

11/14/77

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/ att.	From Brzezinski to The President (21 pp.) re: Economic Assistance Options <i>opened 6 pp. per RAC NLC-126-9-38-1-0, 3/21/13</i>	11/14/77	A
memo	From Vance to The President re: The Future of U.S. Foreign Assistance (2 pp.) <i>opened per RAC NLC-126-9-38-1-0, 3/21/13</i>	11/10/77	A
Note: the two items listed above are enclosed in Hutcheson to Brzezinski 11/14/77			
memo	From Young to The President (2 pp.) re: NSC Options on Future Bilateral Development Assistance / enclosed in Hutcheson to Brzezinski 11/14/77 <i>opened per RAC NLC-126-9-38-1-0, 3/21/13</i>	UNDATED	A
memo	From Young to The President (one page) re: U.S. Mission to the U.N. weekly activities/enclosed in Hutcheson to Cabinet members 11/14/77 <i>opened per RAC NLC-126-9-38-2-9, 3/21/13</i>	11/11/77	A
memo	From Blumenthal to The President (3 pp.) re: Weekly Report on the Economic Policy Group/ enclosed in Hutcheson to Cabinet members 11/14/77. <i>open 4/24/07</i>	11/11/77	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres. Hand-writing File 11/14/77 BOX 59

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THE PRESIDENT'S SCHEDULE

Monday - November 14, 1977

- 7:45 Dr. Zbigniew Brzezinski - The Oval Office.
- 8:15 Mr. Frank Moore - The Oval Office.
- 8:30 Senior Staff Meeting - The Roosevelt Room.
- 9:00 Meeting of the Cabinet. (Mr. Jack Watson).
(2 hrs.) The Cabinet Room.
- 11:00 Mr. Jody Powell - The Oval Office.
- 11:55 Mr. and Mrs. Hugh Carter, Sr. - The Oval Office.
(5 min.)
- 12:00 Lunch with Vice President Walter F. Mondale.
The Oval Office.
- 2:00 Budget Review Meeting. (Mr. James McIntyre).
(2 hrs.) The Cabinet Room.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

C

EYES ONLY FOR THE PRESIDENT

**Electrostatic Copy Made
for Preservation Purposes**

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

EYES ONLY

November 12, 1977

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze ^{CLS}

Subject: Advance Estimates of October Retail Sales

On Monday afternoon the Department of Commerce will release its advance estimates of October retail sales. The figures are good:

- . Total retail sales in October are up 1.8 percent from September. (September had shown no gain over August.)
- . Excluding autos, which rose sharply, other retail sales were up a healthy 1 percent in the month.
- . Since June -- which was a low point -- retail sales excluding autos are up 3.5 percent. On an annual rate that is 11 percent.

Just last week, the Department of Commerce published an extensive revision of its monthly retail sales data, going all the way back to 1967. The revision showed that sales, excluding autos, had been doing better since the first quarter of the year than the old data had indicated:

- . Old series -- first quarter to September +2.1%
- . New series -- first quarter to September +4.8%

(Most of the difference stems from a downward revision of first quarter sales rather than an upward revision in recent sales.)

THE WHITE HOUSE
WASHINGTON

November 14, 1977

Hamilton Jordan

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.

Rick Hutcheson

cc: Bob Linder
Jim Gammill

RE: ROBERT H. MENDOLSHON WITHDRAWAL

THE WHITE HOUSE
WASHINGTON

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

ACTION	FYI	
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/		JORDAN
		LIPSHUTZ
		MOORE
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		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 <i>Gammil</i>

	KRAFT
	LINDER
	MITCHELL
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	PETTIGREW
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	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

November 11, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: HAMILTON JORDAN *HJ*
SUBJECT: ROBERT H. MENDOLSOHN

Today the California Fair Political Practices Commission held that the question of Mr. Mendolsohn's knowledge or involvement in alleged irregularities in his 1974 Campaign should be decided by a court in a civil law suit. Mendolsohn does not feel it would be fair to leave his nomination pending awaiting the outcome of such court action and wishes to have the nomination withdrawn. Secretary Andrus believes we should accept Mr. Mendolsohn's decision, and after discussing it with him, Bob Lipshutz and I agree.

RECOMMENDATION: That you withdraw Mr. Mendolsohn's nomination as Assistant Secretary of the Interior for Policy, Budget and Administration.

APPROVE _____

✓

DISAPPROVE _____

The White House,

19

To the

Senate of the United States.

I withdraw the nomination of

Robert H. Mendelsohn, of California, to be an Assistant
Secretary of the Interior, vice Ronald G. Coleman, resigned,
which was sent to the Senate on May 5, 1977.

Jimmy Carter

THE WHITE HOUSE
WASHINGTON

November 14, 1977

The Vice President

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

Rick Hutcheson

SEN. HUMPHREY

THE WHITE HOUSE
WASHINGTON

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	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

11/14/77, a.m.

*Fritz
info
J*

Re SENATOR HUMPHREY

Per Dave Gardner and Ursula Culver there is no change in the interarterial therapy involving tubes through which continual chemotherapy (likened to intravenous feeding) is applied. The last treatment will be completed on Wednesday. The doctors would like to keep Senator Humphrey in the hospital another 24 hours after that and expect to discharge him on Thursday.

It is too early to know the actual results. But the physicians apparently are encouraged and think this therapy will have beneficial effects. In two weeks they will complete another body scan.

Although Senator Humphrey was resting this morning when I called (hence my conversation with his secretary at this hospital and Dave at his office)...he will know that I called on your behalf.

--SSC

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496-2358

THE WHITE HOUSE
WASHINGTON

November 14, 1977

Secretary Schlesinger

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

Rick Hutcheson

cc: Stu Eizenstat

RE: RATIONING PLAN

THE WHITE HOUSE
WASHINGTON

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/	FROM PRESIDENT'S OUTBOX
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		SCHULTZE

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	PRESS
/	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



Department of Energy
Washington, D.C. 20585

THE PRESIDENT HAS SEEN.

*cc Jim
Any resale may open
door for counterfeiting
& make it difficult
to stop illegal sales
J*

November 12, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM SCHLESINGER *J*

SUBJECT:

Rationing Plan

I am responding to your recent question to me as to why we should permit a "white market" in any rationing plan devised for use in the event of a major energy supply interruption. In light of your question, we are reevaluating such a need, but at this time our analysis continues to indicate the desirability of this type of device.

We recognize that an argument may be made that rationing would be more equitable without a "white market." However, we believe that, regardless of whether or not a "white market" were permitted, gasoline entitlements would be traded. Allowing a "white market" would merely remove the sanction against trading and greatly reduce the need for an elaborate enforcement mechanism for the program. Also, provision for a "white market" would permit more efficient and less expensive implementation of the program. Without a "white market," allocation formulas would have to be precise to avoid major dislocations and to minimize the "black market;" with a "white market," the allocation formula could be simpler, since individuals could supplement their entitlements with purchases.

In addition, the trading of the entitlements would be entirely voluntary. No one would trade them unless he believed that the value he would receive for trading the entitlement was greater than the value of his need for gasoline. Accordingly, the ability to trade the right to purchase gasoline would provide the seller with incentive for conservation in that there would be a direct payment for any unused entitlement.

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for Preservation Purposes**

Also, by allowing the "white market" lower income people would be able to supplement their income through sale of the entitlements; thus the program would provide benefits from the sale of purchasing rights and could assist individuals in purchasing gasoline or other essential goods. This would contribute to a fair and equitable system.

At this time, we are evaluating the entire credit card rationing proposal about which I recently informed you and hope to be getting back with you shortly to present you with options in order to receive guidance on how to proceed. Included in this will be options relating to the necessity of a "white market."

THE WHITE HOUSE
WASHINGTON

November 12, 1977

The Vice President
Stu Eizenstat
Jack Watson

The attached is forwarded to
you for your information.

Rick Hutcheson

RATIONING PLAN

THE WHITE HOUSE
WASHINGTON

November 14, 1977

Zbig Brzezinski

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

Rick Hutcheson

cc: Jim McIntyre

RE: ECONOMIC ASSISTANCE OPTIONS

CONFIDENTIAL ATTACHMENT

DECLASSIFIED
Per, Rac Project
ESDN; NLG-126-9-381-0
BY KS NARA DATE 3/19/13

THE WHITE HOUSE
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		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
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/	BRZEZINSKI
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	SCHNEIDERS
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	WARREN

MEMORANDUM

~~CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN. C

~~CONFIDENTIAL~~

November 11, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI ZS.

I enclose the basic strategy paper on our economic assistance options.

I suggest that you read first pages 11 and 12, where the basic decision issues are well summarized by Henry Owen. You might then scan the preceding pages, since they contain additional argumentation and information.

I join in supporting State and AID in their preference for strategy number 2. It combines the morally desirable objective of focusing on the poor people with the needed political flexibility. Strategy number 3 is too vague, while strategy number 1 does not give us the occasionally needed flexibility for political purposes or, indeed, for the morally good objective of stimulating some concern within middle-income nations for their own poor people.

~~CONFIDENTIAL~~

DECLASSIFIED
Per: Rac Project
ESDN: NLG-126-936-1-0
BY: KS NARA DATE 3/19/13

~~CONFIDENTIAL~~

110 1452

THE SECRETARY OF STATE
WASHINGTON

November 10, 1977

~~CONFIDENTIAL~~

MEMORANDUM FOR: THE PRESIDENT

FROM: Cyrus Vance *CV*

SUBJECT: The Future of U.S. Foreign Assistance

You are receiving an NSC memorandum presenting three alternative strategies to guide future U.S. foreign assistance programs as well as alternative planning figures for FY 1982 funding levels.

I would like to reiterate my personal support for Strategy #2, which concentrates on poor people, with a priority for low income countries but with flexibility to maintain or initiate programs in some middle income nations as well. I believe this approach would permit us to respond to the needs of the greatest number of poor people and also maintain necessary foreign policy flexibility. In addition I believe this strategy can be successfully defended in Congress, because it will be focused on basic human needs in sectors such as health and agriculture, because middle income nations would be expected to devote a significant amount of their own resources to projects that we help fund, and because our loans to these countries would be on stiffer terms than those for poorer countries.

If we confine ourselves only to low income nations (Strategy #1), we will lose the opportunity for programs in areas like the Caribbean, which you have designated as high priority. On the other hand, if we pursue the so-called "multipurpose" approach (Strategy #3), I believe that our programs will be too diffuse and that both program effectiveness and congressional support will suffer accordingly.

~~CONFIDENTIAL~~
GDS

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BY *KS* NARA DATE *3/19/13*

~~CONFIDENTIAL~~

- 2 -

On funding, I strongly recommend the middle option -- a moderate increase in assistance with a planning figure of around \$8 billion in 1977 dollars or \$10 billion in 1982 figures. In my estimation this amount is sufficient to meet your pledge for "substantial increases." However, I would hope that you will permit this planning figure to be revised upward if we can demonstrate that increased amounts of aid can be used effectively.

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

November 14, 1977

Zbig Brzezinski

The attached was returned in the President's outbox and is forwarded to you for your information and appropriate handling. Please also forward to a copy to Ambassador Young for appropriate handling.

Rick Hutcheson

cc: Ambassador Young

RE: NSC OPTIONS MEMORANDUM ON FUTURE
BILATERAL DEVELOPMENT ASSISTANCE

~~CONFIDENTIAL ATTACHMENT~~

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Per, Rac Project

ESDN: NLC-126-9-38-10

BY 1CS NARA DATE 3/19/13

THE WHITE HOUSE
WASHINGTON

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✓	FROM PRESIDENT'S OUTBOX
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ACTION
FYI

cc Andy Young

	MONDALE
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Comments due to
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48 hours; due to
Staff Secretary
next day

	ARAGON
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	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.



THE REPRESENTATIVE
OF THE
UNITED STATES OF AMERICA
TO THE
UNITED NATIONS

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

FROM: Andrew Young

SUBJECT: NSC Options Memorandum on Future Bilateral
Development Assistance.

The National Security Council has sent you an options memorandum on alternative U.S. bilateral aid strategies and alternative funding levels through FY-1982. The memorandum is based on the work of AID and the Brookings Institution in reviewing our aid policies. As you consider these options, I hope you keep in mind a very promising field of economic assistance to the developing world: support for regional economic groupings. Let me point to some of the possibilities in three regions.

Caribbean Basin:

United States interests in the Caribbean Basin continue to be endangered by the slow pace of economic development, rising population pressures and political polarization. There are considerable opportunities for greater economic development which could do much to diffuse the potential for trouble in this strategically placed region. The nations of the region already have built regional integration mechanisms: the Caribbean Common Market, the Central American Common Market; and the Andean Pact in South America, which includes the littoral nations of Columbia and Venezuela. The democratic and forward-looking leaders of the region -- Perez of Venezuela, Oduber of Costa Rica, and Manley of Jamaica -- have a vision for the region which is compatible with ours. We should support them. We should be prepared to strengthen these

~~CONFIDENTIAL~~
GDS

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BY 145 NARA DATE 3/19/13

~~CONFIDENTIAL~~

- 2 -

groupings through development assistance to their regional institutions, particularly the Caribbean and Central American Development Banks. We should also begin helping to build institutional bridges among the various groupings in the region.

Southeast Asia:

With the collapse of SEATO, the importance of the Association of South East Asian Nations (ASEAN) takes on new meaning as it gives political cohesiveness to the area and a possible framework for future security cooperation. The Japanese have announced their own large technical cooperation and aid package for the ASEAN region as they seek to protect their markets and sources of raw materials. The United States has given only modest support for the regional institutions; allowing the Japanese complete freedom in the area may risk U.S. markets for exports and lose attractive investment opportunities for U.S. business.

Africa:

Regional integration may be the only means of ensuring economic survival, let alone progress, for some of the poorer and politically insecure nations of the African continent. Especially given the mounting tensions in Rhodesia and South Africa, regional cooperation may be the only means of strengthening the economies and political security of countries such as Zambia, Botswana, Tanzania and Zaire. Once Zimbabwe and Namibia attain independence, substantial new opportunities for regional economic cooperation will arise which should be planned now and grasped when the independence comes if regional stability is to be maintained. Another promising venture in Africa is the Economic Community of West African States (ECOWAS), strongly backed by Nigeria and the Ivory Coast and linking 16 anglophone and francophone West African states. We could evidence our support for regional cooperation in Africa by molding the special requirements fund and the Zimbabwe Development Fund toward regional development in southern Africa, supporting the African Development Fund in regional development projects and encouraging the new ECOWAS fund.

~~CONFIDENTIAL~~

As you examine the various strategies put forward to you, I recommend that you request a further study and options concerning assistance to regional integration efforts in the developing world.

Recommendation:

That you direct the NSC to chair a study and prepare options for you on assistance to regional economic groupings.

APPROVE ✓ DISAPPROVE _____

*Within
existing AID study
\$.79 budget
effort
J*

THE WHITE HOUSE

WASHINGTON

Date: November 10, 1977

MEMORANDUM

FOR ACTION:

Jim McIntyre
Zbig Brzezinski

*concur w/ H. Owen
comments*

FOR INFORMATION:

The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: ~~Confidential~~ Young memo undated re NSC Options Memorandum
on Future Bilateral Development Assistance

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 10:00 AM

DAY: Saturday

DATE: November 12, 1977

In Safe

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

DECLASSIFIED
Per: Rac Project
ESDN: NLC-126-9-38-1-0
BY: KS NARA DATE 3/19/13

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)

2

TO: President Carter
THROUGH: Rick Hutcheson, Staff Secretary
FROM: USUN - Ambassador Young
SUBJECT: U.S. Mission to the United Nations Activities, November 3 - 10
November 11, 1977

1. SECURITY COUNCIL: DEBATE ON SOUTH AFRICA

On November 4, the Security Council formally passed the resolution based on the Western Five draft, calling for a mandatory arms embargo against South Africa.

2. NAMIBIA

The Western Five have agreed on a scenario for their activities in the next four weeks which would include travelling to the Frontline States beginning about November 21 to discuss with them and with SWAPO their views on the remaining issues (withdrawal and political prisoners), preparatory to presenting a Western Five proposal to the parties.

3. DISARMAMENT DEBATE

The major items under discussion of interest to the U.S. are A) draft resolutions introduced respectively by the USSR and New Zealand on the Trilateral Comprehensive Test Ban, and B) the vigorous debate over the relationship between non-proliferation objectives and the demands of the developing countries for nuclear technology for economic and social development. There is also a strong push for a consensus adoption of an African draft resolution on the denuclearization of Africa which focuses on ways to prevent South Africa from developing a nuclear capability.

4. GUAM

We have been working with the Australians and other friends in an effort to avoid passage of any resolution in the Fourth Committee that is critical of U.S. bases in Guam, but prospects for success are still uncertain.

5. HUMAN RIGHTS

The Third Committee has passed four resolutions dealing with torture, including one regarding the death of Steve Biko. The Committee is presently considering the issue of alternative approaches to human rights in the UN system, which includes consideration of the establishment of the post of a Human Rights Commissioner. The Committee also held a pledging conference for the UN Decade for Women at which the U.S. pledged \$3 million, approximately 80% of the total amount pledged.

6. Amb. Young met with representatives of the NSC, Treasury, Commerce, and State to discuss economic issues, particularly as they relate to the UN (11/7).

7. AMB. YOUNG'S OTHER MEETINGS: William Rhodes, Citibank (11/9).

PRESS: Weekend World, British TV (11/4). SPEAKING ENGAGEMENTS: Legal Defense Fund, Philadelphia, Pa. (11/3); Stephen Wise Free Synagogue, NY (11/4); Flemming/Cohen Series, HEW, Washington, D.C. (11/7); ACLU Edgerton Award Dinner, Washington, D.C. (11/7); DEC Reception, Chicago (11/8); Chicago Council on Foreign Relations (11/8). ENERGY STATEMENTS: None

DECLASSIFIED

Per, Rac Project

ESDN; NLC-126-9-38-2-9

BY KS NAPA, DATE 3/19/13

THE WHITE HOUSE
WASHINGTON

November 14, 1977

Stu Eizenstat

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

Rick Hutcheson

RE: PROPOSED LEGISLATIVE INITIATIVE

THE WHITE HOUSE
WASHINGTON

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/	FROM PRESIDENT'S OUTBOX
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THE PRESIDENT HAS SEEN.
THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

*Stu. include
in Urban policy
J*

November 11, 1977

MEMORANDUM FOR THE PRESIDENT

Book Adams

ATTENTION: Rick Hutcheson, Staff Secretary

SUBJECT: Proposed Legislative Initiative

Today, I sent a detailed proposal for the reform of our surface transportation assistance programs to the Office of Management and Budget for their coordination and review. Because of their importance to the energy program and to the rebuilding of our cities, these reforms should have a high priority. These proposals are based on our own analysis, but, more importantly, I believe they reflect the concerns of the many State and local officials with whom we have met.

The basic goals of the proposal are:

- (1) to give greater decision and planning authority to State and local agencies in the use of transportation funds;
- (2) to conserve energy by allowing localities to shift their funds, without penalty, from construction of Interstates to more energy-saving forms of transportation such as the building of exclusive lanes for car pools, the acquisition of new buses, the construction of new subways where appropriate, or the construction of new roads needed to carry increased coal production;
- (3) to combine transit and highway planning funds to eliminate red tape and provide for single planning review and coordination at the regional level;
- (4) to limit Federal spending to approximately the current levels and still accomplish our surface transit objectives;
- (5) to earmark special funds for our nation's largest 25 urban areas, giving these areas greater control over the management of highway and transit funds; and to require that these funds be spent in such a way as to assist our other programs to improve the

environment, stop urban blight, improve inner-city housing, and conserve energy;

- (6) to give special attention to the needs of rural communities;
- (7) to establish a special program to deal with the critical problem of bridge repair.

We must submit surface transportation legislation to the Congress in January. Authorizations for all major highway programs and for transit construction grants will expire, or new authorizations will be required, by the end of FY '78. If the Administration does not act, the Congress certainly will. If the Congress acts without strong leadership from this Administration, we will end up with a haphazard and imbalanced set of authorizations for the various programs. I feel that the proposal I am suggesting to you will give Congress the guidance to enact legislation providing for a surface transportation program which is responsive to the nation's needs and at the same time is fiscally responsible.

These are the main ingredients of the proposal I am sending you today. I do want to discuss, however, another area that is not covered in this proposal, but which I think should be supported in other legislation. An efficient transportation system is central to achieving our energy conservation goals. To bring about the reforms I am recommending in our highway and transit programs and to permit sensible long range planning, I believe that these programs should have an assured source of financing.

The proposal accepts minimum growth in the DOT budget because of your commitment to a balanced budget in 1981. Therefore, I propose the establishment of a public transportation trust fund for transportation programs that would relieve the pressure on general revenues with user-related taxes on petroleum. A fund based on energy taxes would provide a firm financial basis for carrying out these transportation programs, and the revenues would offset the expenditures in order to remain within budget targets.

I must emphasize the importance of an energy-based tax. I hope that you will support provisions in the energy legislation which would allocate some energy tax revenue to transportation through a mechanism similar to the "trust fund" now in the Senate bill. If such a fund could be established, we can proceed with a transportation program that will have substantial impact on revitalizing the urban areas, will save energy by providing sensible alternatives to individual automobile travel, and make available energy related block grants to States for

State?

necessary off-system energy related transportation such as local coal roads, and bridges.

In addition to transmitting this draft legislation to the Office of Management and Budget, I have sent copies to the Office of Domestic Affairs and Policy and the Office of Intergovernmental Relations for their information.

THE WHITE HOUSE
WASHINGTON
November 12, 1977

The Vice President
Jack Watson

The attached is forwarded to
you for your information.

Rick Hutcheson

RE: PROPOSED LEGISLATIVE INITIATIVE

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
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	SCHULTZE

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

	ARAGON
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	BRZEZINSKI
	BUTLER
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	H. CARTER
	CLOUGH
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	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
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	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

November 14, 1977

Jack Watson
Stu Eizenstat

The attached was returned in
the President's outbox. It is
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information.

Rick Hutcheson

RE: IRS' "11 QUESTIONS"

*Mr. Mead's copy was sent by
Jane Frank.*

THE WHITE HOUSE
WASHINGTON

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*get Meads' address etc from
Jane Frank*

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THE PRESIDENT HAS SEEN.

THE SECRETARY OF THE TREASURY
WASHINGTON 20220

cc Mr Mead
J

November 11, 1977

MEMORANDUM FOR THE PRESIDENT

Subject: IRS' "11 Questions"

As a consequence of the complaint received at the meeting of business leaders yesterday, you asked for a report on the use by the Internal Revenue Service of the so-called "11 Questions" concerning bribes, kickbacks and similar payments, both domestic and foreign, by U.S. corporations. The text of the 11 questions is attached.

In April 1976, in the aftermath of multiple public disclosures by U.S. corporations that they had established secret slush funds and had made illegal domestic and foreign payments, the Internal Revenue Service decided to step up its audit activity in this area to ascertain whether such funds or payments involved violations of the Internal Revenue Code. As part of the audit program, the IRS decided to require each of the largest 1250 corporations in the United States to answer the 11 questions.

As of June 30, 1977, the questions had been asked of 966 of these corporations. Out of the 966 corporations questioned, 345 corporations have been identified as having potential slush fund type issues. Of these, 110 were referred to Intelligence for criminal investigation. Eighty-three were initially accepted by Intelligence and at June 30 there were 75 open investigations in progress.

The first-round program is just about completed--that is, all of the 1250 corporations will shortly have been required to answer the questions.

The use of these questions has led to a number of complaints because of their inquisitorial tone and their breadth. The Service's plans for the future in the use of these questions--when they have been asked of all 1250 corporations--are as follows:

1. The questions would be used only on a selective basis; that is, only when the

agent in charge of the audit has reason to believe that there may be slush funds or illegal payments present.

2. Technical modifications in the questions, to the extent possible, will be made to take account of recommendations of professional groups. These are expected to be relatively minor.
3. The Service is in the process of announcing that the companies' independent public accountants would no longer be required to attest to the companies' answers to the 11 questions.

The 11 questions are a response to a serious and widely publicized problem. The replies to the questions have resulted in evidence of a relatively large number of criminal fraud cases and to possible significant civil liabilities. Further, it is important to the administration of our tax and securities laws that corporations not be permitted to engage in practices that result in their accounts and records being systematically falsified through the use of concealed accounts.

I have asked the Service to be sure that they press forward on (i) making use of the questions as selective as possible and (ii) refining them as much as possible, but I think we must continue to use the program.

Mile

W. Michael Blumenthal

Attachment

INTERNAL REVENUE SERVICE 11 QUESTIONS

1 During the period from ___ to ___, did the corporation, any corporate officer or employee or any third party acting on behalf of the corporation, make, directly or indirectly, any bribes, kickbacks or other payments, regardless of form, whether in money, property, or services, to any employee, person, company or organization, or any representative of any person, company or organization, to obtain favorable treatment in securing business or to otherwise obtain special concessions, or to pay for favorable treatment for business secured or for special concessions already obtained?

2 During the period from ___ to ___, did the corporation, any corporate officer or employee or any third party acting on behalf of the corporation, make any bribes, kickbacks, or other payments, regardless of form, whether in money, property or services, directly or indirectly, to or for the benefit of any government official or employee, domestic or foreign, whether on the national level or a lower level such as state, county or local (in the case of a foreign government also including any level inferior to the national level) and including regulatory agencies or governmentally-controlled businesses, corporations, companies or societies, for the purpose of affecting his/her action or the action of the government he/she represents to obtain favorable treatment in securing business or to obtain special concessions, or to pay for business secured or special concessions obtained in the past?

3 During the period from ___ to ___, were corporate funds donated, loaned or made available, directly or indirectly, to or for the use or benefit of, or for the purpose of opposing, any government or subdivision thereof, political party, candidate or committee, either domestic or foreign?

4 During the period from ___ to ___, was corporate property of any kind donated, loaned, or made available, directly or indirectly, to or for the use or benefit of, or for the purpose of opposing, any government or subdivision thereof, political party, candidate or committee, either domestic or foreign?

5 During the period from ___ to ___, was any corporate officer or employee compensated, directly or indirectly, by the corporation, for time spent or expenses incurred in performing services for the benefit of, or for the purpose of opposing, any government or subdivision thereof, political party, candidate or committee, either domestic or foreign?

6 During the period from ___ to ___, did the corporation make any loans, donations or other disbursements, directly or indirectly, to corporate officers or employees or others for the purpose of making contributions, directly or indirectly, for the use or benefit of, or for the purpose of opposing, any government or subdivision thereof, political party, candidate or committee, either domestic or foreign?

7 During the period from ___ to ___, did the corporation make any loans, donations or other disbursements, directly or indirectly, to corporate officers or employees or others for the purpose of reimbursing such corporate officers, employees or others for contributions made, directly or indirectly, for the use or benefit of, or for the purpose of opposing, any government or subdivision thereof, political party, candidate or committee, either domestic or foreign?

8 During the period from ___ to ___, did any corporate officer or employee or any third party acting on behalf of the domestic corporation have signatory or other authority or control over disbursements from foreign bank accounts?

9 During the period from ___ to ___, did the corporation maintain a bank account or any other account of any kind, either domestic or foreign, which account was not reflected on the corporate books, records, balance sheets, or financial statements?

(10) During the period from ___ to ___, did the corporation or any other person or entity acting on behalf of the corporation maintain a domestic or foreign numbered account or an account in a name other than the name of the corporation?

(11) Which other present or former corporate officers, directors, employees, or other persons acting on behalf of the corporation may have knowledge concerning any of the above areas?



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

November 11, 1977

MEMORANDUM FOR THE PRESIDENT

Subject: IRS' "11 Questions"

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1. The questions would be used only on a selective basis; that is, only when the

Mr. President -

We are presently drafting Thank you notes to those who participated at The Business Meeting when Bill

Meach asked about this issue.

We plan to

reference Mike's recommendations to you.

Janet F.

THE WHITE HOUSE
WASHINGTON

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THE WHITE HOUSE
WASHINGTON

November 14, 1977

Frank Press

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

Rick Hutcheson

cc: Stu Eizenstat

RE: TECHNOLOGICAL INITIATIVES AS A
UNIQUE COMPONENT OF THE CARTER
PRESIDENCY

THE WHITE HOUSE
WASHINGTON

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

November 8, 1977

Frank
C

MEMORANDUM TO THE PRESIDENT
FROM: Frank Press *FP*
SUBJECT: Technological Initiatives as a Unique Component
of the Carter Presidency

The President is first and foremost a political leader. However, you are extremely rare among Presidents in that in addition, you have a scientific and engineering background. Aside from your disciplined work habits and your ability to absorb large amounts of information and understand complex issues such as energy and the B-1, the public has not yet seen initiatives that only a President with your technical background could naturally make a hallmark of his Presidency. No Presidential-level issue is without political, economic, and social implications but, in the following examples, the primary thrust relates to technology and the impact could be of historic importance. Since little controversy is associated with these issues, they would allow you to move forward with some new initiatives in your second year without overloading the political system. Some examples are:

- ° Health of Industrial R and D: A large segment of US industry seems to have lost interest or ability in technological innovation as measured by decreasing R&D investment in new technologies and products, and decreasing competitive position with foreign counterparts.

Initiative: cabinet-level analysis of the situation.

Possible Result: new Federal policy to provide greater incentives for industrial R&D investment related to creating new products, jobs, improving competitive position of US goods.

I am working on a draft domestic PRM on this subject.

- ° US Science and Technology for Developing Countries: This is an under-used resource for helping the poorest countries develop self-sufficiency in food, health, education, and natural resource development.

Initiative: restructure AID program for major involvement of universities, foundations, technical agencies like NASA, US Geological Survey, HEW, DOA, DOE.

Result: AID program that leads to self-sufficiency in meeting human needs.

You will receive such recommendations in the Brookings Study commissioned by Cy Vance and in my input to PRM-8.

- ° Defense Technology: An essential feature of our national security is the inability of the USSR to match our basic technological strength. The first example above should help maintain this position. There is growing debate about NATO capability to mount a strong defense against a Soviet bloc attack. A major effort to offset Soviet numerical strength by technological innovation can serve to multiply NATO force effectiveness at less cost than increasing conventional forces.

Initiative: A major new DOD program for developing high technology approaches to conventional warfare defense in Europe.

Result: Maintaining of balance of power within fiscally acceptable limits.

Other technological initiatives may be feasible in such areas as climate, water shortages, environmental health, human reproduction, health cost reduction, nutrition, soft energy technology (methanol, photovoltaics) - with large social benefits.

If, in addition to the social, economic, and foreign policy initiatives you have already announced, you draw on US technology along the above lines, your Administration will have an added dimension befitting a President-engineer.

In the normal course of my duties, I will be working on some of these issues for you by suggesting PRMs (national mineral policy, health of industrial R&D), working on PRM-8 (North-South policy issues), and national security issues. (Option 1)

I can expand this effort by forming, without publicity, an ad hoc panel of "wise people" to identify and structure for your consideration possible initiatives where technological thrusts can lead to large social payoffs. (Option 2, my recommendation)

President prefers _____ Option 1
 ✓ _____ Option 2
 _____ Other

THE WHITE HOUSE
WASHINGTON

November 8, 1977

The Vice President
Stu Eizenstat
Zbig Brzezinski

The attached is forwarded to
you for your information.

Rick Hutcheson

RE: TECHNOLOGICAL INITIATIVES AS A
UNIQUE COMPONENT OF THE CARTER
PRESIDENCY

THE WHITE HOUSE
WASHINGTON

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THE WHITE HOUSE
WASHINGTON

November 14, 1977

Stu Eizenstat

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the President's outbox. It is
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handling.

Rick Hutcheson

RE: DOMESTIC POLICY STAFF WEEKLY
STATUS REPORT

THE PRESIDENT HAS SEEN.

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THE WHITE HOUSE

WASHINGTON

November 11, 1977

9/

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Domestic Policy Staff Weekly Status Report

ENERGY

Options Memo on Oil Imports: Jim Schlesinger may be speaking with you on this. We will review his suggestions. *Give me comment on Mike's orig memo*

NEA: Working daily on legislative strategy with Secretary Schlesinger, Frank Moore, Hamilton and the Vice President.

Energy Impacts: We are working with the Department of Energy, OMB and Jack Watson's staff on an interagency review of federal programs to assist communities facing demands that result from energy development.

Nuclear Licensing Reform Initiative: Initiative is now in interagency review. It is being chaired by OMB.

NATURAL RESOURCES

160-Acre Limitation: Secretary Andrus testified Thursday, presenting Administration position.

Dam Safety: Memorandum has been sent to you outlining options for non-federal dam safety program.

Water Pollution Amendments: House-Senate conference has taken up the most controversial issues this week and is making progress.

TRANSPORTATION

55 Mile-Per-Hour Speed Limit: We are working with the Traffic Safety Administration and Rex Granum to prepare a script for your use.

COMMUNICATIONS

Public Broadcasting: We are discussing the bill with a wide variety of groups to seek their support. There will be no legislative action until January.

Minority Ownership: We are completing work on a package of steps to increase minority ownership of radio and TV outlets and will have a report to you shortly.

EMPLOYMENT

Humphrey-Hawkins: Congressional sponsors working on bill with black caucus, AFL-CIO and other groups. All are agreed.

Youth Employment: Meeting being held this week with agency and private sector representatives. Private sector initiatives proposal due November 28.

ECONOMICS AND BUSINESS

Tax Reform: We will be working with Treasury to develop option packages for consideration.

Economic Policy: We are working with CEA and OMB to develop a coordinated economic strategy.

Steel: We continue to work with Tony Solomon.

Corporate Bribery Legislation: Separate corporate bribery bills (both good) have now passed the House and Senate, without any dissenting votes. The differences should be resolved fairly easily in conference, and you should get an enrolled bill before the end of the session. *good*

CIVIL SERVICE MATTERS

Hatch Act Reform: The interagency task force continues to meet with the Senate staff to discuss amendments. We are also working with Frank on overall legislative strategy and to find a Senate floor manager.

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for Preservation Purposes**

Civil Service Reform Initiative : The first draft memo has been circulated to Cabinet members by Chairman Campbell and OMB for comment and it is possible that articles will appear in the press. A briefing of the Senior Staff is scheduled for today, November 11. We continue to follow the the project closely.

HOUSING AND URBAN DEVELOPMENT

Condominium Consumer Protection Act: OMB requested and received an extension of the deadline for comments on this HUD-proposed bill. An extension seemed warranted, though this will delay submission of a decision memorandum to you.

Urban Policy: We continue to meet intensively on urban policy and are reviewing the URPG working staff draft to determine the quality of its policy content as well as its budget implications.

CIVIL RIGHTS AND JUSTICE

Morris Dees Memo on Death Penalty: A memo has been sent to you. We will hold as you suggest. I see no reason to surface this issue at this time. You may wish to send a letter simply telling him that you have asked that the issue be fully analyzed and that the Administration's position will be made known if and when hearings are held on the McClellan bill. a

EDUCATION

Military Academies: Phase I of the study has been completed by the Department of Defense. The analysis phase will be completed by the end of November. *Navy officials think good progress being made at USNA - later they can give me a quick briefing.*

Expiring Legislation: We are still waiting on HEW's proposals for expiring legislation on education.

HUMAN RESOURCES

Social Security: The conference committee will not be able to meet until after the House conferees are formally approved at the end of the month. As the result of an interagency meeting we have developed an Administration position on each issue in the House and Senate bills. We will be forwarding to you a memo from Secretary Califano setting forth the positions and our strategy for the conference as soon as it arrives. We are hopeful that a satisfactory bill can emerge from the conference. Because the conference will be delayed, we believe that a statement by you (or possibly a letter to the conferees) should be delayed until shortly before the Conference meets.

Welfare Reform: We have discussed with HEW and Labor the problem Secretary Marshall mentioned in his weekly report about the jobs program. There is little support at this time for marking-up the job portion until some decisions are made about current CETA jobs which are scheduled to be phased out. The agreement is to proceed with a mark-up of the bill on November 28 beginning with the cash assistance sections. Those sections will take enough time to allow for a resolution of the jobs problems.

HEALTH

Saccharine: Legislation delaying ban on saccharine for 18 months and requiring labelling has now been passed. FDA has recommended that you state that you are signing the bill with reluctance. Our enrolled memo will discuss this issue.

REGULATORY REFORM MATTERS

Trucking Deregulation: We have scheduled consultations with all interested parties for the weeks of November 14 and 21.

OPENNESS AND INTEGRITY IN GOVERNMENT

Executive Order on Logging: The Justice draft is now being re-evaluated in light of agency comments. A decision memo will be in to you soon.

Revision of Security Classification System: We will have a report in to you on the major issues by early December.

Lobby Law Reform: House mark-up and Senate hearings will be held in January. We continue to work on policy amendments and legislative strategy with Frank's staff, and push for a strong bill with an expanded interagency task force.

CONSUMER MATTERS

Office of Consumer Protection: We are working with Esther Peterson and Frank's staff to develop a strategy. A status memorandum and a list of suggested congressional contacts will be to you next week.

AGRICULTURE

Sugar: Final regulations for implementing the de la Garza program were announced by Secretary Bergland on November 8th.

Feed and Grain Set-Aside: A decision memorandum is being prepared and will be to you this weekend.

Meat Import Program for 1978: A decision memorandum will be to you early next week.

White House Conference on Balanced Growth: We are working with Jack Watson's shop and the organizers of the Conference over final arrangements.

MISCELLANEOUS

Congressional Veto Message: We continue to work with Bob Lipshutz and Justice on a message to be submitted just before congressional adjournment.

1980 Census: A joint OMB/DPS memo on planning for the 1980 Census is on its way to you.

Executive Committee: I am working with the Vice President and members of the Executive Committee on the agenda for next year.

THE WHITE HOUSE
WASHINGTON

November 14, 1977

Stu Eizenstat
Jody Powell
Charles Schultze

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

Rick Hutcheson

cc: Bob Linder

RE: HUMPHREY-HAWKINS STATEMENT

THE WHITE HOUSE
WASHINGTON

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THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ok
J

November 12, 1977

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze ^{CLS hg PGC}
Stu Eizenstat ^{Stu}

Subject: Humphrey-Hawkins Statement

Attached is a draft Presidential Statement, for release Monday, announcing your support for the amended Humphrey-Hawkins Bill. It is essentially similar to the statement we discussed earlier with the principal Cabinet members involved. We need your approval of this statement to prepare it for release.

Attachment

**Electrostatic Copy Made
for Preservation Purposes**

In recent months, members of my Administration have met on a number of occasions with Senator Humphrey, Congressman Hawkins, and their representatives to discuss the Full Employment and Balanced Growth Act. I am very pleased that these discussions have reached a fruitful conclusion. The care and time devoted to the discussions were justified by the seriousness of the issues and the need to develop legislation that will command broad support across our nation and help us achieve our goal of full employment.

The amended Full Employment and Balanced Growth Act that the Administration is now endorsing would accomplish a number of important objectives. It will:

- o Establish the commitment of the Federal government to achieve full employment.

- o Establish the commitment of the Federal government simultaneously to achieve reasonable price stability.

- o Establish a framework for economic policy decisions. The Administration would transmit to the Congress its goals for employment, unemployment, production and income over a five-year period. The Congress would have the responsibility to consider these goals and to establish its own goals.

- o Establish as the goal for 1983 an overall unemployment rate of four percent, with flexibility to modify that goal if necessity requires. This is an ambitious objective and one that may prove very difficult to achieve, but setting our sights high challenges us to do our best.

o Recognize that high unemployment must be fought with a variety of weapons, including special government efforts, but that primary emphasis should be placed on expanding job opportunities in the private sector.

o Recognize that the achievement of full employment and price stability must be sought through the use of monetary and fiscal policies, together with structural measures designed to improve the functioning of the nation's labor and capital markets -- not through government planning or control of private production, wages, and prices.

Title II of the bill sets out considerations to guide the President and the Congress in the event that new programs and appropriations are needed to fight unemployment. This feature of the bill does not authorize such programs, but commends them for use, if necessary, to implement the goals of the legislation.

Title III of the bill sets forth procedures for Congressional consideration of the President's goals and policy recommendations. While the specific procedures are for the Congress to determine it is important, in my judgment, that the Congress in its deliberations on Title III of the bill, establish procedures to integrate its decisions on economic goals with its decisions on the budget,

I would like to thank Senator Humphrey, Congressman Hawkins and their representatives who have worked diligently and in a spirit of cooperation with me and representatives of my Administration to reach agreement on this important legislation. I look forward to working with the Congress to enact this legislation.

MEMORANDUM

THE PRESIDENT HAS SEEN.

C

THE WHITE HOUSE
WASHINGTON

November 14, 1977

MEMORANDUM FOR: DEPARTMENT HEADS AND CFC KEYWORKERS
FROM: SKIP HOLCOMBE *Skip*
SUBJECT: Campaign Report

Listed below you will find the percentage participation by the different White House offices. Please use these figures to spur more involvement among individuals in your department.

<u>Office</u>	<u>%</u>	<u>Office</u>	<u>%</u>
Joe Aragon	100	First Lady	94
Drug Abuse Policy	100	Staff Secretary	67
Public Liaison	55	Chief Exec. Clerk	100
Stu Eizenstat	14	WH Records Office	100
Richard Harden	100	Hugh Carter	100
Hamilton Jordan	40	Correspondence, Mail Analysis	46
Presidential Personnel	100	Bob Anderson	92
Appointments and Scheduling	74	Central Files, Press Release & Gift Unit	96
Legal Counsel	60	Accy, Payroll & Supply	92
Bunny Mitchell	100	WH Personnel	100
Congressional Liaison	43	Travel & Telegraph	87
WH Press Office	27	Messengers & Duplication	22
Greg Schneiders	100	Telephone Operators	64
Jack Watson	91	Visitors Office	100
		Richard Pettigrew	50

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As of November 12, 1977, the White House has received a total of \$19,425 in pledges from 281 individuals. This comes to an average gift of \$69.13 per person.

The following table is a recap of CFC Drives during the past six years. Please note the decrease in personnel and the increase in pledges between 1976 and 1977.

	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Number of Employees	INA	480	513	500	485	431
Number of Gifts	276	301	290	262	238	281
Percent of Participation	INA	63%	57%	52%	49%	65%
Goal	10,790	10,521	11,569	13,414	11,967	30,000 <
Amount Raised	8,075	11,589	10,011	11,185	9,011	19,425 <
Incr. (Decr.) From Prev. Campaign	102	3,514	(1,578)	1,174	(2,174)	10,414
% Incr. (Decr.) From Prev. Campaign	1%	44%	(14%)	12%	(19%)	116%
Per Capita Gift	INA	24.14	19.51	22.37	18.57	45.07
Average Gift	29.25	38.50	34.52	42.69	37.86	69.13 <

Agency	GOAL			CONTRIBUTIONS TO DATE			
	No. Emps.	Dollars	Per Capita	Participants		Dollars	% of Goal
				#	%		
White House	425	\$30,000	\$70.60	281	65%	\$19,425	65%
Office of the Vice President	60	3,750	62.50	11	18	853	23
Council of Economic Advisors	35	3,150	90.00	14	40	1,556	49
Council on Environmental Quality	32	3,000	93.24	15	47	1,950	65
Council on Wage and Price Stability	36	1,908	53.00	-----OVER GOAL-----			
Domestic Policy Staff	37	2,470	65.00	9	24	1,995	81
National Security Council	60	2,400	40.00	9	15	550	29
Office of Special Rep. for Trade Negotiations	47	4,700	100.00	18	38	2,215	47
Office of Telecommunications Policy	37	3,400	91.89	16	42	1,029	30
Office of Science and Technology	21	1,650	78.00	14	67	1,418	86
Office of Management and Budget	688	45,000	65.28	491	71	42,000	93

THE WHITE HOUSE
WASHINGTON

November 14, 1977

Jim McIntyre
Frank Press

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

Rick Hutcheson
cc: The Vice President
Stu Eizenstat

RE: CARTER ADMINISTRATION RESEARCH
POLICY

THE WHITE HOUSE
WASHINGTON

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/	FROM PRESIDENT'S OUTBOX
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/	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
/	LANCE JM
	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

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THE PRESIDENT HAS SEEN.

retained examples
Q

THE WHITE HOUSE

WASHINGTON

November 11, 1977

MEMORANDUM TO THE PRESIDENT
FROM: Frank Press and Bowman Cutter ^{FP} ^{WA}
SUBJECT: Carter Administration Research Policy

In July you approved a recommendation from the Vice President that Press and Cutter undertake an examination of research policy issues. The following conclusions and recommendations have the support of Secretaries Brown, Califano and Schlesinger, and Stu Eizenstat.

The basic research system of our universities and national laboratories is still the strongest in the world. However, some signs of decline are in evidence, primarily due to the 19% decline in constant dollar Federal expenditures for basic research from 1967-76:

- ° The quality of scientific equipment at research centers has deteriorated.
- ° The number of top-ranked research centers is declining.
- ° Research opportunities in universities for young scientists have diminished (proportion of young science faculty declined from 43% in 1968 to 27% in 1975).
- ° Because of the tight money environment, researchers tend to avoid risky, more innovative projects.

Presidential decisions were made in FY 77 and FY 78 to reverse the downward trend in support. Real growth of 3% above inflation was authorized.

We recommend that real growth be continued in FY 79 at a level to be decided by you during the budgetary process. However, the Carter Administration policy should target this growth as follows:

- ° opportunities for bringing young scientists into the system
- ° renewal of equipment (competitive proposals not formula grants)
- ° encourage universities to explore organizational changes to improve their ability to conduct research
- ° encourage universities to contribute more effectively in fields of high priority interest to the government such as energy, environment, natural resources, technological assistance for developing countries. Examples of appropriate research questions are given in Tab A.

In budget hearing, present priorities - indicated by funding levels

- encourage projects important for national productivity or national security reasons
- reduce paperwork and take steps to reduce administrative costs and improve research efficiency.

This will not be a college aid program, but a means for the Government to improve its ability to obtain maximum return on its research investment.

These recommendations will be raised with you during the course of the FY 79 budget presentations.

Your decisions have international implications in that the U.K., France, and Germany typically follow U.S. R&D investment policy with a lag of a few years.

President approves general approach _____ ✓

President disapproves general approach _____

Other _____

Reato

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Examples of Important Research Questions of National Interest

- Can simple chemical reactions be discovered that will generate visible radiation? The results of research on this question may lead to inexpensive lasers for communication and industrial uses.
- How does the material pervading the universe collect to form complex organic molecules, stars, and galaxies? Research in this area can provide increased understanding of fundamental natural laws and the origins of the universe.
- What are the physical processes that govern climate? Greater understanding of climate could aid in the prediction of climate changes and allow time for measures to offset their impact.
- To what extent is the stratospheric ozone affected by contamination of long-lived, man-made chemicals? The results of this research are important to man's survival and to the future of major industries.
- What is the petroleum potential of the continental slopes and the adjacent ocean floor beneath deeper waters? This work is helping to identify the resource potential of the ocean's floor beyond the OCS.
- How do organisms in the deep sea influence the productivity of the ocean? How will they react to sea floor dumping and mining activities? Answers to these questions will aid in assessing the future of the ocean as an important food source and should also provide baseline data on contamination of the sea.
- To what degree can biological nitrogen fixation be enhanced? Successful research directed toward this question may provide more information on joint plant-bacteria relationships and an environmentally sound method of increasing crop productivity while minimizing energy costs.
- What are the individual and cumulative effects of government regulation on domestic productivity? This research will provide a sound technical basis for assessing the benefits and cost of proposed, as well as existing, government regulations.
- Can new homogeneous catalysts be prepared that will catalyze chemical processes important to the chemical industry? Research in this area could make it possible to make specific molecules needed in industrial processing techniques with minimum energy expenditure and without the creation of unwanted molecules that may pollute the environment.
- What are the limits for communications use of the channel capacity in the visible spectrum? Progress in this area could significantly expand the capacity of optical communication systems, and since these systems use glass fibers instead of copper, their use would result in tremendous monetary and resource savings.

- How do cracks initiate and propagate in materials? This research should provide information needed to develop structural materials that resist corrosion and failure under stress.
- How do cells change during growth and development? Advances and understanding in this area should provide insights into the development of cell specialization and, perhaps, the aging process.
- How do enzymes work? This research should help discover how enzymes selectively catalyze and control the chemical reactions carried out by living systems. The results of this research should extend knowledge on how to synthesize molecules in living cells.
- What are the molecular mechanisms by which genes are regulated to produce specialized products, and what new information is required to exploit the new DNA recombinant technology? This work may lead to improved knowledge of gene action.
- What are the factors controlling cognitive development? For example, how can the large number of component processes involved in reading and understanding a paragraph be characterized? Research on this question should provide new knowledge on the processes involved in reading and comprehending text. Such work is important in providing a basis for improving the techniques for teaching people to read and comprehend.
- What are the mechanisms responsible for sensory signal processing, neural membrane phenomena, and distinct chemical operations of nerve junctions? Research in these areas will extend knowledge of perception, behavior, and the chemical functioning of the nervous system.
- How can structures be designed and constructed to be both economical and earthquake resistant? In addition to reductions in life loss and personal injury, implementation of improved design procedures is expected to reduce losses to buildings alone by an average of \$250 million per year.

THE WHITE HOUSE
WASHINGTON

November 12, 1977

The Vice President

The attached is forwarded to
you for your information.

Rick Hutcheson

RE: CARTER ADMINISTRATION RESEARCH
POLICY

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
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	IMMEDIATE TURNAROUND

ACTION	FYI	
	/	MONDALE
		COSTANZA
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		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

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

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

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

THE WHITE HOUSE
WASHINGTON

November 14, 1977

Tim Kraft
Jack Watson

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

Rick Hutcheson

RE: SUMMARIES FOR THE WEEK OF
11/7-11/11

THE WHITE HOUSE
WASHINGTON

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ACTION	FYI	
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		SCHULTZE

	ENROLLED BILL
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	JAGODA
	KING

✓	KRAFT
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	PETERSON
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	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

2

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson
Jane Frank *Jane*

November 12, 1977

RE: Summaries for the Week of November 7 - 11, 1977; Miscellaneous Items

We are attaching the weekly summaries.

Several weeks ago, we asked your views on whether additional agency heads should be invited to attend Cabinet meetings. Since then, Grace Olivarez has asked to attend. A copy of our original memorandum is attached.

*I've got sup.
J*

Tim Kraft has forwarded to us a request from Mike Blumenthal for two separate meetings with you--one on your tax message; and one on balance of payments problems and ways to alleviate them. Mike also raised the request in his weekly summary. Do you wish to have those meetings in the near future?

Small meeting on tax options
(1 hour) Yes No

Small meeting on balance of payments (30) ~~45 minutes~~ Yes No

*after Stu's
Charlie comment on
Mike's month-old
memo*

CC: The Vice President

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Jane

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson
Jane Frank

October 7, 1977

RE: Summaries for Week of October 3 - 7, 1977; Miscellaneous Items

We are attaching summaries received from the following:

- | | |
|-------------|----------------|
| Agriculture | Transportation |
| Commerce | Treasury |
| Defense | UN |
| EPA | Labor |
| GSA | |
| HEW | |
| HUD | |
| Interior | |

From time to time, various agency heads and others have asked permission to attend Cabinet meetings. Recently, Vernon Weaver asked to be invited on a regular basis. In light of this most recent request, we think you may want to review who attends Cabinet meetings in order to decide whether the list of attendees should be expanded or contracted. Regular attendees include:

- All persons with Cabinet rank;
- Selected agency heads: Doug Costle (EPA), Jay Solomon (GSA), Stansfield Turner (CIA);
- Selected heads of EOP units: Brzezinski (NSC), Press (Science Adviser), Schultze (CEA), Warren (CEQ);
- Selected White House staff: Joe Aragon, Peter Bourne, Landon Butler, Hugh Carter, Stu Eizenstat, Jane Frank, Rex Granum, Richard Harden, Bob Lipshutz; Bunny Mitchell, Dick Moe, Frank Moore, Jack Watson;

We invite others from time to time, as issues directly affecting them are discussed. (Esther Peterson if the Consumer Protection Agency is on the agenda; Scotty Campbell if some Civil Service issue is coming up, etc.).

Since virtually every seat in the room is taken each week, we recommend that the total number of attendees not be expanded. However, you may wish to consider inviting certain others in lieu of some who now attend:

1. As mentioned earlier, Vernon Weaver has asked to attend. No other person regularly invited has, as his or her primary jurisdiction, the protection and regulation of small business.

2. There are, however, similar agencies which are not represented at the Cabinet meeting: ACTION, Civil Service Commission, and the Community Services Administration. Since Civil Service policy frequently comes up, a case can be made that Scotty Campbell should always be present. It can also be argued that CSA is the only agency with a "poverty" orientation-- and the subject of poor people frequently comes up.

OPTIONS

1. Leave the status quo: Yes _____ No _____
2. Invite Vernon Weaver: Yes _____ No _____
3. Invite Scotty Campbell: Yes _____ No _____
4. Invite Grace Olivarez,
Director, CSA Yes _____ No _____
- 5. Inform the following regular attendees that the lack of space precludes their attendance at regular Cabinet meetings:

We are attaching for your information a copy of the agenda, list of participants and telegram for the White House Conference on Steel scheduled for Thursday, October 13, at 1 p.m. Everything, including the agenda and people to be invited, has been carefully coordinated with all key Administration officials.

Attachment

CC: The Vice President ✓

THE WHITE HOUSE
WASHINGTON

November 14, 1977

Frank Moore

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

Rick Hutcheson

cc: The Vice President

RE: SEN. MUSKIE

THE WHITE HOUSE
WASHINGTON

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✓	FROM PRESIDENT'S OUTBOX
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	IMMEDIATE TURNAROUND

ACTION	FYI	
	✓	MONDALE
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		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
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	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
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	JAGODA
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	PETTIGREW
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	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

11/14/77--a.m.

Frank info
Q

Re SENATOR MUSKIE

Senator Muskie was receiving treatments when I called (and is presently in intensive care), and our operators then reached his secretary, who will let him know that I called on your behalf.

She said there has been no report yet for today...that he was standing up Saturday night after the operation on that day. The Senator was walking a little bit yesterday and had/has a severe headache and temperature (which they think is merely post operative).

The feeling is that everything turned out well; the physicians removed the calcium deposit and mass around the spinal column. There was a ruptured disc, the removal of which was not considered necessary by the doctors since they did not think it was causing the pain.

They think Senator Muskie will remain in intensive care today, and possibly return to his hospital room tomorrow.

-- SSC

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THE WHITE HOUSE
WASHINGTON

November 15, 1977

The Vice President
Midge Costanza
Stu Eizenstat
Hamilton Jordan
Frank Moore
Jody Powell
Jack Watson
Hugh Carter

Re: GSA Cabinet Summary

The attached was returned in the President's
outbox and is forwarded to you for your
personal information. No copies should be
made.

Rick Hutcheson

EYES ONLY

THE WHITE HOUSE
WASHINGTON

November 15, 1977

Administrator Solomon

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

Rick Hutcheson

RE: CONSOLIDATION OF THE NATIONAL
TOOLS CENTER

EYES ONLY

eyes only

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
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cc Jay Solomon

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

THE PRESIDENT HAS SEEN

5

Administrator

November 11, 1977

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MEMORANDUM TO THE PRESIDENT

SUBJECT: Weekly Report on GSA Activities

Consolidation of the National Tools Center

The National Tools Center was established in October, 1975, to integrate the procurement, inventory management, technical services and specification functions of the Government hand tools program (\$83 million worth of tools procured in FY 1977). It was organizationally split between Kansas City and Washington with the intent to consolidate in one of those two areas. An evaluation of all factors at this time conclusively supports Kansas City for the following reasons:

1. Operating efficiencies through better personnel utilization by eliminating overlap and having a higher productivity rate in Kansas City.
2. There would be less displacement of people and operations by moving to Kansas City than in consolidating in Washington. Further, with the recent closing of Richards-Gebauer Air Force Base (Kansas City), some of those displaced by the base closing can be utilized. *ok*
3. Estimated savings from consolidation in Kansas City are \$2.67 million over the first five years versus \$1.52 million for consolidation in Washington, or a net difference in excess of \$1.1 million.

In spite of the foregoing, we have received a number of calls from the Hill opposing our plan to consolidate the Tools Center in Kansas City.

Reduction in the Distribution of Internal Directives

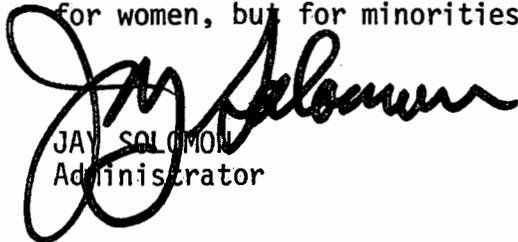
The Paperwork Management Division conducted a campaign from December 1976 through September 1977 to reduce the distribution of internal directives. The result was a reduction of 325,180 copies or 42 percent.

Paperwork Management Awards Luncheon

Forty-five records managers were cited for exemplary work at the 13th annual Paperwork Management Awards Luncheon this week in Arlington. It is estimated that those records managers cited over the 13 years of the program have been responsible for \$1.5 billion in Federal Government savings.

Kefauver Dinner

Last week I returned to Chattanooga to attend the annual Kefauver Dinner which was also attended by Senators Sasser and Biden and Congresswoman Lloyd. I've ~~enclosed~~ articles from the local papers which I thought you might enjoy seeing. At the dinner, I was honored by the Tennessee Commission on the Status of Women for my outstanding efforts in promoting opportunities for women. Needless to say, I was delighted to receive the award, and I am committed to continue promoting opportunities not only for women, but for minorities as well.



JAY SOLOMON
Administrator



— Harold Haven

Freeman, Solomon, Congresswoman Lloyd, Sen. Biden and Sen. Sasser

Democrats Hear Biden, Solomon Give Tributes

In a speech here Friday night, Sen. Joseph Biden Jr., D-Del., lashed out at citizens who want government to do everything but who don't want to pay the price and at politicians who don't dare tell the public that it cannot have everything.

Biden spoke at the third annual Estes Kefauver Memorial Dinner here, a gathering of about 500 Democrats from across the state who paid \$15 apiece to honor the late Sen. Kefauver and to honor Mrs. Jean Livingston of Chattanooga, the long-time Democratic party activist and Democratic national committeewoman who died of cancer last June 12.

It was a gathering marked by many introductions and by an occasional

partisan barb at former Sen. Bill Brock — and by a moving tribute to Mrs. Livingston by Jay Solomon, administrator of the U.S. General Services Administration.

Solomon, a political and personal friend of Mrs. Livingston, praised her as a devoted citizen and Democratic party activist, as a loving mother and wife and as a woman who was far more interested in others than in herself — even when he last spoke to her shortly before her death.

"Jean understood the political system of this country as much as anyone I have ever known," said Solomon. "She believed government on every level will be as good as we will make it. And she was willing to invest a lot of herself to make it the best.

"It is obvious that Jean Livingston will not soon be forgotten by any of us who knew her and by many who did not know her who have benefitted from her generosity and gentle spirit. Her presence will be felt as long as there are those among us who stand for tolerance and concern and for honesty and lack of pretense and for freedom for all, regardless of race, religion, sex or faith."

And Solomon read to the gathering a letter from President Carter, who spoke at the first Kefauver dinner in 1974, when he was governor of Georgia.

In the letter, President Carter said of Mrs. Livingston, "By her sensitivity and responsiveness to the needs of her community and state and to current national issues, she gave the finest possible expression of our Democratic heritage as party of the people."

On hand for the dinner were a number of old friends and proteges of the late senator, including Solomon himself, former Mayor P. R. (Rudy) Olgiati, Sen. Jim Sasser, and Harry Mansfield, a former U.S. Marshal here who is President Carter's nominee to reassume that position.

The dinner brought out S. David Freeman, a director of the TVA, and Rep. Marilyn Lloyd, who delivered the eulogy to Sen. Kefauver.

One notable absentee was Gov. Ray Blanton. Though the program for the

See Page Two, Column Three

Democrats Hear Biden, Solomon Give Tributes

Continued From Page One

affair listed him as one of those scheduled to make remarks, he did not appear. Blanton's name was not mentioned.

In his speech Biden warned of voter apathy and suggested the reason many people don't bother to vote is that they simply do not believe what government officials tell them.

He attacked the "myth" that the Democrats won last year's national elections. "We did put more people into office, and I am glad for that," said Biden. But he noted that fully 46 percent of America's eligible voters did not participate in last year's election and that President Carter was elected by only 27 percent of the people.

"Forty-six percent of the registered voters of the United States said none of you was worth the price of the powder it takes to blow you to Hades and I am staying home," Biden told the political gathering.

Group Politics

Too many national level politicians are dominated by interest group politics,

Biden said, and too few are willing to tell their constituents that if they want a governmental service they will have to pay for it.

And he said too many citizens demand more governmental services, such as day care centers and care for the elderly without wanting to pay for them.

"When is the last time anybody came to you and said don't do anything for me?" asked Biden.

The senator asked why those who demand more government services cannot perform some of them for themselves.

The senator said the fact that many citizens demand services they do not really need, means that the truly needy go without.

"It costs \$700 a week (to provide

nursing home care for an elderly person)," said Biden. "When I was growing up I had a grandmom and dad living with me, and it didn't ruin my psyche — at least I don't think it didn't. Sure, it meant we couldn't go to the shore for a month in the summer, but we could take care of them."

But now, Biden said, citizens who can afford to keep their parents at home want to put them in government subsidized elderly housing and "those people who really need it get \$700 a week when they need \$1,500."

And he told the gathering of Democrats, "We got to start saying as a party, if we are a party, we've got to start telling the people what they are doing wrong."

Said Biden, "The point is simply folks,

you can have it all, you can't have it both ways. What we lack more than anything else today is a sense of individual responsibility and accountability."

Sen. Biden Hoping For Veto Of Any 'Pro-Oil' Energy Bills

By TOM GRISCOM
N-FP Political Writer

Sen. Joseph Biden, D-Del., said Friday night he hopes President Carter will veto any energy bill passed by Congress

that "favors the oil companies."

The 34-year-old senator, who delivered the Keynote address at the Estes Kefauver Memorial Dinner, said he felt the Con-

gress has "emasculated the president's energy program and I doubt that anything that comes out of the Congress will

(See Page 3, Column 2)



ATTEND KEFAUVER DINNER — Several national, state and local political leaders attended the annual Estes Kefauver Memorial Dinner Friday night at the Sheraton Inn.

Among those present were, from left, Hamilton County Democratic Chairman Ward Crutchfield, Insurance Commissioner Millard Oakley, General Services Administrator Jay Solomon, House Speaker Ned McWherter, Sen. Jim Sasser and state Treasurer Harlan Matthews. (Staff photo by Walter Stricklin)

(Continued From Page 1)

resemble his plan."

Some 500 national, state and local political figures filled the Sheraton Inn to honor the late Sen. Kefauver and the late Jean Livingston, one of the original founders of the annual memorial dinner.

General Services Administrator Jay Solomon hand-carried a letter from President Carter, who recalled his participation in the first Kefauver Dinner while he was still governor of Georgia.

In the letter to addresses to John Foy, chairman of the dinner, President Carter said he felt it was "appropriate the event is being held in tribute to the late Jean Livingston.

"By her sensitivity and responsiveness to the needs of her community, and state and to current national issues, she gave the finest possible expression to our Democratic heritage as a party of the people. Her achievements were a lasting credit to the Kefauver tradition."

Sen. Biden, who serves on four Senate committees, told the audience that Sen. Kefauver "exemplified what we need in politicians. We need to stop favoring special interests and tell the people what we really need.

"If we want to get government off our backs, then we need to get out of its back pocket . . . and that is what Estes Kefauver believed in."

Turning his attention to current issues, Sen. Biden said last night prior to coming here he voted against the bill to raise Social Security taxes because "I feel it is premature."

"The bill will require \$70 billion over the long haul and I just don't feel we have had enough time to consider the measure," he said.

Sen. Biden tagged Sen. Russell Long, D-La., who chairs the Senate Finance Committee, as having "a different perspective than some of us. He has an oil company perspective and this puts him in a powerful position as far as President Carter is concerned with getting something through the Senate."

Sen. Biden admitted that the Congress has been "overloaded" with legislation by the Carter administration, but "the president could do little than put a full plate in front of us."

As a campaign director in 38 states for President Carter during the campaign, Sen. Biden said the president needs to make sure he continues to highlight his bills for the American people.

Sen. Biden, who heads the committee on secrecy, said he felt the Justice Department had to take its case against former CIA Director Richard Helms before the court in "a closed hearing."

Mr. Helms was convicted of failing to supply information to a Senate committee investigating the CIA's involvement in Chile.

"It was hard to bring out all of the facts involving Helms," he said. Sen. Biden said he will introduce legislation to have "in camera" hearings in private with attorneys present so information can be brought before the court.

Tennessee's junior senator, Sen. Jim Sasser, said it has been "overstated" that a majority of President Carter's programs have not gone through the Congress.

"There is some truth though," he said, "that the president has tried to push the Congress too fast without giving enough time to digest these programs."

He said any president is

going to drop in the polls in his first year when "he has to grapple with hard issues. . . miracles cannot be worked overnight."

But even with Mr. Carter's slippage in the polls, Sen. Sasser said he felt the Republicans will suffer a "net loss" in the Senate next year but "may pick up" some House seats.

Sen. Sasser said he did not think Gov. Blanton would be the focal point of the gubernatorial election in Tennessee next year. "I think the next governor will be a Democrat and I think the people will select him on his own merits," he said.

However, Sen. Sasser said he felt if Gov. Blanton could do some things over, "he would do them differently."

Sen. Sasser, who presided over the first Kefauver dinner, related that he got his start in politics in 1958 with Estes Kefauver.

"I worked in his campaign carrying his bags and driving his car," he said. "I had an appointment with him the day he suffered his fatal heart attack."

Congresswoman Marilyn Lloyd, who delivered the eulogy to Mr. Kefauver, said, "The legacy of Sen. Kefauver has become a part of American tradition. I think it may be said that the career of Sen. Kefauver helped to prepare the way for the acceptance once again of a Southern politician as a truly national leader."

Rep. Lloyd said people felt "in Kefauver an honesty and sincerity which they seldom experienced in their public ser-



DISCUSSING WASHINGTON — Several Tennesseans, now serving in Washington, attended the annual Estes Kefauver Memorial Dinner Friday night.

Those present included, from left, Ken Hayes, Janice Mendenhall, and they responded with trust and affection." Other dignitaries at the event included General Services Administrator and Mrs. Jay Solomon, TVA Director S. David Freeman, Insurance

Mendenhall, Jim Free, Mrs. Rosalind Solomon, General Services Administrator Jay Solomon, and Roger Harrison, of Sen. Joseph Biden's staff. (Staff photo by Walter Stricklin)

Commissioner Millard Oakley, Treasurer Harlan Matthews, House Speaker Ned McWhorter, Nashville Mayor Richard Fulton, Rep. Roger Murray, and several state legislators and local city commission and county council members. Several Chattanoogaans and Tennesseans now working in the Carter administration attended the dinner. They were Jim Free, Ken Hayes, Robert Rogers, Rilla Moran Woods, and Janice Mendenhall.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

November 14, 1977

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MEMORANDUM FOR THE PRESIDENT

FROM: Bob Lipshutz *BL*
SUBJECT: Bob Meyer -- Cecil Andrus

Attached is an article of interest regarding the above matter, which appeared in last Thursday's Los Angeles Times.

**Electrostatic Copy Made
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Imperial Valley Farmers Learn Political Lesson

10/10/ BY ELLEN HUME
Times Staff Writer

7) WASHINGTON—Armed with soil samples and a \$50,000 war chest, Imperial Valley farmers came to Washington Wednesday to fight enforcement of the 75-year-old law that threatens to break up their farms.

Instead of teaching the federal government about their water problems, however, the farmers learned a hard political lesson—taught not by their own paid strategist, former Ronald Reagan adviser Bill Roberts, but by a former family farmer who is now secretary of interior.

The Californians had hoped to persuade Interior Secretary Cecil D. Andrus to support their cause, which argues that the Imperial Valley should be exempt from the 1902 Reclamation Act's 160-acre limit on farms using federal water.

But instead they learned that one does not win favors in Washington by breaking the political rules. The farmers discovered too late Wednesday that the man they considered their best ally—fellow Brawley farmer and former Asst. Agriculture Secretary Robert H. Meyer—had alienated the federal establishment.

Meyer not only had infuriated some Washington officials by lobbying "as a private citizen" for his own Imperial Valley interests while still a federal official but he had enraged Andrus by attacking the interior secretary's integrity and courage in a speech Oct. 27 in Andrus's hometown, Boise, Ida.

Please Turn to Page 26, Col. 1

Imperial Valley Farmers Take Case to Washington

Continued from Third Page

Charges that Meyer had misused his influence in the Agriculture Department by lobbying on Capitol Hill accompanied by the head of his own Imperial Valley blind land trust led to his resignation Oct. 20. Meyer has remained in Washington and he accompanied the farmers on their visit to Andrus' office Wednesday.

The fireworks started the minute Andrus entered the room.

Spotting Meyer, Andrus walked over to shake his hand. "The infamous Mr. Meyer," he said. "I've read some of your speeches."

During the 90-minute meeting, Andrus continued to take potshots at Meyer while he fingered a copy of the speech Meyer had made attacking him.

In the speech, Meyer blamed Andrus for the Imperial Valley's potential problems with the 160-acre limit, saying that he "shouldn't be in office and will never qualify for a chapter in 'Profiles in Courage'" if he did not favor changing the 160-acre rule. In one text of the speech, which Meyer since has said he did not follow, he called Andrus "a disgrace to the west."

Andrus listened Wednesday to the arguments of the five Imperial Valley farmers who accompanied Meyer. But when Meyer tried to compare the federal government's total expenditures for reclamation—7.5 billion—with its 1976 aid to South Korea, \$8 billion, Andrus retaliated.

"I'm not secretary of state," he snapped at Meyer.

"You're speaking to the television camera, not me."

Later Andrus emphasized that it was a court ruling—not the Interior Department—which decided that the Imperial Valley was subject to the 160-acre limit.

"You can beat on somebody, Mr. Meyer, but beat up on the federal judge you lost to," Andrus said.

In a reference to Meyer's brother-in-law, who accompanied him on his controversial lobbying trips to Capitol Hill in September, Andrus added: "Mr. Meyer, you ask how can I help you? I might be able to if the judge were my brother-in-law."

Andrus' most sustained barrage came toward the end of the meeting, after the farmers had produced soil samples and plat books to argue that they need more than 160 acres to break even in the Imperial Valley.

"Whether I ever go down in 'Profiles in Courage' or not is not to me the question," Andrus said looking at Meyer. "The question is the 1902 act and the oath of office that I took—the game one you took once, my friend—to uphold the laws and Constitution of the U.S. of America. If we don't like those laws then we'd better ... change them."

Andrus complained that 75% of the 5,162 letters the Interior Department has received on the reclamation issue this year contain "misinformation."

"And inflammatory statements and speeches about your secretary of interior don't, frankly, help one darn bit," he said.

Andrus tried to assure the farmers as they left that his conflict with Meyer would not influence his position on their problem.

"The public has to be aware that Mr. Meyer and I have a problem about a speech he made. It has no impact on the rest of you," he said. "We have taken the position in Interior that we're not going to attempt to enforce this in the Imperial Valley until it's decided in court."

Meyer said after the meeting that he would not testify today and Friday with the other farmers at Senate and House hearings on the 160-acre rule.

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Cabinet Meeting

11/14/77

THE WHITE HOUSE
WASHINGTON

- > Solomon telescope (Press)
- Basic research needs / → ~~Dev~~ LDC's
- > Cuba → Ethiopia / Eritrea / Angola
- > SACT mtg?
- > 1978 priorities - H/S
- > Utility rate reform
- Assad / Sadat mtg
- Shah - Nuclear power
- Somalia - Su & Cuba out
- Soc Sec conference
- H - H bill analysis
- Indian Ocean
- S Africa - Business leaders?
- European conservatives
- I LA - strike - (+)
- Jimon one strike - (+)
- LI RR " (-)
- Illegal alien → bracero

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WASHINGTON

- Mexican econ improving
- HUD reorg
- Disasters
- Coal production - 16 m T/yr
need 4 1/2 % growth annually
- Am Behol Inst - Houston
- No EROR override
- Nuclear licensing bill
- Mtg \bar{c} small/mid business hrs.
- Reorg fed personnel system
- Retirement
- Transportation legis
- Business - non homogeneous
- Patoliches
- '78 Econ
- PRC - Critical of US
Committee on Present Danger

Cons - Envir - Auto - or 1-945 - 11/1

11/14/77

THE WHITE HOUSE
WASHINGTON

COET - impasse - save
House (18 votes) - rebates
Senate (105) - Production
Senate - Δ oil pricing scheme
Not part of tax portion
Composite price Δ 10% / yr max
Admin proposals - contingent

- Extra margin - may suit Long
Explore specifics?
i.e., Oil pricing in current law
- Would oil price for new oil
Equip definition of oil (?)
Define new reserves
Absorb stock market comp pricing
Decline rate? incl. us majors

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THE WHITE HOUSE
WASHINGTON

9
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MINUTES OF THE CABINET MEETING

Monday, November 14, 1977

The thirty-third meeting of the Cabinet was called to order by the President at 9:02 a.m., Monday, November 14, 1977. All Cabinet members were present except Mr. Bergland, who was represented by Agriculture Deputy Secretary John White; Mr. Blumenthal, represented by Treasury Deputy Secretary Robert Carswell; Mr. Califano, represented by HEW Under Secretary Hale Champion; and Ambassador Young, represented by U.S. Deputy Representative to the Security Council Donald McHenry. Other persons present were:

Zbigniew Brzezinski	Dick Moe
Landon Butler	Frank Moore
Alan Campbell	Dick Pettigrew
Doug Costle	Frank Press
Stu Eizenstat	Charles Schultze
Jane Frank.	Jay Solomon
Robert Lipshutz	Claudia Townsend
Bunny Mitchell	Charles Warren
	Jack Watson

1. The President asked the Vice President to explain the functions of the White House Executive Committee, which Committee he chairs:

-- The Vice President explained that this recently-created Committee is working on a Presidential agenda for the next several months, and that Cabinet members have been asked to provide lists of major legislative and other events and activities in order of priority as to their need for Presidential involvement and visibility. He said that the time frame for completing the agenda is very short. He also said that, in order for the project to be really helpful to the President, the Cabinet members themselves must give the matter their personal attention.

-- The President said that the Administration's workload in 1978 will be extremely heavy, and that, consequently,

it is essential for us to set the priority and timing of various major projects. He asked Cabinet members to keep their lists confidential and indicated that a future Cabinet meeting might be devoted entirely to this subject. He also asked Cabinet members to review any lists which already have been prepared by their Departments and to give him the benefit of their personal judgments on the matter.

2. The President asked for comments from Cabinet members, beginning with the Secretary of State:

-- Mr. Vance summarized recent developments in the Middle East. The current exchange of statements by Egyptian President Sadat and Israeli President Begin is encouraging and constructive. Discussions are underway in Tunis involving the Foreign Ministers of various Arab countries and in several days a very important meeting will occur in Damascus between Syrian President Asad and Egyptian President Sadat.

-- The Shah of Iran will arrive tomorrow for discussions with the President that include oil prices and Iran's nuclear power program. Mr. Vance noted that the Shah supports the U.S. stand on non-proliferation of nuclear materials. He also noted that the Shah's visit poses a difficult security problem because large numbers of protestors are expected.

-- Mr. Vance said that Somalia has asked the Soviets to move out of that country, an action that he characterized as a "major step." This development does not get to the heart of the problems between Somalia and Ethiopia, and the U.S. is continuing to try to help resolve those problems.

-- He said that the recent trip to Panama by several Senators led by Senator Robert Byrd was a success; Mr. Vance also praised certain initiatives recently taken by Panamanian President Torrijos to promote U.S. Senate ratification of the treaties.

3. Mr. Andrus said that it would be helpful for Cabinet Secretaries to know whether an activity being pursued by their Department is on the President's personal agenda for the coming year. The President agreed and said that he intended to discuss his proposed agenda thoroughly with the Cabinet.

4. In response to a question from Ms. Kreps, Mr. Champion said that the Senate/House Conference on Social Security has been deferred until after action has been completed on the energy legislation. He predicted that the final bill will be less costly than either the Senate-passed or House-passed versions. The President said that he planned to review an analysis of the various options this week. Mr. Eizenstat added that it would be ready for his review today.

5. Mr. Schultze said that this morning the sponsors of the Humphrey-Hawkins bill would announce a substantially revised version of their legislation, and that the White House would state its support for the revised bill. The key features of the revised bill are that it:

- requires the President to include in his annual economic report five-year statistics on employment, unemployment, production, real income and productivity;
- establishes the national objective of reasonable price stability;
- requires the President to recommend budgetary and other policy to meet his short-term (two years) goals;
- establishes a goal of 4% unemployment (3% for adults) by 1983, a goal which the President may modify in his annual economic message for 1981 depending upon economic conditions at that time;
- provides for Congressional review of the President's economic goals.

Mr. Schultze emphasized that the legislation has been considerably revised from earlier drafts. It does not mandate that the President look only at unemployment goals; it authorizes no new programs, although it does contain hortatory language about certain programs. It has a section on "last-resort" jobs, but such jobs need only be provided if, "in the President's judgment", they are required. It contains no full employment and balanced

growth plan, although it does require the President to spell out his goals on these subjects.

-- The President commended Messrs. Schultze, Marshall and Eizenstat for their excellent work on the subject.

6. The President noted that he met last week with about thirty middle-level business leaders from around the country and asked them to work with federal personnel in their communities on solving problems such as unemployment and economic development. Mr. Marshall said that this activity would be useful, and that some progress was already being made. Ms. Harris noted that alliances were forming in many cities between local businesses and others interested in revitalizing urban centers.

7. Dr. Brzezinski said that the Special Coordination Committee of the NSC met last week to review progress and establish a position on the Indian Ocean negotiations. There will be two further stages in the negotiations, and he predicted that agreement is likely to be reached early next year.

-- Other issues reviewed by the NSC last week were North/South strategy and the "common fund."

-- The NSC is increasingly concerned about the scale of Cuban involvement in Africa, especially in Somalia and Angola.

-- Dr. Brzezinski met last weekend with a group of conservative foreign leaders and said that they are increasingly critical of U.S. foreign policies.

-- Ambassador Strauss said that conservative groups in the U.S. are also expressing concern over our foreign policy and that we need to do a better job of explaining to the people what we are doing and why. The President noted that he was pleasantly surprised by the House of Representatives' recent vote on South Africa and pleased by the voluntary action of certain major U.S. corporations to adopt a code of conduct regarding investment in South Africa. Mr. Vance said that he had met with forty business leaders in New York City on this subject and found them to be very supportive of the President's basic policies in that area.

-- The President said the United States will begin to express its frank criticism of the "Cuban intrusion" into Africa.

8. Mr. Marshall said that the Longshoremen's strike is about to be settled. A remaining trouble spot is New Orleans, but efforts are continuing to restrict the strike to containerized vessels. New Orleans is a particularly key port because it handles so much of the grain harvest.

-- Mr. Marshall predicted that a strike might occur on the Long Island Railroad. The Department of Labor is attempting to facilitate a settlement. Since that railroad is solely intra-state, the New York authorities are better able to deal with the situation than the federal government.

-- Mr. Adams said that the issue with the Long Island Railroad is a forerunner of an emerging nationwide problem concerning train work rules.

9. The Attorney General described his recent meeting with the Mexican Ambassador concerning the pending legislation on undocumented workers.

-- The President noted that the Mexican government has been very cooperative and effective in dealing with the international drug problem as it affects the U.S. and Mexico.

10. In response to earlier comments about foreign policy, particularly in Southern Africa, the Vice President commented that the foreign policies of the Carter Administration reflect the fundamental principles and moral values of our nation. They certainly do not represent any radical philosophy and, on the contrary, are completely consistent with the overall framework of this country's value system and its belief in the dignity of the individual.

-- The President drew an analogy to the civil rights struggle in the South. Once change began to come, interests that had been long resistant were willing and able to adapt. He said that by keeping enlightened business leaders working with us on problems such as South Africa, we will prevail. He added that, in his opinion, the majority of Western European business leaders have the same inclination to support enlightened policies.

11. Mr. Carswell said that the Combined Federal Charity campaign has not yet reached its goal. The President noted that the performance of some White House offices has been excellent, while others have been less good.

-- Mr. Carswell said that New York's attempted return to the public financial markets was frustrated last week. Its notes were rated by Moody's as 4 on a scale of 1 to 4. This means that the U.S. will lend another \$575 million to New York as the final installment loan in the current fiscal year's seasonal financing program. Helping New York beyond June 30, 1978, will require a coordinated effort between the Executive Branch and the Congress. Mr. Carswell added that the primary reason for New York's low rating was not that repayment of these notes was in jeopardy, but that the city's future remains too uncertain. The Treasury Department has already started meeting with Mayor-elect Ed Koch.

12. Mr. White said that Mr. Bergland is in Rome attending an international conference on food.

-- USDA will submit an options paper on feed grains' policy to the President tomorrow.

13. Ms. Harris said that HUD is implementing its internal reorganization.

-- The problems from the North Carolina disaster continue. Over six hundred people are isolated because of the numbers of roads and bridges that have been washed out, and food is being flown in.

-- New York's Governor Carey has requested disaster relief for part of New York City, and a similar request is expected from New Jersey Governor Byrne.

-- The President said that when he was Governor, there was an almost unanimous condemnation of the federal government's handling of disasters. He noted that this situation has radically changed in the past nine months. For example, the Pennsylvania Congressional delegation voluntarily came forward to praise the federal efforts in dealing with the flood situation there earlier this year, and numerous Governors whose states have been hit by one kind of disaster or another have made similar comments. The President added his personal commendation and asked Ms. Harris to convey it to personnel at the Federal Disaster Assistance Administration.

14. Dr. Schlesinger said that the National Coal Association believes it can produce enough coal to meet the Administration's growth targets over the next eight years, although the Business Roundtable disagrees. Our present capacity for annual coal production is 840 million tons or more; this capacity needs only to increase by 4.5% per year to meet the growth targets for 1985.

-- Dr. Schlesinger will address the American Petroleum Institute in Houston tomorrow.

-- He noted that the Administration's nuclear policy is consistent with the recommendations of a recent Ford Foundation report on the subject.

-- Dr. Schlesinger said that the Senate is not likely to try to override the President's veto of the authorization for the Clinch River breeder reactor.

-- DOE is working on the seventh draft of a nuclear licensing streamlining bill. An options paper should be ready for the President by the end of the week.

-- Dr. Schlesinger described the pace of the energy conferences as "stately"--conferences on taxes and natural gas issues are "waiting for each other to begin." There is some inclination to mark up the utility rate portions of the legislation before the natural gas portions, but several conferees feel that the order of mark-up should be reversed. Action is expected this week on the electric rate reform provisions, an aspect of the bill having great importance to consumer groups. The President asked Dr. Schlesinger to distribute a memorandum to the Cabinet outlining these provisions and asked Cabinet members to devote attention to this issue in their energy speeches this week. Ambassador Strauss suggested that some well-publicized energy comments by HUD Under Secretary Jay Janis might also be distributed. The President and Dr. Schlesinger briefly discussed the states' rights issue which is being raised by some as an argument against passage of the utility rate reform section.

15. The President said that he plans to have a series of meetings with business leaders from around the country over the next several months. He commented that the meeting last Thursday with business leaders had been very productive and asked Bob Strauss to report briefly on it.

-- Ambassador Strauss said that the meeting was approximately three-hours long and included a very informal buffet in the Roosevelt Room; brief presentations by three Cabinet members in the Cabinet Room on topics of interest, followed by questions and comments by the guests; and an hour's informal discussion with the President. Twenty-six business leaders from around the country were present. He noted that a positive editorial about the meeting had already appeared in a Dallas, Texas newspaper. Mr. Strauss suggested that subsequent meetings reach beyond the business community to include other constituencies with whom the President needs to consult.

-- The President thanked Ms. Kreps for initially bringing the need for such consultations to his attention. He noted that he has already received a memorandum from Mr. Blumenthal responding to a question raised by one business person at the meeting concerning the "11 questions" asked of corporations by the IRS on the subject of corporate bribery and kick-backs. The President is forwarding a copy of that memorandum to Mr. William Mead, Chairman of Campbell, Taggart, Inc., who raised the question. Others at the meeting also raised issues which the President thinks the Administration can and should address.

16. Mr. McIntyre said that OMB is working with Civil Service Commission Chairman Alan Campbell to complete recommendations to reform the federal civil service system. Mr. Campbell will brief the Cabinet on the subject immediately following the Cabinet meeting.

-- Mr. McIntyre said that OMB is also setting up a study commission on retirement. The President said that he hopes by the time he leaves office, reforms in this troublesome area will be clearly outlined.

-- The President noted that his preliminary reviews of the Department budgets for FY 79 have begun. Three Departments were covered in the first meeting last Friday.

17. Mr. Adams said that DOT will have a proposed legislative package on transportation ready soon. He believes that the legislation should be sent to the Hill in January, if at all possible.

-- He will meet with people in Washington this week to discuss the Washington, D.C. metro system.

18. Ms. Kreps said that, in her opinion, it would be a great mistake to view the business community as a "homogenous group" since the views of the "business community" in the U.S. are as different as the views around the Cabinet table. She underscored the critical importance of the partnership between government and the private sector and urged each Cabinet member to work with the business community as much as possible. She said that she does not view her role as being "spokesperson" for the business community, but rather as one of communicating and explaining the President's positions and serving as one of many channels of access to the Administration. She said that business leaders are not so eager to have a spokesperson as to have an opportunity to be heard.

-- On the subject of South Africa, she said that she does not find business leaders allied with the conservative position, but rather that they are eager to perform a leadership role consistent with the President's policies. She specifically noted the extreme cooperation she has received from Irving Shapiro, Chairman of the Business Roundtable, on regulations concerning the Arab boycott recently issued by the Commerce Department.

-- Ms. Kreps will go to Los Angeles tonight to address the US/USSR Trade & Economic Council, Inc., the same group being addressed by Soviet Trade Minister Patolichev.

-- The President described his recent meeting with Mr. Patolichev, in which the latter observed that, compared with SALT, the Middle East and the comprehensive test ban, U.S.-Soviet trade issues were easy. In contrast, the President said that all the issues have to be considered together, and that in many respects, trade is the area in which he has the least opportunity for initiative.

-- Ms. Kreps said that she has postponed her trip to the Soviet Union until the spring but will go to Poland, as planned, at the end of this month.

-- She expressed increasing concern about the economic projections for next year and suggested that Mr. Schultze

might give the Cabinet an up-date at the next meeting. The President agreed and said that several business leaders have been urging him to give a speech as soon as possible on the state of the economy and his plans for dealing with it.

19. Dr. Brown mentioned a number of observations on U.S. foreign policy made by the chief of the liaison office of the Peoples Republic of China.

-- He spoke to the Committee on the Present Danger on Friday; he noted that although many of that group are skeptical about SALT, the members do not necessarily have identical interests, and that a continued dialogue may be useful.

-- He has investigated a FY 77 spending shortfall at DOD. \$2.5 billion was unspent primarily for two reasons: program reductions due to administration decisions to save money; and late placing of contracts. He said that we do want to reduce unnecessary programs but we also want to proceed promptly to obligate funds for those that we decide should go ahead.

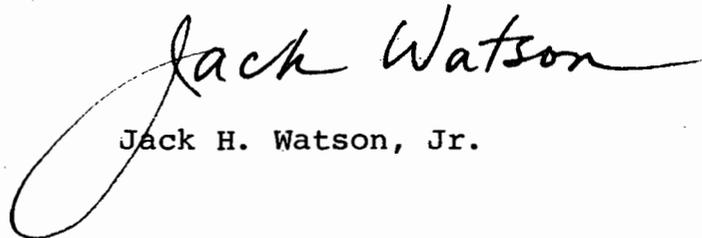
20. The President commended a recent memorandum by Science Advisor Frank Press on the need to focus research and development efforts on national needs. He has circulated the memorandum to the Cabinet.

-- The President said that one of the pleasant surprises since becoming President is the very high quality of CIA briefings. He urged Cabinet Departments to make use of relevant CIA information. Mr. Marshall said that his weekly briefing by the CIA is extremely helpful.

21. Mr. Vance said that he will testify early next year concerning Senator Ribicoff's bill on aircraft hijacking.

The meeting was adjourned by the President at 11:02 a.m.

Respectfully submitted,

A handwritten signature in black ink that reads "Jack Watson". The signature is written in a cursive style with a large, looping initial "J".

Jack H. Watson, Jr.

THE WHITE HOUSE
WASHINGTON

November 14, 1977

Midge Costanza
Stu Eizenstat
Hamilton Jordan
Bob Lipshutz
Frank Moore
Jody Powell
Jack Watson
Hugh Carter

Re: Cabinet Summaries

The attached was returned in the President's outbox today and is forwarded to you for your personal information. No copies should be made.

Rick Hutcheson

Attachments:
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Justice, HUD, HEW, Transportation,
Interior, Agriculture, STR, EPA
Commerce, Labor

EYES ONLY - CONFIDENTIAL AND SECRET
ATTACHMENTS

yes only

THE WHITE HOUSE
WASHINGTON

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	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 CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

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November 11, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *C/S*

Subject: CEA Weekly Report

Humphrey-Hawkins. We have been working closely with Stu's staff to prepare for public announcement of our agreement with the sponsors of the Humphrey-Hawkins bill. This afternoon, Stu and Lyle Gramley briefed reporters from news magazines that will appear on the newsstands Monday. We will brief the rest of the news media Monday morning for immediate release. We have conferred closely with the staff of the sponsors to make sure that our statements and briefing schedule are not in conflict.

Oil Imports. My staff expects to provide me by Monday a draft memorandum to you on policies to reduce oil imports in the near future. I plan to send my memo to Secretary Schlesinger to receive his comments, and to have a final memo of recommendations to you by Wednesday or Thursday.

Unemployment Profile. I have asked my staff to work up for you an analysis of the characteristics of the unemployed in America. I cannot give you a precise deadline, but I hope to provide you with a full account within 10 days or so.

PSE Jobs. In our discussion this morning on CETA/PSE jobs, I showed you a table which subtracted CETA/PSE employment from total state and local employment. About 20 percent of recent additions to CETA/PSE employment, however, represent hiring by private, non-profit organization that should not be charged against state and local employment. The basic conclusions of the table still stand.

CEA Annual Report. My staff is now deeply into the preparation of the statutorily required Annual Economic Report of the President. The volume will trace economic developments during the past year, outline our forecasts and goals for 1978 and beyond, and discuss developments of importance in the domestic and international economies. It will be published shortly after the budget in January.

Energy. Council staff made no new public presentations on energy policy this week.

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

C

November 11, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren *Charles Warren*
Gus Speth
Marion Edey

SUBJECT: CEQ Weekly Status Report

Clinch River Veto: We have received numerous letters and communications from environmental and energy groups praising you for the Clinch River veto.

Nuclear Licensing: Through OMB, we have been working closely with other agencies to resolve interagency disagreements on a nuclear licensing reform bill. The current draft must be changed significantly if it is going to have broad acceptability.

Reorganization: Today we hosted a meeting of environmental organizations with Bill Harsch, the new Director of Reorganization for Natural Resources and Environment. The groups spoke strongly in favor of maintaining EPA as an independent agency. We expect to be working closely with Harsch in developing reorganization proposals in this area.

Water Resources Reform: The Water Resources Reform Policy Committee (Interior, CEQ, OMB) released for public comment a series of draft option papers on water policy reform issues. We also conducted a briefing for Senate and House staff members on this Administration effort. It is now clear that any significant proposals for reform in this area will be controversial, but the need for such reforms is as pressing as ever.

DOE Budget: We have been working with OMB on the nuclear component of the proposed DOE FY79 budget to ensure consistency with your non-proliferation objectives.

Water Bill: Senate/House conference on water pollution bill was completed this week and should be viewed as a victory for Administration. The Section 404 wetlands protection program was retained and strong protection for toxic water pollutants established.

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THE SECRETARY OF THE TREASURY
WASHINGTON 20220

November 11, 1977

C

MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. MONETARY AFFAIRS

I testified today before Senator Proxmire's Senate Banking Committee on monetary and fiscal policies, following the testimony that Chairman Burns gave on Wednesday. The main event was Senator Proxmire's expression of frustration at my refusal to pick a fight with Chairman Burns.

On the Witteveen Facility, we have continued to work on the complex budget and appropriations problem and hope to reach a solution which would require an appropriation only for contingent losses that may occur. We may well need your help on this with Chairman Mahon. I'll keep you advised.

2. GENERAL MOTORS ON THE ECONOMY

General Motors reported increasing dividends and justified this by stating that it was confident that the Administration's economic policies for 1978 would be sound and constructive. Tom Murphy specially called me to underline that GM is doing what it can to help us build business confidence.

3. BOYCOTT GUIDELINES

The Tax Reform Act of 1976 denies certain tax benefits to taxpayers who participate in an international boycott. In the latest Boycott Guidelines released by the Treasury Department in August, 1977, guidelines relating to letters of credit drew objections from banks. On November 8, Treasury announced a set of transition rules for letters of credit that will ease substantially the banks' problems with adjusting operations to comply with the guidelines.

4. NEW YORK CITY FINANCES

New York City was on the verge of undertaking next week its first public borrowing since 1975, but had to withdraw after learning November 10 that it had received an unsatisfactory credit rating. This will make our efforts for follow-on legislation in 1978 that much more difficult. I'll keep you informed.

5. GULF OIL PENALTY

The Gulf Oil Corporation has paid a \$229,500 penalty assessed by Treasury. The penalty was the result of a Customs investigation of Gulf's failure to report the importation of currency used for political contributions in 1972 and 1973. The penalty equals 90 percent of the total amount involved in the violation.

6. PANAMA TREATIES

I have sent 700 letters to top corporate executives emphasizing the importance to American business of ratification of the Panama Canal Treaties. I stressed that the treaties would economically benefit the United States and urged their support for ratification as being in the national interest.

7. SPEECHES AND TRAVELS

This week I spoke on energy to 1500 members of the Indiana Chamber of Commerce. Bob Carswell spoke to 350 financial analysts and representatives of energy companies, and reports that their attitude toward the program was unyielding.

Next week I will give the opening address at the National Foreign Trade Convention in New York City, where I will emphasize international aspects of our energy problem. I then fly to Los Angeles to share the podium with Soviet Foreign Trade Minister Patolichev at the US-USSR Trade and Economic Council meeting. I will also make a speech in Dallas, arranged by the Democratic National Committee, before returning to Washington on Thursday.

8. MEETINGS WITH YOU

In accordance with your suggestion I have asked Tim Kraft to set dates for two sessions with you before the end of next week: (1) a very restricted group to review tax reform options, and (2) a meeting with Schlesinger, Schultze, McIntyre, Solomon and myself to discuss the balance of payments.



W. Michael Blumenthal

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/ att.	From Brzezinski to The President (21 pp.) re: Economic Assistance Options	11/14/77	A
memo	From Vance to The President re: The Future of U.S. Foreign Assistance (2 pp.)	11/10/77	A
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memo	From Young to The President (one page) re: U.S. Mission to the U.N. weekly activities/enclosed in Hutcheson to Cabinet members 11/14/77	11/11/77	A
memo	From Blumenthal to The President (3 pp.) re: Weekly Report on the Economic Policy Group/ enclosed in Hutcheson to Cabinet members 11/14 /77	11/11/77	A

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Office of the Attorney General
Washington, D. C. 20530

November 11, 1977

Re: Principal Activities of the Department of
Justice for the Week of November 7 through 11

1. Meetings and Events

The Attorney General and the Associate Attorney General, Michael Egan, lunched with the Mexican Ambassador to the United States to discuss the Administration's undocumented alien program. On Saturday of this week, the Attorney General will speak to the litigation section of the American Bar Association in San Francisco.

2. Negotiations with representatives of Great Britain

During this week, a team of Antitrust Division lawyers headed by Assistant Attorney General John Shenefield met with Sir Leo Pliatzky and other representatives of Great Britain to discuss issues of concern regarding extraterritorial application of U.S. antitrust laws.

3. Legislation

o Child Pornography - On November 4, both the House and the Senate agreed to the conference report on S. 1585, to make unlawful the use of minors engaged in sexually explicit conduct for the purpose of promoting any film or printed material, thus clearing the measure for the President.

o D. C. Representation - The House Subcommittee on Civil and Constitutional Rights voted out the proposed Constitutional amendment providing for D.C. representation in both Houses of Congress. The Administration supports the resolution and DOJ provided the main Administration testimony on the bill.

o Judges' Accommodations - H.R. 2770, which provides flexibility in the assignment of accommodations for nonresident judges of the Courts of Appeals, was passed by the Senate last Friday (November 4) and is now at the White House awaiting Presidential approval.

4. Crime Program

Assistant Attorney General Benjamin Civiletti held five meetings this week with various agencies and departments whose cooperation is essential to the development of the crime program. Among these were initial meetings with the two officials whose help will be the most vital to the program -- Commissioner of IRS and the Secretary of Labor.

5. Intelligence Charters

The Attorney General's staff met with representatives of Senators Huddleston and Bayh to discuss means of working together to develop charter legislation for the FBI's intelligence activities.

6. United States Attorney's Conference

On Sunday, November 13, 1977, the first Conference for United States Attorneys under the Carter Administration will begin with a reception at the Watergate. The Conference will last for three days, November 14 through 16, and will include speeches from the Justice Department leaders and a number of specific subject matter seminars. On Monday, November 16, the Attorney General will speak to the group outlining his goals and priorities for the Justice Department and requesting the United States Attorneys to prepare and submit Two-Year Plans for their offices. In addition, three additional days of optional seminars (November 17 through 19) will be provided for United States Attorneys who wish to stay. At present, 86 of the 94 United States Attorneys, including nominees who have not yet been confirmed, are expected to attend.

7. Miami Spy Case Convictions

On Friday, November 11, 1977, a federal court jury in Miami convicted accused spies Lutz Carl Weischenberg and Carl Heiser III of conspiring to export secret navigational devices, and convicted Weischenberg of failing to register as a foreign agent. They had been charged with involvement in a scheme to sell computer and navigational components to the Soviet Union and East Germany through Cuba. A date for sentencing has not yet been set.

8. The Department's weekly report on appointments is attached.

to HJ



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

9/

November 11, 1977

MEMORANDUM FOR: The President
Attention: Rick Hutcheson, Staff Secretary

SUBJECT: Weekly Report of Major Departmental Activities

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

HUD Demonstration Assists South Bronx. HUD's research and demonstration staff has met with New York City's Urban Homesteading Assistance Board to work out details for the conveyance of 11 city-owned multifamily properties to two local organizations, Peoples Development Corporation and Adopt-a-Building. Peoples Development Corporation is the group that you visited with in the South Bronx and the six properties to be conveyed to them are located in the South Bronx.

Board of Estimate hearings to approve the conveyance will be held on November 17. HUD's Section 312 Rehabilitation Loan program will be used to provide 20-year financing for the rehabilitation, with construction financing provided by private lenders. In addition, the City has set aside CETA funds to pay the labor costs of rehabilitation.

This is the first time the Department has used the 312 program together with private short-term financing. The demonstration is expected to show, on a small scale, what can be achieved in a high-risk area like the South Bronx through cooperation of Federal, local, neighborhood and private organizations.

Labor Leaders Comment on Urban Policy. As part of its continuing consultation process, Urban and Regional Policy Group staff conducted an all-day Labor Forum on November 4. The labor leaders attending the Forum urged passage of the Humphrey-Hawkins Bill; financial assistance from the proposed Urban Development Bank for municipal governments as well as for businesses; actions to expand job opportunities; and other measures to increase the competitive position of distressed cities. Union representatives also expressed concern that training programs and other measures might divert job opportunities from trained journeymen and apprentices who are unemployed.

Tenant Participation Task Force Holds First Meeting. On November 7 and 8, HUD's special Task Force on Tenant Participation in the Management of Low Income Housing conducted its initial meeting. The Task Force, with representatives from tenant groups, public housing agencies and HUD, will develop a process for giving tenants a voice in public housing management. Its recommendations will become the basis for new Departmental regulations.

Disaster Relief for Toccoa, Georgia. On November 8, the day after the collapse of Barnes Lake Dam, the Federal Coordinating Officer opened an office in Toccoa Falls and met with local, State and Federal officials to identify the most serious problems and set priorities for the relief effort.

A new water line has been installed in the City of Toccoa and drinking water is now available. The removal of debris considered a hazard to public health and safety is 70-75% completed. HUD staff are working on temporary housing for flood victims. All displaced victims are expected to be housed in ten days to two weeks. Some will be placed in transient accommodations while their homes are made habitable.

HUD's ZBB System Draws Attention from Other Agencies. HUD staff conducted a briefing for Veterans Administration personnel on our experience in implementing zero-base budgeting, including information on the technical aspects of our automated system for ZBB. A similar briefing was provided for Federal Trade Commission staff last week.

HUD Officials Continue Support for Energy Program. In connection with our efforts to support this Administration's energy program in all speeches and other public statements, a listing of speaking engagements and public appearances this week is attached.

to
Watson

Patricia J. Prokop for
Patricia Roberts Harris

Attachment

THE WHITE HOUSE
WASHINGTON

November 14, 1977

Tim Kraft

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

Rick Hutcheson

RE: BRIEFING ON ELEMENTARY AND
SECONDARY REAUTHORIZATION
DECISIONS



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

November 11, 1977

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

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

- Fraud and Abuse. As you requested, I issued a statement this week on Project Match. We have matched the AFDC rolls with the Federal civilian payroll in 21 jurisdictions and found more than 26,000 present and recently employed Federal workers on welfare (13,354 are presently employed). These 21 jurisdictions contain 73 percent of all AFDC recipients and 68 percent of all Federal civilian employees. Although we can't project accurately yet, we expect thousands of these either are wholly ineligible for AFDC benefits or are receiving overpayments. In the future, we will work with the States to move these 26,000 cases through a process that ends in adjustment or elimination of welfare payments and imposition of criminal, civil or administrative sanctions on those found to be illegally receiving benefits. We will also be taking the following additional steps: extension of the Project to the military payroll; extension of the Project to additional States; encouragement of States to compare their own payrolls with welfare rolls; and consideration of methods to compare private employer records with AFDC rolls. We are ensuring that individual privacy rights are protected as we carry out the project.
- Welfare Reform. Your meeting with Jim Corman was useful, and provided a needed boost. Your plan to meet with the Welfare Reform Subcommittee on the eve of the mark-up is an excellent one: the Subcommittee is grumbling about the difficulties of welfare reform, and direct evidence of your interest would be of great value. I will send you a memo before that meeting with suggested talking points. If you wish, your staff, Ray Marshall and I could give you a short briefing in advance of the meeting. I have asked my staff to work with the Domestic Policy staff and OMB in developing a coherent strategy for the mark-up. The bill faces serious difficulties: for example, there is pressure not to cash out food stamps and significant sentiment to have the prevailing wage (not the minimum wage) apply to public service jobs. Our work is cut out for us if we are to get a bill that is close to the Administration proposal.

- European Trip. I am leaving tomorrow for ten days in Europe to study national health insurance plans in England and Germany and to meet with Italian officials for the State Department (an Italo-American health agreement and a social security administrative protocol, affecting the retirement rights of U. S. citizens returning to Italy, will be signed). As you have requested, I will tell the British and Germans that I am personally representing you and that I will report to you directly on the nature of their health insurance systems. In my absence, Hale Champion will attend the Cabinet meetings on November 14th and November 21st.
- Social Security. The conference on social security financing is expected to begin soon after the Congress reconvenes on November 29th. The Senate has appointed conferees; the House has not. The Senate line-up looks reasonably good from our standpoint: Long, Ribicoff, Nelson, Haskell and Moynihan on the Democratic side and Roth, Laxalt and Curtis on the Republican. I have talked to both Chairman Long and Chairman Ullman about the Conference. Our staffs will clean up a number of technical details during the next week. Ullman personally opposes the higher wage base for employers; Long personally opposes the general revenue borrowing authority for the Disability Trust Fund (which he thinks is out of control). We must fight to hold our position on both these issues. Both Long and Ullman will be in favor of holding down, to the greatest extent possible, increases in the earnings limitation. Ullman specifically said that this would be the position of a majority of his conferees. As I have stated before, we have a substantial chance of emerging from Conference with a bill that achieves the goals, and follows the principles, of the Administration's initial proposal.

Neither Long nor Ullman want to discuss social security financing again until the week of November 28th. I plan to meet individually with them on that day.

- Elementary and Secondary Education. The Congress is anxious to move on the host of elementary and secondary reauthorization questions that it will face next year. If the Administration does not come forward with its proposals, the Congressional staffs will begin work on their own proposals. The decisions we make in the next six weeks will chart the Administration's policy in this area for the remainder of your first term. It is

important that we make these decisions swiftly if the initiative is not to be seized by Congress. I suggest that we schedule a briefing for you in early December to give you an overview of the elementary and secondary reauthorization decisions we have tentatively made -- and to indicate future directions for Federal policy. This briefing will also give you an opportunity to request further in-depth briefings on particular subjects, if you wish to have them. *ok*

- Energy. A list of additional speeches by Department officials that will contain energy inserts is attached. It updates the list appended to last week's report. *to Watson*

Joseph A. Califano, Jr.
Joseph A. Califano, Jr.

Attachment

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THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

November 11, 1977

MEMORANDUM FOR THE PRESIDENT

THROUGH: Rick Hutcheson, Staff Secretary

SUBJECT: Weekly Report on Issues Pending at the Department
of Transportation

Highway/Transit Legislation

Information

Today, I have sent to your staff and to OMB legislative recommendations for a major revision in our highway/transit programs. The changes which are recommended are designed to support your energy conservation and urban revitalization objectives.

The first recommendation is that the Interstate Highway program be revised to ensure that this system will have a short timetable for completion established during your first term of office. The second recommendation is to establish an assured funding source for mass transit, preferably to be derived from user type energy taxes. This would serve to link your energy program with transportation. The third recommendation is to first make the formulas and recipients uniform and then merge the Federal Highway Administration and Urban Mass Transportation Administration within the schedule of your reorganization project but no later than the end of calendar year 1979. The fourth recommendation is that Federal transportation planning programs be brought together by creating a single planning system and review process. This action will provide the Department with the necessary intermodal focus.

These recommendations have been developed after lengthy consultation with the transportation user community and have been forwarded in bill form to OMB and your staff. We have two months to continue discussion and refinement through OMB and your staff before finalizing the program with you for final announcement and introduction in bill form in January.

I am forwarding a separate more detailed memorandum to you through regular channels this week.

Washington METRO System Decision

Information

As you are aware, the Washington METRO system was designed as a 98-mile system. When this Administration came into office, 60 miles had been approved for construction of which 17 miles are now in operation carrying approximately 140,000 people daily. The 38 miles which have not been approved for construction are now undergoing "alternative analyses." This analysis includes two lines into Prince Georges County and two lines into Northern Virginia. The "alternative analyses" will be completed in early 1978.

There is one line which is disputed as to whether it had been approved as part of the original system or should be reviewed. This is a 4-mile extension from Silver Spring to Glenmont. The engineering review has now been completed by DeLeuw-Cather and the local authority (WMATA). The engineering review submitted to me states that an underground subway line with Stockholm-type stations is the most economic method of construction, totaling an estimated \$347 million including inflation and contingencies, compared to an earlier estimate of \$372 million for subway construction with vaulted arch stations. The Maryland Congressional representatives and the Montgomery County Executive, James Gleason, have obtained high press visibility by demanding that I immediately approve construction of this line.

I appointed the Urban Mass Transportation Administrator, Richard Page, chairman of a special steering committee which includes representatives from OMB and your Domestic Council staff, to evaluate the engineering report and the "alternatives analyses" of the entire system and recommend options to me. That committee will meet Monday, and I will then meet with the regional elected officials and Mr. Gleason on Wednesday. While some regional officials seem willing to proceed with the immediate authorization for construction of the Glenmont Line with authorized Interstate Transfer Funds, others favor construction of other lines in the region, first. It is my present intention to meet with regional officials on Wednesday and thereafter indicate to them my decision on whether they can proceed or whether I want to see the results of a complete alternatives analyses and a system-wide financial plan showing how the capital and operating costs will be paid before I authorize as a first priority the construction of the Glenmont Line. Either decision will produce adverse reactions from some public officials and perhaps the press which I believe should remain at the Secretarial level.

Paperwork Management

Information

In line with your goal to reduce the Federal Government's paperwork burden, the Department of Transportation has been successful in reducing both the public recordkeeping burden by an estimated 7 percent (61,000 man-hours), and the number of reports from 262 to 234.

One example of the reduction is our "Truck Driver Daily Log" which has recently been changed to a multiday log, for recording how long a driver is on the road. We estimate this change, along with exempting some small truck operations, could result in a savings of \$4 million and 1.25 billion pieces of paper per year. Another example is the cancellation of an Aircraft Registration Eligibility Identification and Activity Report. The information will now be collected randomly from a sample of 30,000 of 214,000 registered aircraft owners, thereby saving 13,347 hours of time.

We will exert even greater effort next year to reduce paperwork which includes reviewing all current and proposed reporting requirements.

Northwest Airlines Discrimination Case

Information

The Department has successfully negotiated a binding conciliation agreement with Northwest Airlines regarding its equal employment opportunity compliance record. The agreement requires the airline to create improved employment data and evaluation systems to allow easier Federal monitoring of Northwest's adherence to the civil rights requirements. Northwest has had a history of not complying with civil rights laws and on October 1 was passed over for a Military Airlift Command contract awarded by the Air Force. This agreement now enables the Air Force to contract with Northwest.

Settlement of Penn Central Railroad Suit

Information

At the strong urging of the Special Court handling the Penn Central Railroad bankruptcy case, preliminary discussions have begun on the terms of a possible settlement on rail properties conveyed to ConRail. I have not advocated any settlement since I have grave doubts any settlement can be achieved which is fair to the taxpayers and meets the Rail Reorganization Act. I do not object to the formation of a team to discuss the possibility of settlement or to having the Justice Department take the lead for the Government in

the negotiations. I have suggested to Attorney General Griffin Bell that an experienced negotiator, such as former Justice Goldberg, be retained to speak for the Government, and I have asked to be consulted regarding the settlement negotiations.

Promotion of Administration's Energy Program Information

Attached is an additional newspaper clip from the AP wire service on my discussions of the Administration's energy program. The public citizen mail coming to the Department of Transportation has been supportive of your efforts to warn the American public about our energy crisis.

Attachment

to Watson



THE SECRETARY OF THE INTERIOR
WASHINGTON

November 11, 1977

C
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MEMORANDUM TO THE PRESIDENT

From: Secretary of the Interior

Subject: Major Topics for the Week of November 7

Pursuant to your memorandum of September 9, 1977, we streamlined the BOR (Bureau of Outdoor Recreation) grant process considerably. As an example, the State of Michigan will, this year, submit one application instead of 92. We will decrease federal program administration and increase technical assistance.

Our Senate hearing on excess lands went very well. Field hearings are in progress and we will finish ahead of schedule.

Jerry Brown and I have had some dialogue about his change of position, but nothing to be concerned about. He is like a large lake--long and wide, but 1/4 inch deep.

Energy speeches this week were National Council of Negro Women, Howard University Corporation and Alaska Federation. Next week I have scheduled Denver and the University of Kansas.

Robert Redford has a preliminary proposal in to me for the creation of a National Academy of Natural Resources. When it is refined, I will send it over for your perusal.


CECIL D. ANDRUS

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

November 11, 1977

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson
Staff Secretary

SUBJECT: Weekly Report

ENERGY. Clippings from the Secretary's New England tour indicate energy policy is secondary to local issues and that references to energy are more apt to be printed or broadcast when they are responses to citizens' questions than if they are prepared remarks. Experiences in Indiana, Louisiana and Iowa indicate the same trend. (Samples attached.) *to Watson*

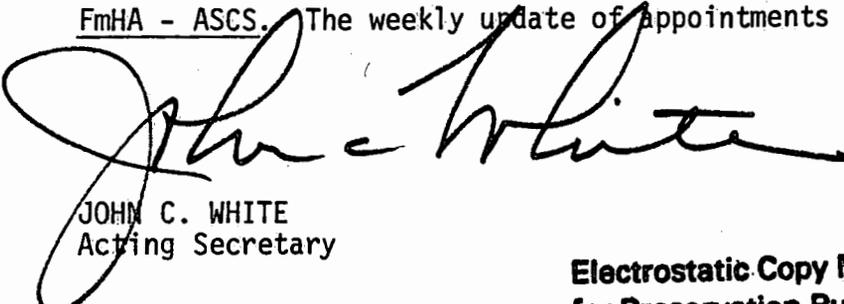
WHEAT. Participants at the preliminary International Wheat Agreement talks agree on the need to establish an international reserve. The main point of disagreement is whether or not minimum/maximum prices should be included in a formal agreement.

COFFEE. Brazil and Columbia announced initiation of joint coffee sales to prevent export sales of less than the International Coffee Organization's minimum price. It may not force prices significantly higher but it will slow any price reductions.

PESTS. Australia claims the development of a new insecticide effective against a wide range of pests but appears harmless to humans.

P. L. 480. Unresolved questions about applying human-rights' tests to food assistance programs prevent USDA from implementing P. L. 480 help to poorer nations and should be resolved.

FmHA - ASCS. The weekly update of appointments is attached. *to HJ*


JOHN C. WHITE
Acting Secretary

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Attachments

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON
20506

①

November 11, 1977

MEMORANDUM FOR THE PRESIDENT

From: Ambassador Robert S. Strauss

RS.

Subject: Weekly Summary

Vice President Haferkamp and Commissioner Davignon of the EC were in town this week for a series of bilaterals which, on the whole, went rather well. We covered everything from steel to the MTN.

I continue to get positive reports around the country on your Energy speech and, in my judgment, you did exactly what needed to be done and the tone seemed to be right on target.

In addition to trade matters, I have been spending a good deal of time moving around the city with various groups that feel alienated. In every instance, Mr. President, the criticisms are modest but identical -- they want clearer signals from you as to where you are going and will do their best to follow and, too, they want to know where they should go for access to "present their position" and volunteer their assistance when available. I read this very simply. No one in this Administration should over-react or even strongly react to temporary polling but we should take a few modest steps and make a few modest changes. Just as the Press over-reacts one way, they will soon over-react the other.

The meeting with the Businessmen went rather well and Watson and I will review it in detail to set a final format for our continued meetings on a regular schedule subject to your approval.

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United States
Environmental Protection Agency
Washington, D.C. 20460

cc Stu
J

The Administrator

November 11, 1977

WEEKLY REPORT TO THE PRESIDENT

FROM: Douglas M. Costle

WATER BILL: As you know, the House and Senate conferees have reached agreement on amendments to existing water pollution control legislation. This morning's Washington Post characterized the amendments as a weakening of the strong 1972 statute. I believe this characterization is largely inaccurate; in fact, I am pleased and encouraged for the following reasons:

- Congress has, in essence, reaffirmed its original strong commitment to cleaning up and protecting the nation's waters; the basic goals of the Act remain unchanged.
- Necessary mid-course corrections have been made. For example, emphasis has properly been switched from controlling conventional pollutants, such as suspended solids and biological oxygen demand, to controlling the discharge of toxic pollutants.
- The 1983 deadline for industries to achieve best available technology has been delayed one year, to 1984, which will allow needed additional time to implement new requirements concerning toxics.
- Funding for the first five years of the Administration's ten-year municipal construction grant program is authorized at the recommended \$4.5 billion annual level for Fiscal 1978 and \$5 billion for fiscal 1979-82.
- Two proposed amendments that we strongly opposed were dropped; the bill now contains no authority for Congressional veto of agency regulations, nor does it exempt the steel industry from complying with environmental standards.

- While the bill does not authorize non-compliance penalties such as fines, its accompanying conference report is expected to state that this omission reflects the conferees' understanding that such penalties are authorized under existing laws (although assessment is the responsibility of the courts rather than EPA).

The most disappointing amendment to the environmental community is that exempting federally sponsored projects in wetlands from obtaining permits from the Corps of Engineers. However, I believe this can be handled by a strong Administration commitment to assuring that wetlands projects are rigorously reviewed for environmental soundness--this is substantially the position recommended to Congress by the Administration.

In enacting these amendments, Congress has essentially rounded out its revision of EPA's legislation. The only major action remaining is agreement on a pesticide bill; the conference on the House and Senate versions of this bill is expected early in 1978.


Douglas M. Costle

*Stu -
what can we
do about this
Administratively?
J*

THE SECRETARY OF COMMERCE

WASHINGTON, D.C. 20230

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November 11, 1977

"FYI"

REPORT TO THE PRESIDENT

Meeting with Business and Professional Representatives

Based upon my observations and discussions with attendees following your remarks at yesterday's meeting, I am convinced that it was especially effective in terms of gaining understanding and support for Administration goals and initiatives. The reaction of the group to your appearance was exceptionally positive. I believe that this type of forum can contribute much to business confidence, although I am not quite ready to give it credit for yesterday and today's surge in the stock market!

Capital Investment Forecast

In its annual survey released last Friday, McGraw-Hill indicates that U.S. businesses are planning to increase capital outlays for new plant and equipment during 1978 by only 3% in real terms. It is important to note that this increase is based upon an expected capital goods inflation rate of 8%, a rate which we believe is overly pessimistic (as was the rate used in their projection for 1977). We also believe that once the Administration's energy program is resolved and tax reform proposals are announced, business capital investment spending plans will be revised upward. The Department's survey of business capital spending plans will be released early in December, and will project spending for the first half of 1978. This should provide a better indication of near term prospects in this key area.

Departmental Reorganization Progress

As you may be aware, there has been recent criticism that our Office of Minority Business Enterprise (OMBE) is about to be reorganized without prior consultations with constituency groups. This situation is the result of an unfortunate disclosure of preliminary departmental working papers. The Department will seek counsel from all appropriate OMBE constituents before it proceeds with any OMBE reorganization. We have made this clear to all interested parties.

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In general, we believe we are making excellent progress in our reorganization efforts. One of our primary objectives has been to strengthen our capabilities to perform our fundamental economic development mission, through better integration of our business assistance, industry analysis, public works, and technology programs. Specific plans have been provided to OMB for the National Oceanic and Atmospheric Administration and the Domestic and International Business Administration. Others will follow. As we proceed in this process, we will continue to consult closely with regional, state, and local representatives in our efforts to enhance our services to the public.


Sidney Harman
Acting Secretary

"FYI"

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

November 11, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall *R.M.*

SUBJECT: Major Departmental Activities, November 5-11

INTERNATIONAL LONGSHOREMEN STRIKE

Informal negotiations between the longshoremen and employers have continued throughout this week. Today the parties will be meeting again in New York and for the first time in several weeks there is a basis for optimism. It is possible that over the weekend the following actions will be taken: 1) the union will exempt Puerto Rico from the selective strike; 2) settlements will be reached in most of the North and South Atlantic ports, and 3) the union will expand its selective strike to a general strike in the ports of Philadelphia and New Orleans. This last action is being taken by the International Longshoremen Association (ILA) because of long-standing disagreements between the ILA President and the employers in these two ports. Moving to a general strike in New Orleans may cause some problems for grain shipments. We are working with the Department of Agriculture to determine what effect this may have.

WHITE HOUSE MAIL

I share your concern over the need to respond promptly to all letters. I have taken corrective action to improve our handling of White House bulk mail and reported on these measures in a separate memo to you.

PAPERWORK REDUCTION

I have reported to you in the past about the steps we are taking to reduce paperwork. In July, the Occupational Safety and Health Administration (OSHA) announced steps to eliminate half the forms that a business is now

required to fill out. The remaining OSHA forms will be simplified. Last month we announced proposed regulations that would simplify the forms that a pension plan administration has to fill out under the Employee Retirement Income Security Act (ERISA). While many of the changes in OSHA and ERISA will not take effect until next year, the Department of Labor has already achieved a significant paperwork reduction this year. Our calculations show that during the first nine months of this year we have reduced by 6.7 percent the time the public spends filling out Labor Department forms. We have also reduced our internal paperwork by 11.8 percent. Two efforts currently under way in the Employment and Training Administration should further reduce paperwork. The Employment Service is in the process of eliminating much of the information that they currently require from job applicants. And, the CETA program is shortening and simplifying the grant application forms used by prime sponsors. This change will also lead to similar reductions of paperwork required of prime sponsors in their quarterly reports.

ENERGY

In my talks with various reporters, I have continued to stress the direct connection between energy and unemployment. This week, for example, I talked with reporters from Fortune magazine, the Chicago Daily News, the Boston Globe and Fairchild Publications. I have emphasized that uncertainty about energy prices is a major factor in lagging business investment. In addition, I continue to stress the trade-offs between imported oil and domestic unemployment. In my appearance on the Today show on November 7 I had hoped to discuss the energy bill. Unfortunately, the format was so rigid this proved to be impossible. However, I will be making several major speeches next week in which it will be possible to push the energy bill.

~~THE PRESIDENT HAS SEEN.~~

THE WHITE HOUSE
WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson
Jane Frank *Jane*

November 12, 1977

RE: PROPOSED AGENDA

1. Comments on the energy legislation. Compliment the Cabinet for continuing the pressure.
2. Foreign visits: last week by Soviet Trade Minister Patolichev; New Zealand Prime Minister Muldoon; this week by the Shah of Iran.
3. Comments from Cabinet members.

CC: The Vice President



~~SECRET~~

THE SECRETARY OF THE TREASURY

WASHINGTON 20220

November 11, 1977

MEMORANDUM FOR THE PRESIDENT

Subject: Weekly Report on the Economic Policy Group

I will henceforth include with my weekly Treasury report a summary of current EPG activities.

Each week, the EPG Steering Committee (Mike Blumenthal, Charlie Schultze, Jim McIntyre, Dick Cooper, Stu Eizenstat, and Henry Owen) meets to survey the full range of major economic policy issues under development throughout the government. During the week, other EPG members (e.g. Ray Marshall, Juanita Kreps, Ambassador Strauss) join the Committee in meetings on particular issues that concern their agencies.

1978 ECONOMIC POLICY

On November 10, the EPG Steering Committee, with the Vice President in attendance, surveyed the on-going EPG effort to coordinate for your decision the following components of our 1978 economic policy:

Tax reform and tax cuts--The Steering Committee will meet Saturday to focus the options we hope to discuss with you next week. Treasury is canvassing other departments for suggestions on possible reformulations of the tax package. As I've noted, your advisors unanimously favor a program that will build confidence, rather than controversy, by its announcement and that can be passed by mid-1978.

Anti-inflation measures--At the Saturday meeting, the Steering Committee will also examine several very tentative proposals for an anti-inflation program tied to the tax system.

Jobs and Employment Programs--DPS and OMB are preparing for EPG review options papers on the several major public and private sector employment program decisions that will confront you in the FY 1979 budget cycle.

~~SECRET~~

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Urban Program--We are keeping an eye on developments of those urban initiatives that might have a substantial impact on 1978 economic policy.

US-JAPAN ECONOMIC RELATIONS

On November 9, the EPG decided upon the following approach to the problem of Japan's large and chronic trade surplus.

To counter protectionist demands here for restraints on Japanese exports to the U.S., we must persuade the Japanese to undertake a long term, serious effort to open their own markets to more imports of manufactures and agricultural goods. The Japanese are apparently willing to take a number of specific, short term steps to increase their imports in 1978 by about \$1 billion. We are ready to discuss such a package of measures but only in the context of a long term Japanese commitment to making their import profile more closely resemble that of their industrialized trading partners. This would require major and politically difficult changes in Japanese economic policies and structures. Our approach must accordingly be not only firm but understanding and tactful.

An inter-agency working party will brief Ambassador Mansfield on this approach next week in Tokyo, so that he can raise it with Prime Minister Fukuda. If these discussions bear fruit, Ambassador Strauss will go to Tokyo in December to give our blessing to whatever package of short term measures we can persuade the Japanese to implement. Hopefully, this will also start a long term dialogue on Japanese import policies, which will be conducted over the ensuing months by Secretary Kreps, Ambassador Strauss, and myself.

An inter-agency committee, reporting to the EPG, is continuously monitoring this exercise.

STEEL

Under Secretary Solomon's task force on steel made a progress report to the EPG on November 7. You will shortly receive an options paper on the various issues examined by the task force.

The task force is exploring a "reference price" approach to the import problem. This approach would utilize the anti-dumping statute in a novel way to prevent inflows of under-cost imports and, unlike import quotas or quantitative agreements, would maintain an element of import price competition in our markets. We may have to supplement the approach with measures to help the industry meet its cash flow needs for modernization.

File

W. Michael Blumenthal