these modifications, I think that Jack's innovative suggestion deserves support.



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, D.C. 20410

August 25, 1977

To: Jack Watson
Larry Bailey
Bruce Kirschenbaum
I had ~~best~~ might wish to
review the ~~David~~ negative comments
by Bob Embury, particularly in
light of his background and
experience.
Stu

OFFICE OF THE ASSISTANT SECRETARY
FOR COMMUNITY PLANNING AND DEVELOPMENT

MEMORANDUM TO ✓ Stuart Eizenstat
Assistant to the President for
Domestic Affairs & Policy

Oren Kramer
Associate Director
Domestic Policy Staff

Since you both asked for my comments on the "Urban Investment Team" proposal I am sending this joint memo.

The idea is a very appealing one, so appealing that it has surfaced in a variety of incarnations periodically for at least the last 10 years. Because of this history the approach starts off with a heavy presumption against it among many people concerned with urban problems. At a minimum, the proposal should examine previous efforts such as Model Cities, Annual Arrangements, Federal Expediter, the White House Coordinator for Washington, D.C., etc., to explain why those efforts failed and why this one will succeed.

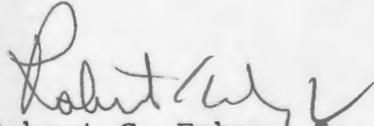
Additional questions that might be raised about the proposal are as follows:

- 1) Of what value is an effort that is not repeatable? Presumptively whatever it is that will be done for the cities selected cannot be done for every troubled city, at least not within the foreseeable future.
- 2) It is not clear what the city will get from the Federal Government in return for a major effort to prepare a city-wide strategy. Such a strategy will cost money and time to prepare (who pays?). Any meaningful plan will be very costly to implement. Is the Federal Government saying it will provide these funds or is it not?
- 3) If no additional funds are to be provided then a city might ask itself if the effort and increased expectations are worth it.

- 4) If extra money is to be made available then the money will be taken away from other cities, assuming there are no additional appropriations for this purpose. One distressed city will be helped by harming another.
- 5) Any effective strategy will take at least a decade to implement after the plan is done. Can the cities expect a continuity of interest over such a long period of time as personnel, administration, and parties change in Washington?
- 6) An effective city-wide strategy for a city of any size is a major effort. It is not something that can be done in a short period of time, particularly if citizens are to be involved, which I would assume the Administration would insist on. Cities often take two years or more of citizen and staff meetings just to decide where the next transit line is to be built.
- 7) How many cities will be selected and how will they be chosen? Presumptively the process will not be public or every city will demand to participate. If private there must be some defensible criteria that can justify the selection when it becomes public.
- 8) White House leadership is a positive difference between this proposal and the Model Cities experiment. This will only work, however, if there is adequate and competent White House staff to impose White House priorities on the Departments. This would involve a major shift in White House - Department relationships which should be considered.
- 9) Most programs have different funding criteria. If I were representing a city I would only participate if the respective Departments put their money up at the beginning so that the city did not have to satisfy the White House first and then go through the same effort with the individual Department.
- 10) Involving the States in the process is also new and of questionable wisdom. While it is certainly desirable for the States to pay more attention to cities, cities have little leverage to persuade States to cooperate. I would hope State involvement would not be mandatory if Washington is preselecting the cities because it may mean that nothing gets done.

- 11) The major problem in many large cities is education and yet HEW is not included. To a lesser degree welfare and health care, also the charge of HEW, on important urban concerns. This raises the question of what issues the urban strategy is to address and what criteria it is to be judged by.
- 12) One might consider which Assistant Secretary, if it is to be one, will represent various Departments. For instance, there are at least two Assistant Secretaries in HUD that have program monies, and this is not counting New Communities; Transportation has Highways and Mass Transit, etc.

An alternative approach that might be considered, if the objective is thought desirable, is to establish certain criteria for the elements of a strategy, for State involvement, for public participation, for business commitment and say publicly that those cities that come in with such a strategy will receive certain federal benefits, e.g., a White House coordinator to move their strategy through the bureaucracy, a priority for funding from discretionary programs, and access to a specific pot of money that some one person has authority to allocate.


Robert C. Embry, Jr.
Assistant Secretary

THE WHITE HOUSE
WASHINGTON

September 15, 1977

*file
rec'd too
late*

The Vice President
Stu Eizenstat
Hamilton Jordan
Frank Moore
Bert Lance
Charles Schultze
Bunny Mitchell

*received
10:49 am*

The attached will be submitted to the President today. This copy is forwarded to you for your information. If you wish to comment, please call (7052) by 3:00 PM today.

Rick Hutcheson

RE: URBAN INVESTMENT TEAM

*Held this project for further analysis.
Recommend that an urban action project be
designed to include in or to complement
our urban policy initiatives. — Program
implementation would follow policy
announcement.*

Bunny

THE WHITE HOUSE
WASHINGTON

September 15, 1977

Stu - yes

The Vice President
Stu Eizenstat
Hamilton Jordan
Frank Moore
Bert Lance
Charles Schultze
Bunny Mitchell

- will comment by 12:00 Fri

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Rick Hutcheson

RE: URBAN INVESTMENT TEAM

S

THE WHITE HOUSE
WASHINGTON

September 2, 1977

MEMORANDUM TO: THE PRESIDENT
FROM: Jack Watson *Jack*
Bruce Kirschenbaum
RE: Formation of Urban Investment Team

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STATEMENT OF PROBLEM

As you know, we are currently spending billions of dollars on federal urban programs, without, in many cases, having significant and visible results in helping our cities -- especially those in severe economic decline and those suffering from uncontrolled and counter-productive growth. Although many of the Administration's programs are designed to deal with urban problems, we need to aggregate and highlight those programs more effectively and begin to develop some "Carter" urban themes and approaches. Among other things, we need to demonstrate as dramatically and visibly as possible your awareness of and concern for urban problems and your determination to do something about them. We think this proposed initiative can help do that and at the same time, build on your

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I suggest that this initiative be combined with John Portman's recent proposal to you that leaders from the private sector around the country be invited to a White House dinner to discuss urban problems. If you approve this proposal, we could complete the selection of participating cities by early October. The White House dinner then could be used to announce the program and to bring the appropriate state and local officials and private sector leaders of the selected cities to Washington.

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The work of the Urban Investment Team would complement both of these longer-term, interdepartmental efforts. In addition, the participating cities could serve as laboratories for testing the policy initiatives developed by the Urban Regional Policy Group.

* * * *

Approve _____

Disapprove _____

See me _____

THE WHITE HOUSE
WASHINGTON

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

1st page only

ACTION	FYI	
		MONDALE
		COSTANZA
	X	EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
	X	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

EIZENSTAT COMMENT

THE WHITE HOUSE
WASHINGTON

Hand by Stu. Monday, et al
for [unclear]
B

Date: September 2, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Hamilton Jordan
Bert Lance *concur*
Charlie Schultze *attached*
Bunny Mitchell *concur w/ Stu*

FOR INFORMATION:

The Vice President
Bob Lipshutz
Frank Moore *nc*
Jody Powell

[Large handwritten scribble]

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Watson/Kirschenbaum memo dated 9/2/77 re formation of Urban Investment Team

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: TUESDAY

DATE: SEPTEMBER 6, 1977

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

Blue [unclear]

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

Council

THE WHITE HOUSE
WASHINGTON

Per Gould -

CEA has serious reservations about the effectiveness of this program because of the limited resources & because of difficulties inherent in this kind of aid assistance.

This program should be coordinated with the ongoing urban policy group, to include CEA.

B

FOR ACTION:

Stu Eizenstat
Hamilton Jordan
Bert Lance
Charlie Schultze
Bunny Mitchell

FOR INFORMATION:

The Vice President
Bob Lipshutz
Frank Moore
Jody Powell

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ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

OMB believes that an effort such as the one suggested
is important at this time.

Dennis O. Green
Associate Director for
Economics and Government

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

Stu Eizenstat
Hamilton Jordan
Bert Lance
Charlie Schultze
Bunny Mitchell

FOR INFORMATION:

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THE WHITE HOUSE
WASHINGTON

September 15, 1977

The Vice President
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Bert Lance
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Bunny Mitchell

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Rick Hutcheson

RE: URBAN INVESTMENT TEAM

THE WHITE HOUSE

WASHINGTON

September 14, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Jack Watson *Jack*

SUBJECT: URBAN INVESTMENT TEAM

The purpose of this memorandum is to respond briefly to the questions raised in Bob Embry's memorandum that Stu forwarded to you last week commenting on the Urban Investment Team. We had discussed all those questions with Bob and Stu subsequent to Bob's memorandum and, in fact, had written a brief memorandum in response to the points Bob made. I regret that you did not have the benefit of the other memorandum when you read Bob's comments.

As to Stu's concern about the manner in which we handle implementation of the proposal, I think that is something we can manage however we want. We must make clear from the outset, for example, that this effort does not constitute your entire "urban strategy", but rather is something to do to help cities now, while we develop a comprehensive urban policy and the designs for future congressional action and funding. My recommendation is that we implement the proposal without a lot of fanfare. We would do some important spade work both on the Hill and with key state and local leaders and major public interest groups, so that the nature and purpose of the project are understood, and so that we could assure a broad base of support for the effort.

The simple fact of the matter is that we need some action in this area; there are significant things we can do, using existing programs, existing policies and existing funding levels (including discretionary funds) which will permit us to deal more effectively with some very serious urban problems and concerns without waiting for the development of new policy.

Given the widespread and legitimate concern about unemployment, we could also use this process to focus and accelerate our employment program efforts in selected cities. Such an approach would appeal greatly, not only to the Black Caucus, but to mayors all across the country.

Specific Responses to Embry's Questions

(1) OF WHAT VALUE IS AN EFFORT THAT IS NOT REPEATABLE?

The answer, of course, is that this approach is repeatable. What we are talking about here is a process, a way of approaching interrelated problems of cities in the most effective, most coordinated ways possible, using federal and state, as well as local, public and private, resources. We won't replicate every element of the approach for every city, nor should we, but we will learn a lot about which types of efforts work and which don't. One of the main purposes of the whole effort is to experiment with different approaches to different problems to see what we can and should repeat on a larger scale.

(2) & (3) IF NO ADDITIONAL FUNDS ARE TO BE PROVIDED, THEN
A CITY MIGHT ASK ITSELF IF THE EFFORT AND INCREASED
EXPECTATIONS ARE WORTH IT.

I don't know of a single city in the country that would not jump at the chance to participate in this effort. I have talked with dozens of mayors, city planners, city budget officers, and others, and never had one who didn't talk about the need for this kind of help.

A city will basically benefit from this approach in these ways:

- Coordinated and streamlined assistance. By removing administrative barriers between and among federal programs, we will not only get monies into the city sooner (and thereby increase the effective value of the dollars), we will also synergize their impact by aggregating and focusing our resources better. We already have a lot to work with; Community Development Block Grants; CETA; Public Works; UMTA funds, etc.
- Discretionary Funds. Each Secretary has discretionary funds for specific priorities. Since the Urban Investment Team effort will proceed by agreements among the agencies, we can assume that the cities selected will be a priority for those agencies. HUD's new \$400-million Urban Development Action Grants will be a resource, as will CETA, EDA, EPA. Our "no new federal monies" policy means no special appropriations and no promises of particular assistance until an acceptable plan is developed and jointly approved by the Team. It does not mean that there won't be valuable discretionary fund assistance to the selected cities.

- Increased Private Investment. White House involvement will be a great inducement for increased resources from the private sector and from state government. This help alone from "the feds" could make a big difference to the cities involved.

(4) IF EXTRA MONEY IS TO BE MADE AVAILABLE, THEN THE MONEY WILL BE TAKEN AWAY FROM OTHER CITIES . . .

As already explained, the only additional money available (and not even promised) would be regular discretionary funds not now allocated to any city. No city's regular program funds will be "pirated away" by this project, and cities will have the same shot at discretionary funds that they always have.

(5) ANY EFFECTIVE STRATEGY WILL TAKE AT LEAST A DECADE TO IMPLEMENT. CAN THE CITIES EXPECT A CONTINUITY OF INTEREST?

This argument could be used against any initiative you wanted to undertake. A lot of what you are setting into motion - energy policy, human rights, arms control - will take a decade or more to implement fully; that is certainly no reason not to move now - with those efforts or with this one. City officials understand that this Administration can only commit itself for the time it is in office and not beyond.

(6) AN EFFECTIVE CITY-WIDE STRATEGY IS NOT SOMETHING THAT CAN BE DONE IN A SHORT PERIOD OF TIME. CITIES OFTEN TAKE TWO YEARS OR MORE TO DECIDE WHERE THE NEXT TRANSIT LINE IS TO BE BUILT.

The purpose of this effort is not to require a wall-to-wall blueprint for the future of every city block (as Model Cities virtually

did), but to help cities get maximum benefit from the application of all available assets to their priority needs. Cities that would require two years to establish their priorities for participation in this effort will not be chosen.

(7) HOW MANY CITIES WILL BE SELECTED AND HOW WILL THEY BE CHOSEN? . . . THERE MUST BE DEFENSIBLE CRITERIA FOR THE SELECTION.

We think there should be less than 10 cities selected to participate in this project. I am inclined to think that it would be better to select six or eight, rather than three, because we could defend the larger number better in terms of representativeness in terms of size, geography, and nature of problems. Under no circumstances should we expand the effort beyond ten cities. One of the principal problems with the Model Cities Program was that President Johnson took a ten-city Ford Foundation demonstration effort and expanded it into a national program which accepted 63 cities in the first run and, less than 12 months later, another 75 cities. For this to work, it must be kept small.

The criteria for selection of cities will be defensibly substantive, and the criteria themselves will be determined by the urban investment team itself.

(8) WHITE HOUSE LEADERSHIP IS A POSITIVE DIFFERENCE BETWEEN THIS PROPOSAL AND THE MODEL CITIES EXPERIMENT. IT WILL WORK, HOWEVER, IF THERE IS ADEQUATE AND COMPETENT WHITE HOUSE STAFF TO IMPOSE WHITE HOUSE PRIORITIES ON THE DEPARTMENTS. THIS WOULD INVOLVE A MAJOR SHIFT IN WHITE HOUSE-DEPARTMENT RELATIONSHIPS WHICH SHOULD BE CONSIDERED.

I think Bob is absolutely right that White House leadership is a positive difference between this proposal and the Model Cities experience. In fact, in my opinion, White House leadership is

essential to its success. I disagree with Bob that this would "involve a major shift in White House-Department relationships." This is the very way in which Stu and I are relating to Departments in many areas, and is a prime example of Cabinet government. All decisions would be made by the team, which, of course, consists of the relevant agencies. The White House role is one of coordinating the Departments' efforts; helping to insure uniformity; expediting bureaucratic redtape; and giving the effort the "Presidential" priority which is necessary to obtain the desired commitment of the private sector and state support.

As to White House staff, I contemplate using one professional and one secretary to support the project.

- (9) MOST PROGRAMS HAVE DIFFERENT FUNDING CRITERIA. THE CITY SHOULD NOT HAVE TO SATISFY THE WHITE HOUSE FIRST AND THEN THE INDIVIDUAL DEPARTMENTS.

The White House will not be approving specific grants. One of the essential functions of the team will be to expedite the review and approval process, on both a departmental and on an interagency basis.

- (10) INVOLVING THE STATES IN THE PROCESS IS A NEW IDEA
AND OF QUESTIONABLE WISDOM.

One of our aims is to induce the states to pay more attention to the problems of their major cities. As Bob points out, the cities have very little leverage to persuade states to help. State involvement will be encouraged but will not be mandatory. We need to emphasize that the federal government cannot solve the problems of the cities alone, and that more state and private sector responsibility is required if we are to deal effectively with these problems.

- (11) HEW IS NOT INCLUDED.

Model Cities failed in part because it sought to encompass all federal programs, including social, health and welfare services to the poor. Our intention here is to focus efforts sharply on the economic/

physical/fiscal development of cities, rather than to diffuse our attention across the whole universe of people problems that must also be dealt with. If, in the course of discussions with a particular city, a social issue such as education becomes a major concern, we can, of course, bring HEW in immediately.

(12) CONSIDER MORE THAN ONE ASSISTANT SECRETARY
FROM A DEPARTMENT FOR THE TEAM.

This is a detail you don't need to be bothered with; we will do whatever needs to be done in order to make the team work.

* * * * *

The Urban Investment Team concept is a sound idea that I know we can make work. I think it's in our political and substantive interest to start putting it together now.

Stu and I are eager to answer any other concerns or questions about the proposal that you may have.

THE WHITE HOUSE
WASHINGTON

September 2, 1977

MEMORANDUM TO: THE PRESIDENT
FROM: Jack Watson *Jack*
Bruce Kirschenbaum
RE: Formation of Urban Investment Team

The following proposal outlines an urban initiative which could be undertaken immediately, be action-oriented and require no new legislation or additional funding. The proposal is designed to focus federal/state/local and private resources and efforts on a variety of diverse urban problems and to accomplish some tangible results in a short term. It would also permit us to experiment with different strategies for cities with different kinds of problems before trying to apply those strategies on a broad scale. The proposal has been discussed at length with the Secretaries or Assistant Secretaries of all the participating departments and agencies. Ham and Stu both endorse the concept and believe that it is a timely initiative.

STATEMENT OF PROBLEM

As you know, we are currently spending billions of dollars on federal urban programs, without, in many cases, having significant and visible results in helping our cities -- especially those in severe economic decline and those suffering from uncontrolled and counter-productive growth. Although many of the Administration's programs are designed to deal with urban problems, we need to aggregate and highlight those programs more effectively and begin to develop some "Carter" urban themes and approaches. Among other things, we need to demonstrate as dramatically and visibly as possible your awareness of and concern for urban problems and your determination to do something about them. We think this proposed initiative can help do that and at the same time, build on your

parallel themes of "Cabinet government," "public/private partnership" and "making the government work better."

PROPOSED INITIATIVE

We propose formation of an "Urban Investment Team" whose principal mission would be to assemble, coordinate and focus the delivery of all federal assistance to a carefully selected group of cities. The principal purpose of the Team would be to maximize the impact of all available resources -- federal, state, local and private. The Team would require the participating local governments to prepare a development/priorities plan in collaboration with the private sector and the State, so that all government assistance and private sector investments could be shaped to meet the specific needs and priorities of the participating cities.

The Team would be composed of representatives (Assistant Secretaries or their equivalent level) of the following departments and agencies:

HUD	Commerce	EPA
Transportation	Labor	OMB
Treasury	SBA	Domestic Council

My staff and I would coordinate the activities of the Team, but the bulk of the actual staff work would, of course, be done by the participating agencies under the direction of the participating Assistant Secretaries. The White House role would be that of convenor/coordinator/communicator.

The Team's initial responsibility would be to select the participating cities. The selected cities would be located in different regions, manifest varying degrees of economic distress, possess varying populations and be politically diverse. All of the participating cities should have strong local leadership, an active private sector and the capacity to prepare a meaningful local development plan.

Once the participating cities were selected, the Team would work with each one in preparing its development plan outlining the priorities of the area. The private sector and, to the extent feasible, the State government and other immediately affected local governments would be involved

in the process. The private sector would be asked to make explicit, specific commitments of resources to support the plan. At the same time, the various Federal agencies would identify the entitlement and discretionary assistance which potentially could be available to each of the participating cities.

Once the local development plan is completed, it would be submitted to the Team for joint consideration and approval; the Team would expedite and coordinate the approval process. After approval, the Team would meet with City and other local government officials, State officials and representatives of the private sector to negotiate a timetable and strategy for implementation. The strategy would include flexible Federal assistance to the City and commitments of resources from the State government, local government and the private sector.

Subsequent to the initial commitments and funding, the Team would continue to monitor the City's progress toward its objectives. It also would evaluate the extent to which the various private sector and State and local government commitments are being honored. The Team would also determine whether and to what extent the experiences of the participating cities are transferable to other cities, and whether and how the process could be replicated on a broader scale.

Specific Objectives

- o Provide you with an immediate, visible, action-oriented, urban initiative which would begin addressing real problems with existing resources and present legislative authorization.
- o Minimize the administrative complications, delays and fragmentation that characterize the existing Federal aid system.
- o Offer opportunities to use coordinated Federal assistance and White House involvement as a catalyst for greater private sector investments in the participating cities.
- o Provide opportunities to facilitate greater State assistance in cooperation with local development efforts.
- o Encourage local governments to develop an integrated plan for their city (e.g., Moving Detroit Forward) rather than dealing with Federal agencies and each other on a fragmented ad hoc basis.

- o Insist on priority-setting on the part of the participating local governments so that some of the burden for making "trade-offs" is shifted to them.
- o Experiment with different approaches to various urban problems in different parts of the country and test this model as a federal/state/local/private way of dealing with such problems.

I suggest that this initiative be combined with John Portman's recent proposal to you that leaders from the private sector around the country be invited to a White House dinner to discuss urban problems. If you approve this proposal, we could complete the selection of participating cities by early October. The White House dinner then could be used to announce the program and to bring the appropriate state and local officials and private sector leaders of the selected cities to Washington.

PROPOSED TIME SCHEDULE

No later than ---

- September 2nd - Memo to President seeking approval of project.
- September 7th → First Team meeting to discuss criteria and method of selection of cities; preliminary review of cities.
- September 28th - Second meeting of Team to finalize city selection to a list for Presidential review.
- October 3rd - Memo to President for city selection.
- October 15th - White House meeting (dinner) with mayors, corporations, labor, etc. (Portman letter) to kick off initiative.
- October 15th -
through December Meetings with cities, private sector, and others to develop criteria for plans. Federal agencies identify funds already flowing to cities, and instituting of general procedures to guide individual city efforts.
- December through
February 1978 - Finalize criteria for development plans, assist cities in drafting plans.

- March 1, 1978 - Submission of final plans.
- April 1, 1978 - Approval (and/or modification) of plans and decisions on funding of each.

It should be noted that there are currently two major interdepartmental efforts examining the Administration's urban policies and programs.

- 1) The Urban and Regional Policy Group is developing policy initiatives for the FY 1979 budget and legislative package.

Stu is monitoring and coordinating that effort and, working closely with Pat Harris and others, has recently redefined the Group's focus and the manner in which the work of the Group will proceed.

- 2) The "Economic and Community Development" Reorganization Team at OMB is developing proposals for reorganizing and rationalizing the existing urban development programs.

The work of the Urban Investment Team would complement both of these longer-term, interdepartmental efforts. In addition, the participating cities could serve as laboratories for testing the policy initiatives developed by the Urban Regional Policy Group.

* * * *

Approve _____

Disapprove _____

See me _____

Concorde

THE WHITE HOUSE
WASHINGTON

9-20-77

Ryan - FAR 36
Concorde 2x noisier than any US plane

Dallas + Newark +

Wadley/Scheer

EPA said tests @ Dulles

Burke 90,000 in L.A live
where HUD won't make foam

Woff nitrogen making system
"Aerobatics" - 35° Turn
at 50 feet altitude

Electrostatic Copy Made
for Preservation Purposes **THE PRESIDENT HAS SEEN.**

9:30 AM

THE WHITE HOUSE
WASHINGTON

C

September 19, 1977

MEETING WITH CONGRESSIONAL DELEGATIONS OPPOSED TO
AND IN FAVOR OF CONCORDE - SST

Tuesday, September 20, 1977 (Opponents)
9:30 a.m. (20 minutes)

✓ Wednesday, September 21, 1977 (Proponents)
9:30 a.m. (20 minutes)

Cabinet Room
From: Stu Eizenstat
Frank Moore

Stu

I. PURPOSE

To discuss their positions on the issue of Concorde/
SST operations in the United States.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: The Department of Transportation will release soon a notice of proposed rulemaking which will begin a process of hearings, leading to the development of a national rule concerning SST operations. A draft environmental impact statement considered the possibility of Concorde operations in twelve U.S. airports. Congressmen from those areas would like to express their views on the environmental and political (domestic and foreign) issues related to the decision on Concorde. Representative Leo Ryan (D. California) may raise the question of why a recent Executive Branch options paper concerning this rule-making was classified Secret.

B. Participants:

Tuesday - Congresspersons Leo Ryan (Cal), Tom Downey (NY), Joe Addabbo (NY), John Wydler (NY), Norman Lent (NY), John Scheuer (NY), Abner Mikva (Ill.), Yvonne Burke (Cal), Lester Wolff (NY), John Cunningham (Wash), and Senator Clifford Case (NJ).

Wednesday - Senators Bennett Johnston (La) and Jake Garn (Utah); Congresspersons Jim Wright (Texas), Ray Roberts (Texas), Dale Milford (Texas), John Murphy (NY), George O'Brien (Ill), Jim Lloyd (Cal), Silvio Conte (Mass), Tom Steed (Okla), and Sam Stratton (NY).

III. TALKING POINTS

- The decision on Concorde is an extremely difficult one, a decision which requires weighing environmental interests and other domestic and foreign policy matters.
- A fair reading of former Secretary Coleman's decision leads to the conclusion that a notice of proposed rulemaking should be issued around the time of the end of the Dulles test period (September 24, 1977).
- Although recommendations have been received from various government agencies, no decision has been reached by the President on the form of a national noise rule.

THE WHITE HOUSE
WASHINGTON

September 20, 1977

Stu Eizenstat
Jody Powell
Bert Lance
Zbig Brzezinski
Bob Strauss

The attached was returned
in the President's outbox today
and is forwarded to you for your
information. The signed original
has been forwarded to Bob Linder
for appropriate handling.

• • Rick Hutcheson

cc: Bob Linder

RE: CAST-IRON STOVE ESCAPE
CLAUSE CASE

THE WHITE HOUSE
WASHINGTON

9/20/77

Mr. President:

Eizenstat, NSC and OMB concur
with Strauss' recommendation.
Watson had no comment.

Rick

ONE SIGNATURE NEEDED

THE WHITE HOUSE
WASHINGTON

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

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

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

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

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

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS

WASHINGTON

September 13, 1977

MEMORANDUM FOR THE PRESIDENT

FROM : Robert S. Strauss

SUBJECT: Cast-Iron Stove Escape Clause Case

The U.S. International Trade Commission reported to you under Section 201 of the Trade Act on July 25, 1977 that it was equally divided on the question of whether the domestic industry producing cast-iron stoves, parts and fireplace grates is being seriously injured as a result of increased imports. Chairman Minchew and Commissioner Moore voted in the affirmative; Commissioners Bedell and Ablondi made a negative determination.

In the case of such a tie vote you must accept by September 23, 1977, either the affirmative or negative determination as the Commission's finding. A negative decision is not subject to Congressional override.

If you choose the positive determination, you are required to provide import relief pursuant to section 203 of the Trade Act, unless you determine that provision of such relief is not in the national economic interest. Your decisions on whether to grant relief and on the form of relief must also be announced by September 23rd.

Background

The relevant industry consists of eight significant producers of cast-iron stoves and 14 producers of cast-iron fireplace grates. Total sales by these producers in 1976 were \$78.7 million, of which approximately 20 percent were sales of stoves and grates. There were 2,370 persons employed by these firms in 1976, about 750 of which are directly engaged in producing the items under investigation. The four largest plants--which account for 80 percent of production--are located in Alabama, Georgia, Tennessee, and Washington.

Production, sales, employment, profits, and imports all increased rapidly between 1972 and 1975. All of these measures declined substantially in 1976 reflecting a sharp drop in the domestic market. Conditions appeared to be improving in the first quarter of 1977.

Taiwan and Korea are the principal suppliers of imports and both are eligible for duty-free treatment under the Generalized System of Preferences (GSP). A petition has been filed for removal of stoves and grates from GSP and recommendations will be forwarded to you shortly as part of our general review of GSP petitions.

There has been no Congressional communication on this case although Senator Allen (Ala.) has expressed interest in the GSP review.

Recommendation

I concur with the recommendation of the Trade Policy Staff Committee (TPSC) that the negative finding of Commissioners Bedell and Ablondi be taken as the decision of the Commissioners. 1/ The principal arguments for this action are: (1) The drop in domestic demand was clearly the most important cause of the industry's problems in 1976. Imports actually declined by 28 percent in 1976. Thus, the facts do not support a finding required by the Trade Act that increased imports were no less important than any other cause of the domestic industry's difficulties. (2) Except for 1976, the domestic cast-iron stove, parts, and fireplace grate producers overall have prospered, reaching peak levels of profitability in 1975 and remaining profitable in 1976. Imports, domestic production, consumption, shipments and employment trended upwards between 1972 and 1975. In 1976 all of these indicators declined. However, domestic shipments and consumption during January-March 1977 were considerably above January-March 1976 levels. (3) Excess inventories which depressed domestic production in 1976 have been worked down to more manageable levels. In light of the recovery in the domestic market, increased domestic production is likely in the remaining months of 1977. Indicative of the anticipated increase in production are substantial increases in newly hired workers and in the number of rehired laid-off workers directly employed in the production of cast-iron stoves, parts, and fireplace grates during the first quarter of 1977.

1/ The Department of Labor recommends that you accept the positive finding of Commissioners Moore and Minchew and that you grant import relief by eliminating stoves and grates from GSP treatment. I feel that the GSP decision should be taken in the context of the GSP review rather than in connection with this escape clause decision.

I concur in the above recommendation.

Approve _____ ✓ *JC*

Disapprove _____

Attached for your signature is a decision memorandum which will be published in the Federal Register.

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR

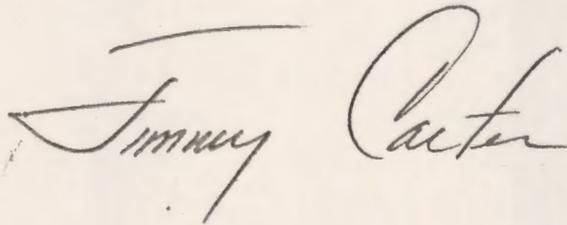
THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

SUBJECT: Decision on Cast-Iron Stoves Under Section 201
of the Trade Act of 1974

Pursuant to section 201 of the Trade Act of 1974 (P.L. 93-618, 88 Stat. 1978), I have reviewed the Report of the U.S. International Trade Commission (USITC) dated July 25, 1977, concerning the results of its investigation of a petition for import relief filed by several independent firms producing cast-iron stoves, parts and fireplace grates in the United States.

I have accepted the finding of Commissioners Bedell and Ablondi that cast-iron stoves are not being imported into the United States in such quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article.

This decision is to be published in the Federal Register.

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

THE WHITE HOUSE

WASHINGTON

Date: September 13, 1977

MEMORANDUM

FOR ACTION:
 Stu Eizenstat
 Jack Watson *NC*

FOR INFORMATION:
 The Vice President
 Bob Lipshutz
 Frank Moore
 Bert Lance *attached*
 Charlie Schultze
 Zbig Brzezinski *attached*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Strauss memo dated 9/13/77 re Cast-Iron Stove Escape Clause Case

Pushing

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:
 TIME: 11:00 AM
 DAY: Thursday *Mon*
 DATE: September 15, 1977

To be rewritten - Tues / Wed?

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

THE WHITE HOUSE
WASHINGTON

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

ACTION
FYI

send 5th original of the TPSU "Action Record" + ask for return - no one else gets copy - if they call for it, get from

<input checked="" type="checkbox"/>	MONDALE	ENROLLED BILL
<input type="checkbox"/>	COSTANZA	AGENCY REPORT
<input checked="" type="checkbox"/>	EIZENSTAT <i>STR</i>	CAB DECISION
<input type="checkbox"/>	JORDAN	EXECUTIVE ORDER
<input checked="" type="checkbox"/>	LIPSHUTZ <i>L.O.4 document</i>	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day
<input checked="" type="checkbox"/>	MOORE	
<input type="checkbox"/>	POWELL	
<input checked="" type="checkbox"/>	WATSON	
<input checked="" type="checkbox"/>	LANCE	
<input checked="" type="checkbox"/>	SCHULTZE	

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

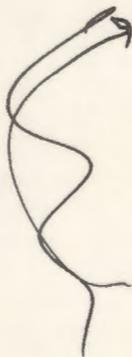
<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHLESINGER
<input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

I concur in the above recommendation.

Approve _____

Disapprove _____

For your information, I am attaching a ~~copy of the paper on this case prepared by the TPSC. Also attached for use if you accept the TPSC recommendation is: (1) a draft press release announcing your decision; and (2) a draft~~ decision memorandum which would be published in the Federal Register.



Attached for your signature is a decision memorandum which will be published in the Federal Register.

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

SEP 15 1977

MEMORANDUM FOR RICK HUTCHESON

THRU: Bo Cutter
FROM: Ed Sanders/Randy Jayne (signed) Randy
SUBJECT: Strauss Memo on Cast Iron Stove Imports

OMB concurs in Ambassador Strauss' recommendation of a negative Presidential decision on the ITC stove import report as set forth in the attached memorandum. OMB does not agree with the Strauss/Marshall recommendation that GSP for stoves be eliminated now. Because the case is persuasive that there is no import injury to the stove industry, we do not believe that punitive action should be taken against Taiwan and Korea in this context. Any decision should await the general review of GSP.

Attachment

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

old

September 13, 1977

MEMORANDUM FOR THE PRESIDENT

FROM : Robert S. Strauss

R.S.S.

SUBJECT: Cast-Iron Stove Escape Clause Case

The U.S. International Trade Commission reported to you under Section 201 of the Trade Act on July 25, 1977 that it was equally divided on the question of whether the domestic industry producing cast-iron stoves, parts and fireplace grates is being seriously injured as a result of increased imports. Chairman Minchew and Commissioner Moore voted in the affirmative; Commissioners Bedell and Ablondi made a negative determination.

In the case of such a tie vote you must accept by September 23, 1977, either the affirmative or negative determination as the Commission's finding. A negative decision is not subject to Congressional override.

If you choose the positive determination, you are required to provide import relief pursuant to section 203 of the Trade Act, unless you determine that provision of such relief is not in the national economic interest. Your decisions on whether to grant relief and on the form of relief must also be announced by September 23rd.

Background

The relevant industry consists of eight significant producers of cast-iron stoves and 14 producers of cast-iron fireplace grates. Total sales by these producers in 1976 were \$78.7 million, of which approximately 20 percent were sales of stoves and grates. There were 2,370 persons employed by these firms in 1976, about 750 of which are directly engaged in producing the items under investigation. The four largest plants--which account for 80 percent of production--are located in Alabama, Georgia, Tennessee, and Washington.

Production, sales, employment, profits, and imports all increased rapidly between 1972 and 1975. All of these measures declined substantially in 1976 reflecting a sharp drop in the domestic market. Conditions appeared to be improving in the first quarter of 1977.

Taiwan and Korea are the principal suppliers of imports and both are eligible for duty-free treatment under the Generalized System of Preferences (GSP). A petition has been filed for removal of stoves and grates from GSP and recommendations will be forwarded to you shortly as part of our general review of GSP petitions.

There has been no Congressional communication on this case although Senator Allen (Ala.) has expressed interest in the GSP review.

Recommendations

(A) TPSC Recommendation

The Trade Policy Staff Committee (TPSC), with the exception of the Department of Labor, recommends that the negative finding of Commissioners Bedell and Ablondi be taken as the decision of the Commissioners because, (1) The drop in domestic demand was clearly the most important cause of the industry's problems in 1976. Imports actually declined by 28 percent in 1976. Thus, the facts do not support a finding that increased imports were no less important than any other cause of the domestic industry's difficulties. (2) Except for 1976, the domestic cast-iron stove, parts, and fireplace grate producers overall have prospered, reaching peak levels of profitability in 1975 and remaining profitable in 1976. Imports, domestic production, consumption, shipments and employment trended upwards between 1972 and 1975. In 1976 all of these indicators declined. However, domestic shipments and consumption during January-March 1977 were considerably above January-March 1976 levels. (3) Excess inventories which depressed domestic production in 1976 have been worked down to more manageable levels. In light of the recovery in the domestic market, increased domestic production is likely in the remaining months of 1977. Indicative of the anticipated increase in production are substantial increases in newly hired workers and in the number of rehired laid-off workers directly employed in the production of cast-iron stoves, parts, and fireplace grates during the first quarter of 1977.

I concur in the above recommendation.

Approve _____

Disapprove _____

(B) Labor Department Recommendation

The Department of Labor recommends that you accept the positive finding of Commissioners Moore and Minchew and that you grant import relief by eliminating stoves and grates from

GSP treatment. The Department argues that there is a threat of serious injury to the domestic industry unless action is taken. Imports have taken nearly two-thirds of the domestic market and enjoy a significant price advantage over domestic products. Given this base and competitive advantage, imports may cause significant erosion of the domestic industry at any time. Since elimination of GSP would effect a tariff increase of six percent to the major foreign suppliers of stoves and grates, the Department argues that no further action is necessary. Other TPSC agencies feel that the GSP decision should be taken in the context of the GSP review rather than in connection with this escape clause decision.

I concur in the above recommendation.

Approve _____

Disapprove _____

For your information, I am attaching a copy of the paper on this case prepared by the TPSC. Also attached for use if you accept the TPSC recommendation is: (1) a draft press release announcing your decision; and (2) a draft decision memorandum which would be published in the Federal Register.

DRAFT

FOR IMMEDIATE RELEASE
DATE

PRESS RELEASE # _____

OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20506

President Determines No Injury
From Cast-Iron Stove, Stove Part, and Fireplace Grate Imports

President Carter has determined that imports of cast-iron stoves, stove parts, and fireplace grates, primarily from the Republics of Korea and Taiwan, are not entering the United States in such quantities as to substantially cause or threaten serious injury to domestic producers, Ambassador Robert S. Strauss, the President's Special Representative for Trade Negotiations, announced today. Accordingly, no import relief measures will be taken in this case under "escape clause" provisions (section 201) of the Trade Act of 1974.

Under the authority of section 201, the United States International Trade Commission (USITC) undertook an investigation pursuant to receipt of a petition filed by five domestic cast-iron stove producers, and public hearings were held. On July 25, the Commission, on a divided 2-2 vote, reported to the President both an affirmative and a negative finding on the question of import injury to the cast-iron stove industry. Under the law, the President is authorized to consider the determination of either group of Commissioners as the determination of the Commission when the Commissioners voting are equally divided with respect to such determination. In this case the President has accepted the negative finding.

Commissioners finding in the negative with respect to injury reported to the President that the U.S. cast-iron stove, stove parts, and fireplace grate industry prospered during the 1972-75 period. Though a decline was experienced in 1976, the five-year trend in sales, production and profit are all positive primarily due to a favorable impact on demand for fuel-efficient cast-iron stoves, renewed emphasis on conserving energy, and continuing threat of future shortages and increasing costs of natural gas and fuel oil. Further, U.S. producers' low inventories, as a result of unusually cold weather experienced during the 1976-77 winter, and strengthening of consumer demand in 1977 are pluses for this industry.

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articles for the purpose of duty-free entry under the Generalized System of Preferences (GSP) as the cause of injury and recommended the suspension of such eligibility under the GSP program. Details of the Commission's findings are available from the USITC.

As with all USITC and other import relief procedures under the 1974 Trade Act, the Commission's findings and recommendations in this case were reviewed through an interagency process under the direction of the Office of the Special Representative for Trade Negotiations, which reported to the President for final decision recommendations based on the criteria outlined in the Trade Act of 1974.

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM : Robert S. Strauss

SUBJECT: Cast-Iron Stove Escape Clause Case

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In the case of such a tie vote you must accept by September 23, 1977, either the affirmative or negative determination as the Commission's finding. A negative decision is not subject to Congressional override.

If you choose the positive determination, you are required to provide import relief pursuant to section 203 of the Trade Act, unless you determine that provision of such relief is not in the national economic interest. Your decisions on whether to grant relief and on the form of relief must also be announced by September 23rd.

Background

The relevant industry consists of eight significant producers of cast-iron stoves and 14 producers of cast-iron fireplace grates. Total sales by these producers in 1976 were \$78.7 million, of which approximately 20 percent were sales of stoves and grates. There were 2,370 persons employed by these firms in 1976, about 750 of which are directly engaged in producing the items under investigation. The four largest plants--which account for 80 percent of production--are located in Alabama, Georgia, Tennessee, and Washington.

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There has been no Congressional communication on this case although senator Allen (Ala.) has expressed interest in the GSP review.

Recommendations

(A) TPSC Recommendation

The Trade Policy Staff Committee (TPSC), with the exception of the Department of Labor, recommends that the negative finding of Commissioners Bedell and Ablondi be taken as the decision of the Commissioners because, (1) The drop in domestic demand was clearly the most important cause of the industry's problems in 1976. Imports actually declined by 28 percent in 1976. Thus, the facts do not support a finding that increased imports were no less important than any other cause of the domestic industry's difficulties. (2) Except for 1976, the domestic cast-iron stove, parts, and fireplace grate producers overall have prospered, reaching peak levels of profitability in 1975 and remaining profitable in 1976. Imports, domestic production, consumption, shipments and employment trended upwards between 1972 and 1975. In 1976 all of these indicators declined. However, domestic shipments and consumption during January-March 1977 were considerably above January-March 1976 levels. (3) Excess inventories which depressed domestic production in 1976 have been worked down to more manageable levels. In light of the recovery in the domestic market, increased domestic production is likely in the remaining months of 1977. Indicative of the anticipated increase in production are substantial increases in newly hired workers and in the number of rehired laid-off workers directly employed in the production of cast-iron stoves, parts, and fireplace grates during the first quarter of 1977.

I concur in the above recommendation.

Approve _____

Disapprove _____

(B) Labor Department Recommendation

The Department of Labor recommends that you accept the positive finding of Commissioners Moore and Minchew and that you grant import relief by eliminating stoves and grates from

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I concur in the above recommendation.

Approve _____

Disapprove _____

For your information, I am attaching a copy of the paper on this case prepared by the TPSC. Also attached for use if you accept the TPSC recommendation is: (1) a draft press release announcing your decision; and (2) a draft decision memorandum which would be published in the Federal Register.

DRAFT

FOR IMMEDIATE RELEASE
DATE

PRESS RELEASE # _____

OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20506

**President Determines No Injury
From Cast-Iron Stove, Stove Part, and Fireplace Grate Imports**

President Carter has determined that imports of cast-iron stoves, stove parts, and fireplace grates, primarily from the Republics of Korea and Taiwan, are not entering the United States in such quantities as to substantially cause or threaten serious injury to domestic producers, Ambassador Robert S. Strauss, the President's Special Representative for Trade Negotiations, announced today. Accordingly, no import relief measures will be taken in this case under "escape clause" provisions (section 201) of the Trade Act of 1974.

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DRAFT DECISION MEMORANDUM

MEMORANDUM FOR

THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

SUBJECT: Decision on Cast-Iron Stoves Under Section 201 of
the Trade Act of 1974

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I have accepted the finding of Commissioners Bedell and Ablondi that cast-iron stoves are not being imported into the United States in such quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article.

This decision is to be published in the Federal Register.

FOR ACTION:
~~Stu Diamond~~
Jack Watson

FOR INFORMATION:
The Vice President
Bob Lipshutz
Frank Moore
Bert Lance
Charlie Schultze
Zbig Brzezinski

xc: Bert
Ginsburg.

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Strauss memo dated 9/13/77 re Cast-Iron Stove Escape Clause Case

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:
TIME: 11:00 AM
DAY: Thursday
DATE: September 15, 1977

ACTION REQUESTED:
 Your comments

Other:

Please return attachment

STAFF RESPONSE:
 I concur. No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

September 13, 1977

MEMORANDUM FOR THE PRESIDENT

FROM : Robert S. Strauss

RS.S.

SUBJECT: Cast-Iron Stove Escape Clause Case

The U.S. International Trade Commission reported to you under Section 201 of the Trade Act on July 25, 1977 that it was equally divided on the question of whether the domestic industry producing cast-iron stoves, parts and fireplace grates is being seriously injured as a result of increased imports. Chairman Minchew and Commissioner Moore voted in the affirmative; Commissioners Bedell and Ablondi made a negative determination.

In the case of such a tie vote you must accept by September 23, 1977, either the affirmative or negative determination as the Commission's finding. A negative decision is not subject to Congressional override.

If you choose the positive determination, you are required to provide import relief pursuant to section 203 of the Trade Act, unless you determine that provision of such relief is not in the national economic interest. Your decisions on whether to grant relief and on the form of relief must also be announced by September 23rd.

Background

The relevant industry consists of eight significant producers of cast-iron stoves and 14 producers of cast-iron fireplace grates. Total sales by these producers in 1976 were \$78.7 million, of which approximately 20 percent were sales of stoves and grates. There were 2,370 persons employed by these firms in 1976, about 750 of which are directly engaged in producing the items under investigation. The four largest plants--which account for 80 percent of production--are located in Alabama, Georgia, Tennessee, and Washington.

Production, sales, employment, profits, and imports all increased rapidly between 1972 and 1975. All of these measures declined substantially in 1976 reflecting a sharp drop in the domestic market. Conditions appeared to be improving in the first quarter of 1977.

Taiwan and Korea are the principal suppliers of imports and both are eligible for duty-free treatment under the Generalized System of Preferences (GSP). A petition has been filed for removal of stoves and grates from GSP and recommendations will be forwarded to you shortly as part of our general review of GSP petitions.

There has been no Congressional communication on this case although Senator Allen (Ala.) has expressed interest in the GSP review.

Recommendations

(A) TPSC Recommendation

The Trade Policy Staff Committee (TPSC), with the exception of the Department of Labor, recommends that the negative finding of Commissioners Bedell and Ablondi be taken as the decision of the Commissioners because, (1) The drop in domestic demand was clearly the most important cause of the industry's problems in 1976. Imports actually declined by 28 percent in 1976. Thus, the facts do not support a finding that increased imports were no less important than any other cause of the domestic industry's difficulties. (2) Except for 1976, the domestic cast-iron stove, parts, and fireplace grate producers overall have prospered, reaching peak levels of profitability in 1975 and remaining profitable in 1976. Imports, domestic production, consumption, shipments and employment trended upwards between 1972 and 1975. In 1976 all of these indicators declined. However, domestic shipments and consumption during January-March 1977 were considerably above January-March 1976 levels. (3) Excess inventories which depressed domestic production in 1976 have been worked down to more manageable levels. In light of the recovery in the domestic market, increased domestic production is likely in the remaining months of 1977. Indicative of the anticipated increase in production are substantial increases in newly hired workers and in the number of rehired laid-off workers directly employed in the production of cast-iron stoves, parts, and fireplace grates during the first quarter of 1977.

I concur in the above recommendation.

Approve _____

Disapprove _____

(B) Labor Department Recommendation

The Department of Labor recommends that you accept the positive finding of Commissioners Moore and Minchew and that you grant import relief by eliminating stoves and grates from

GSP treatment. The Department argues that there is a threat of serious injury to the domestic industry unless action is taken. Imports have taken nearly two-thirds of the domestic market and enjoy a significant price advantage over domestic products. Given this base and competitive advantage, imports may cause significant erosion of the domestic industry at any time. Since elimination of GSP would effect a tariff increase of six percent to the major foreign suppliers of stoves and grates, the Department argues that no further action is necessary. Other TPSC agencies feel that the GSP decision should be taken in the context of the GSP review rather than in connection with this escape clause decision.

I concur in the above recommendation.

Approve _____

Disapprove _____

For your information, I am attaching a copy of the paper on this case prepared by the TPSC. Also attached for use if you accept the TPSC recommendation is: (1) a draft press release announcing your decision; and (2) a draft decision memorandum which would be published in the Federal Register.

DRAFT

FOR IMMEDIATE RELEASE
DATE

PRESS RELEASE # _____

OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20506

President Determines No Injury
From Cast-Iron Stove, Stove Part, and Fireplace Grate Imports

President Carter has determined that imports of cast-iron stoves, stove parts, and fireplace grates, primarily from the Republics of Korea and Taiwan, are not entering the United States in such quantities as to substantially cause or threaten serious injury to domestic producers, Ambassador Robert S. Strauss, the President's Special Representative for Trade Negotiations, announced today. Accordingly, no import relief measures will be taken in this case under "escape clause" provisions (section 201) of the Trade Act of 1974.

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Commissioners finding in the negative with respect to injury reported to the President that the U.S. cast-iron stove, stove parts, and fireplace grate industry prospered during the 1972-75 period. Though a decline was experienced in 1976, the five-year trend in sales, production and profit are all positive primarily due to a favorable impact on demand for fuel-efficient cast-iron stoves, renewed emphasis on conserving energy, and continuing threat of future shortages and increasing costs of natural gas and fuel oil. Further, U.S. producers' low inventories, as a result of unusually cold weather experienced during the 1976-77 winter, and strengthening of consumer demand in 1977 are pluses for this industry.

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DRAFT DECISION MEMORANDUM

MEMORANDUM FOR

THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

SUBJECT: Decision on Cast-Iron Stoves Under Section 201 of
the Trade Act of 1974

Pursuant to section 201 of the Trade Act of 1974 (P.L. 93-618, 88 Stat. 1978), I have reviewed the Report of the U.S. International Trade Commission (USITC) dated July 25, 1977, concerning the results of its investigation of a petition for import relief filed by several independent firms producing cast-iron stoves, parts and fireplace grates in the United States.

I have accepted the finding of Commissioners Bedell and Ablondi that cast-iron stoves are not being imported into the United States in such quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article.

This decision is to be published in the Federal Register.

MEMORANDUM
OF CALL

TO: _____

Watson

YOU WERE CALLED BY— YOU WERE VISITED BY—

Cast Iron

OF (Organization) _____

NC

PLEASE CALL → PHONE NO. CODE/EXT. _____

WILL CALL AGAIN IS WAITING TO SEE YOU

RETURNED YOUR CALL WISHES AN APPOINTMENT

MESSAGE _____

RECEIVED BY	DATE	TIME

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

September 13, 1977

MEMORANDUM FOR: RICK HUTCHESON
FROM: CHRISTINE DODSON *Christine*
SUBJECT: Cast-Iron Stove Escape Clause Case

This is in response to your request for NSC comments on Bob Strauss' memo concerning the cast-iron escape clause case. 

The NSC staff concurs with the recommendation of the Trade Policy Staff Committee (TPSC) and Ambassador Strauss that the President accept the findings of Commissioners Bedell and Ablondi that imports of cast-iron stoves are not causing serious injury to the domestic industry. We also endorse the TPSC's recommendation that the question of GSP treatment for cast-iron stoves should be taken up in connection with the ongoing interagency review of the overall operation of the GSP program.

We base our recommendations on the following:

- Imports actually fell in 1976 in line with a significant drop in domestic demand and thus were not the major cause for the industry's poor performance.
- The domestic industry has apparently recovered from the decline experienced in 1976.
- Demand and domestic production are both likely to increase in 1977.

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS

WASHINGTON

September 13, 1977

MEMORANDUM FOR THE PRESIDENT

FROM : Robert S. Strauss

R.S.S.

SUBJECT: Cast-Iron Stove Escape Clause Case

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I concur in the above recommendation.

Approve _____

Disapprove _____

(B) Labor Department Recommendation

The Department of Labor recommends that you accept the positive finding of Commissioners Moore and Minchew and that you grant import relief by eliminating stoves and grates from

GSP treatment. The Department argues that there is a threat of serious injury to the domestic industry unless action is taken. Imports have taken nearly two-thirds of the domestic market and enjoy a significant price advantage over domestic products. Given this base and competitive advantage, imports may cause significant erosion of the domestic industry at any time. Since elimination of GSP would effect a tariff increase of six percent to the major foreign suppliers of stoves and grates, the Department argues that no further action is necessary. Other TPSC agencies feel that the GSP decision should be taken in the context of the GSP review rather than in connection with this escape clause decision.

I concur in the above recommendation.

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Disapprove _____

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DRAFT

FOR IMMEDIATE RELEASE
DATE

PRESS RELEASE # _____

OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20506

President Determines No Injury
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DRAFT DECISION MEMORANDUM

MEMORANDUM FOR

THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

SUBJECT: Decision on Cast-Iron Stoves Under Section 201 of
the Trade Act of 1974

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This decision is to be published in the Federal Register.



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

SEP 15 1977

MEMORANDUM FOR RICK HUTCHESON

THRU: Bo ~~Cutter~~
FROM: Ed Sanders/Randy Jayne ~~[Signature]~~
SUBJECT: Strauss Memo on Cast Iron Stove Imports

OMB concurs in Ambassador Strauss' recommendation of a negative Presidential decision on the ITC stove import report as set forth in the attached memorandum. OMB does not agree with the Strauss/Marshall recommendation that GSP for stoves be eliminated now. Because the case is persuasive that there is no import injury to the stove industry, we do not believe that punitive action should be taken against Taiwan and Korea in this context. Any decision should await the general review of GSP.

Attachment

OFFICE OF THE SPECIAL REPRESENTATIVE
FOR TRADE NEGOTIATIONS

TO: Ambassador Strauss

1977 SEP 12 PM 8 13
Sept 12, 1977

FROM: Richard W. Heimlich

SUBJECT: Cast-Iron Stove Escape Clause Case

Attached for your signature is a memorandum to the President and other materials for the White House covering the cast-iron stoves case.

	PREPARED BY	CLEARED BY	CLEARED BY	CLEARED BY	CLEARED BY	CLEARED BY
NAME <i>(Typed)</i>	Walsh/ti	Heimlich	Graham	Wolff		
INITIALS AND DATE	SW 9/12/77	<i>[Signature]</i> 9/12/77	<i>[Signature]</i> 9/12	AW 9/12		

CRBR

IFI - Palm 0.1 Sugar,
Citrus - VJ+6
De Reg

THE PRESIDENT'S SCHEDULE

Tuesday - September 20, 1977

7:15	Dr. Zbigniew Brzezinski - The Oval Office.
7:45	Mr. Frank Moore - The Oval Office.
8:00 (60 min.)	Breakfast with Congressional Leaders. (Mr. Frank Moore) - First Floor Private Dining Room.
9:30 (20 min.)	Meeting with Congressional Delegation/SST-Concorde (Mr. Frank Moore) - The Cabinet Room.
10:00 (15 min.)	Bill Signing Ceremony for Fair Debt Collection Practices Act. (Mr. Frank Moore) - Rose Garden.
10:30	Mr. Jody Powell - The Oval Office.
11:00 (20 min.)	Attorney General Griffin Bell, Mr. Robert Lipshutz and Mr. Stuart Eizenstat-Oval Office.
11:30	Vice President Walter F. Mondale, Admiral Stansfield Turner, and Dr. Zbigniew Brzezinski. The Oval Office.
1:15 (5 min.)	Mr. Heywood C. Gay, Executive Vice President, Georgia Electric Membership Corporation. (Ms. Fran Voorde) - The Oval Office.
2:00 (20 min.)	Secretary Harold Brown. (Dr. Zbigniew Brzezinski) - The Oval Office.

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

September 20, 1977

Jack Watson

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

Rick Hutcheson

cc: Stu Eizenstat
Charles Schultze

RE: URBAN INVESTMENT TEAM

THE PRESIDENT HAS SEEN.
THE WHITE HOUSE
WASHINGTON

*Still hold -
May be ok as
part of an overall
urban program or
policy - keep alive*

September 14, 1977

J

MEMORANDUM FOR THE PRESIDENT

FROM: Jack Watson *Jack*
SUBJECT: URBAN INVESTMENT TEAM

The purpose of this memorandum is to respond briefly to the questions raised in Bob Embry's memorandum that Stu forwarded to you last week commenting on the Urban Investment Team. We had discussed all those questions with Bob and Stu subsequent to Bob's memorandum and, in fact, had written a brief memorandum in response to the points Bob made. I regret that you did not have the benefit of the other memorandum when you read Bob's comments.

As to Stu's concern about the manner in which we handle implementation of the proposal, I think that is something we can manage however we want. We must make clear from the outset, for example, that this effort does not constitute your entire "urban strategy", but rather is something to do to help cities now, while we develop a comprehensive urban policy and the designs for future congressional action and funding. My recommendation is that we implement the proposal without a lot of fanfare. We would do some important spade work both on the Hill and with key state and local leaders and major public interest groups, so that the nature and purpose of the project are understood, and so that we could assure a broad base of support for the effort.

The simple fact of the matter is that we need some action in this area; there are significant things we can do, using existing programs, existing policies and existing funding levels (including discretionary funds) which will permit us to deal more effectively with some very serious urban problems and concerns without waiting for the development of new policy.

Given the widespread and legitimate concern about unemployment, we could also use this process to focus and accelerate our employment program efforts in selected cities. Such an approach would appeal greatly, not only to the Black Caucus, but to mayors all across the country.

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Specific Responses to Embry's Questions

(1) OF WHAT VALUE IS AN EFFORT THAT IS NOT REPEATABLE?

The answer, of course, is that this approach is repeatable. What we are talking about here is a process, a way of approaching interrelated problems of cities in the most effective, most coordinated ways possible, using federal and state, as well as local, public and private, resources. We won't replicate every element of the approach for every city, nor should we, but we will learn a lot about which types of efforts work and which don't. One of the main purposes of the whole effort is to experiment with different approaches to different problems to see what we can and should repeat on a larger scale.

(2) & (3) IF NO ADDITIONAL FUNDS ARE TO BE PROVIDED, THEN

A CITY MIGHT ASK ITSELF IF THE EFFORT AND INCREASED
EXPECTATIONS ARE WORTH IT.

I don't know of a single city in the country that would not jump at the chance to participate in this effort. I have talked with dozens of mayors, city planners, city budget officers, and others, and never had one who didn't talk about the need for this kind of help.

A city will basically benefit from this approach in these ways:

- Coordinated and streamlined assistance. By removing administrative barriers between and among federal programs, we will not only get monies into the city sooner (and thereby increase the effective value of the dollars), we will also synergize their impact by aggregating and focusing our resources better. We already have a lot to work with; Community Development Block Grants; CETA; Public Works; UMTA funds, etc.
- Discretionary Funds. Each Secretary has discretionary funds for specific priorities. Since the Urban Investment Team effort will proceed by agreements among the agencies, we can assume that the cities selected will be a priority for those agencies. HUD's new \$400-million Urban Development Action Grants will be a resource, as will CETA, EDA, EPA. Our "no new federal monies" policy means no special appropriations and no promises of particular assistance until an acceptable plan is developed and jointly approved by the Team. It does not mean that there won't be valuable discretionary fund assistance to the selected cities.

- Increased Private Investment. White House involvement will be a great inducement for increased resources from the private sector and from state government. This help alone from "the feds" could make a big difference to the cities involved.

(4) IF EXTRA MONEY IS TO BE MADE AVAILABLE, THEN THE MONEY WILL BE TAKEN AWAY FROM OTHER CITIES

As already explained, the only additional money available (and not even promised) would be regular discretionary funds not now allocated to any city. No city's regular program funds will be "pirated away" by this project, and cities will have the same shot at discretionary funds that they always have.

(5) ANY EFFECTIVE STRATEGY WILL TAKE AT LEAST A DECADE TO IMPLEMENT. CAN THE CITIES EXPECT A CONTINUITY OF INTEREST?

This argument could be used against any initiative you wanted to undertake. A lot of what you are setting into motion - energy policy, human rights, arms control - will take a decade or more to implement fully; that is certainly no reason not to move now - with those efforts or with this one. City officials understand that this Administration can only commit itself for the time it is in office and not beyond.

(6) AN EFFECTIVE CITY-WIDE STRATEGY IS NOT SOMETHING THAT CAN BE DONE IN A SHORT PERIOD OF TIME. CITIES OFTEN TAKE TWO YEARS OR MORE TO DECIDE WHERE THE NEXT TRANSIT LINE IS TO BE BUILT.

The purpose of this effort is not to require a wall-to-wall blueprint for the future of every city block (as Model Cities virtually

did), but to help cities get maximum benefit from the application of all available assets to their priority needs. Cities that would require two years to establish their priorities for participation in this effort will not be chosen.

- (7) HOW MANY CITIES WILL BE SELECTED AND HOW WILL THEY BE CHOSEN? . . . THERE MUST BE DEFENSIBLE CRITERIA FOR THE SELECTION.

We think there should be less than 10 cities selected to participate in this project. I am inclined to think that it would be better to select six or eight, rather than three, because we could defend the larger number better in terms of representativeness in terms of size, geography, and nature of problems. Under no circumstances should we expand the effort beyond ten cities. One of the principal problems with the Model Cities Program was that President Johnson took a ten-city Ford Foundation demonstration effort and expanded it into a national program which accepted 63 cities in the first run and, less than 12 months later, another 75 cities. For this to work, it must be kept small.

The criteria for selection of cities will be defensibly substantive, and the criteria themselves will be determined by the urban investment team itself.

- (8) WHITE HOUSE LEADERSHIP IS A POSITIVE DIFFERENCE BETWEEN THIS PROPOSAL AND THE MODEL CITIES EXPERIMENT. IT WILL WORK, HOWEVER, IF THERE IS ADEQUATE AND COMPETENT WHITE HOUSE STAFF TO IMPOSE WHITE HOUSE PRIORITIES ON THE DEPARTMENTS. THIS WOULD INVOLVE A MAJOR SHIFT IN WHITE HOUSE-DEPARTMENT RELATIONSHIPS WHICH SHOULD BE CONSIDERED.

I think Bob is absolutely right that White House leadership is a positive difference between this proposal and the Model Cities experience. In fact, in my opinion, White House leadership is

essential to its success. I disagree with Bob that this would "involve a major shift in White House-Department relationships." This is the very way in which Stu and I are relating to Departments in many areas, and is a prime example of Cabinet government. All decisions would be made by the team, which, of course, consists of the relevant agencies. The White House role is one of coordinating the Departments' efforts; helping to insure uniformity; expediting bureaucratic redtape; and giving the effort the "Presidential" priority which is necessary to obtain the desired commitment of the private sector and state support.

As to White House staff, I contemplate using one professional and one secretary to support the project.

- (9) MOST PROGRAMS HAVE DIFFERENT FUNDING CRITERIA. THE CITY SHOULD NOT HAVE TO SATISFY THE WHITE HOUSE FIRST AND THEN THE INDIVIDUAL DEPARTMENTS.

The White House will not be approving specific grants. One of the essential functions of the team will be to expedite the review and approval process, on both a departmental and on an interagency basis.

- (10) INVOLVING THE STATES IN THE PROCESS IS A NEW IDEA AND OF QUESTIONABLE WISDOM.

One of our aims is to induce the states to pay more attention to the problems of their major cities. As Bob points out, the cities have very little leverage to persuade states to help. State involvement will be encouraged but will not be mandatory. We need to emphasize that the federal government cannot solve the problems of the cities alone, and that more state and private sector responsibility is required if we are to deal effectively with these problems.

- (11) HEW IS NOT INCLUDED.

Model Cities failed in part because it sought to encompass all federal programs, including social, health and welfare services to the poor. Our intention here is to focus efforts sharply on the economic/

physical/fiscal development of cities, rather than to diffuse our attention across the whole universe of people problems that must also be dealt with. If, in the course of discussions with a particular city, a social issue such as education becomes a major concern, we can, of course, bring HEW in immediately.

(12) CONSIDER MORE THAN ONE ASSISTANT SECRETARY
FROM A DEPARTMENT FOR THE TEAM.

This is a detail you don't need to be bothered with; we will do whatever needs to be done in order to make the team work.

* * * * *

The Urban Investment Team concept is a sound idea that I know we can make work. I think it's in our political and substantive interest to start putting it together now.

Stu and I are eager to answer any other concerns or questions about the proposal that you may have.

THE WHITE HOUSE

WASHINGTON

September 15, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM : STU EIZENSTAT *Stu*
ORIN KRAMER
SUBJECT : Urban Investment Team

As I indicated previously, I have some reservations about Jack's proposal: it is both politically and substantively difficult to explain how and why we chose 8-10 cities for special treatment, and even then it is unclear what benefits we can or should confer upon the selected cities. But on balance I endorse Jack's idea, with two qualifications:

1. The project should not be announced now. Formal announcement of the program and the cities selected would be part of the public presentation of the Administration's urban policy.

The most compelling argument against an announcement now, even "without fanfare," is that urban policy is a high visibility issue today; any announcement of a White House-dominated project serving 10 cities runs a serious risk of being misconstrued as the Administration's answer to demands for an urban policy. Jack's very reason for re-raising this issue--that we need urban action now--suggests the nature of the risk. The press will note that this is our first concrete action since the recent acceleration of the urban policymaking process; in my judgment, the task force is not strong enough to stand alone before such scrutiny, and may raise unrealistic expectations.

In addition, the eventual work product of the task force would benefit from further analytical work and field analysis under Jack's direction. We should know whom we will assist and how before publicly committing the White House to this venture.

2. The scope of the project should initially be limited to three cities. If during the next two months Jack finds that there are specific reasons why we would want to choose a particular 6 or 8 cities, we can evaluate that possibility at that time. But we need not be locked into a large-scale project before the process of city selection and implementation.

SCHULTZE
COMMENT

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

September 15, 1977

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*
Subject: Urban Investment Team

The establishment of an urban investment team of nine Assistant Secretaries may be a useful component of our urban policy, but only if the purpose of the team is well understood and its mandate is considerably more modest than is now proposed.

Using existing programs and budgets there are four conceivable things that the "urban investment" team could do:

1. Get a larger slice of existing discretionary funds for the selected cities than would otherwise be the case.

Comment: The selected cities will leap at this -- all the rest, and their Congressional supporters won't. It might be worth doing anyway, but only where information from activity #1 (above) indicated that discretionary funds would break a road block.

2. Help the cities "coordinate, integrate, and plan" the use of the assistance better.

Comment: I doubt if a large committee of nine Assistant Secretaries, many of whom know little about problems of urban planning and execution, can help city officials very much.

3. Expedite the provision of assistance under existing programs, by cutting red tape, bypassing lower level Federal officials, etc.

Comment: A committee of nine Assistant Secretaries doesn't seem to me to be a very effective way to expedite anything. There may, however, be reason to examine closely, in the current reorganization study of regional assistance, existing obstacles to efficient delivery of urban aid.

4. Find out, in detail, from intensive work with officials in a selected list of cities, what are the basic problems with existing Federal programs, what could be done to improve those programs, and what other kinds of Federal help are most needed and most effective.

Comment: An "urban investment" team charged with this assignment, and working with a carefully selected group of cities might contribute importantly to the development of improved Federal programs for the cities.

Recommendation. An urban investment team charged with Task #1 be established.

THE WHITE HOUSE
WASHINGTON

September 20, 1977

Stu Eizenstat
Jack Watson

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling and delivery.

Rick Hutcheson

RE: NATIONAL HEALTH INSURANCE
TIMETABLE

THE WHITE HOUSE
WASHINGTON

9/20/77

Mr. President:

No comments from staff.

Rick

THE WHITE HOUSE

WASHINGTON

September 19, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: National Health Insurance
Timetable

HEW, OMB, and my staff have produced a tentative timetable for developing the Administration's National Health Insurance program. If you approve, I recommend that you send the attached memorandum to Secretary Califano.

-- The timetable calls for Secretary Califano to provide an initial briefing for you about October 1. This briefing will include an analysis of the problems which National Health Insurance could address, a review of the most significant existing National Health Insurance plans, and general cost estimates for each of these plans.

-- December 15 is the target date for a decision (and perhaps announcement) concerning National Health Insurance principles. I believe one or more Presidential decision meetings will be necessary between October 1 and December 15 to insure orderly decision-making.

-- The consensus is that we cannot yet predict a specific date for completion of our National Health Insurance proposal. We believe we should hold firm to our announced deadline of early next year, and work for completion in March or April.

-- National Health Insurance will be an important concern to Treasury, VA, DOD, Labor, Commerce, and others. HEW will hold extensive meetings with all affected agencies; OMB and my staff will participate.

For the October 1 briefing, OMB and my staff will prepare an information memorandum for you setting forth the most important initial National Health Insurance decisions, such as the roles for private insurance companies and for the states. This memorandum will assist you if you desire to enunciate some first principles as early as the October 1 meeting.

THE WHITE HOUSE
WASHINGTON

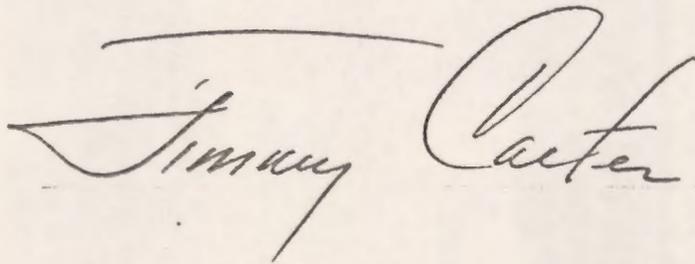
MEMORANDUM FOR THE SECRETARY
OF HEALTH, EDUCATION, AND WELFARE

I am very pleased that you have prepared, with OMB and the Domestic Policy Staff, the timetable for developing this Administration's National Health Insurance program. I look forward to your initial briefing about October 1.

To insure orderly decision-making, we should hold several meetings after October 1. At the first meeting we will set a target date for deciding the general principles of our National Health Insurance legislation.

This will enable us to have a detailed plan for consideration by Congress and the American people early next year.

As you know, I am committed to the passage of comprehensive National Health Insurance legislation. I look forward to working closely with you toward this end.

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

THE WHITE HOUSE
WASHINGTON

September 19, 1977

The Vice President
Hamilton Jordan
Bob Lipshutz
Frank Moore
Jody Powell
Jack Watson
Bert Lance
Charles Schultze
Tim Kraft

The attached will be submitted to the President tomorrow. This copy is forwarded to you for your information.

Rick Hutcheson

RE: NATIONAL HEALTH INSURANCE TIMETABLE

*Under
was memo*

Note to Fallows only:

THE WHITE HOUSE
WASHINGTON

Jim: please call by COB today if you wish to edit the memo. Thanks.

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input checked="" type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND <i>T/row</i>

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

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

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input checked="" type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
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<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE SECRETARY

OF HEALTH, EDUCATION, AND WELFARE

I am very pleased that you have prepared, with OMB and the Domestic Policy Staff, the timetable for developing this Administration's National Health Insurance program. I look forward to your initial briefing about October 1.

meeting we will set a
To insure orderly ^{after} decision-making, we should hold several meetings between October 1, and ~~December 15~~. ~~I approve~~ *At the first* your target date of ~~December 15~~ for deciding the general principles of our National Health Insurance legislation.

This will enable us to have a detailed plan for consideration by Congress and the American people early next year.

As you know, I am ~~deeply~~ committed to the passage of comprehensive National Health Insurance legislation. I look forward to working closely with you toward this end.

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THE WHITE HOUSE
WASHINGTON

September 20, 1977

Hugh Carter

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

Rick Hutcheson

RE: Weekly Mail Report for
Week Ending 9/16/77

THE PRESIDENT HAS SEEN.
THE WHITE HOUSE

WASHINGTON

Week Ending 9/16/77

C

MEMORANDUM FOR THE PRESIDENT

FROM:

HUGH CARTER *HC*

SUBJECT:

Weekly Mail Report (Per Your Request)

Below are statistics on Presidential and First Family:

<u>INCOMING</u>	<u>WEEK ENDING 9/9</u>	<u>WEEK ENDING 9/16</u>
Presidential	32,980	32,355
First Lady	1,160	1,210
Amy	250	255
<u>Other First Family</u>	<u>50</u>	<u>50</u>
TOTAL	34,440	33,870

BACKLOG

Presidential	10,330	8,240
First Lady	70	120
Amy	0	0
<u>Other</u>	<u>0</u>	<u>0</u>
TOTAL	10,400	8,360

DISTRIBUTION OF PRESIDENTIAL MAIL ANALYZED

Agency Referrals	44%	42%
WH Correspondence	29%	28%
Direct File	17%	17%
White House Staff	8%	10%
<u>Other</u>	<u>2%</u>	<u>3%</u>
TOTAL	100%	100%

NOT INCLUDED ABOVE

Form Letters and Post Cards	15,426	21,631
Mail Addressed to WH Staff	15,155	17,207

cc: Senior Staff

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MAJOR ISSUES IN
CURRENT PRESIDENTIAL ADULT MAIL
Week Ending 9/16/77

ISSUES	PRO	CON	COMMENT ONLY	NUMBER OF LETTERS
Support for Panama Canal Treaties (1)	16%	84%	0	2,681
Support for Bert Lance	24%	76%	0	2,244
Support for Tougher Restrictions on Steel Imports	99%	1%	0	561
Support for Black Lung Bill HR-4544 (2)	100%	0	0	469
Support for University Affirmative Action Appeal Against Bakke Stand	94%	6%	0	368
Support for Transfer of Head Start Program to Office of Education (3)	0	100%	0	338
Support for Neutron Bomb	0	100%	0	326
Support for International Food Reserve/Weaver Bill (4)	100%	0	0	295
Suggestions re: Tax Reform Package	0	0	100%	250
Support for Gun Control HR-8128	4%	96%	0	224
Support for CAB Decisions re: International Airline Route Award and Disapproval of Lower Apex Trans-Atlantic Air Fares (5)	0	100%	0	200
Establish Separate Cabinet Level Department of Education	100%	0	0	<u>200</u>
			TOTAL	8,156

~~(See Notes Attached)~~

not submitted

NOTES TO MAJOR ISSUE TALLY

Week Ending 9/16/77

(1) SUPPORT FOR PANAMA CANAL TREATIES

The majority of writers (84% con) merely state they do not want the U.S. to give away the Panama Canal. It still cannot be determined whether the writers understand the content of the treaties.

(2) SUPPORT FOR BLACK LUNG BILL HR-4544 (100% Pro)

Letters are written by miners, former miners and family members of mine workers from many different sections of the country. They cite hardship cases and plead for black lung benefits.

(3) SUPPORT FOR TRANSFER OF HEAD START TO OFFICE OF EDUCATION (100% Con)

Letters are coming from regional Head Start employees and parents of children involved in the program.

The employees are anticipating a loss of jobs. The parents fear a reduction in social services.

(4) SUPPORT FOR INTERNATIONAL FOOD RESERVE/WEAVER BILL (100% Pro)

Representatives of religious organizations and others are congratulating the President on plans to create a world food reserve. They also ask him to resist pressures to weaken the reserve.

(5) SUPPORT FOR C.A.B. DECISIONS (100% Con)

Mail is coming primarily from employees of Eastern Airlines and representatives of travel agencies.

Airline employees contend Eastern offers greatly reduced trans-Atlantic air fares over those of Delta Airlines, and urge the President to send a recent Delta route award back to the C.A.B. for reconsideration.

Travel agents claim the C.A.B. disapproval of trans-Atlantic advanced purchase excursion ("Apex") fares is unfair to U.S. travel agents.