

2/10/78 [1]

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 2/10/78
[1]; Container 62

To See Complete Finding Aid:

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

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Vice-President to Pres. Carter, 1 pg., re: Personal Matter	2/10/78	C
List	Briefing for CEO's, 5 pp., re: Social Security Numbers	2/10/78	C
Memo	Vice-President to Pres. Carter, 7 pp., re: Copper Stockpile	2/10/78	A
Letter	Eagleton, Sarbanes, Brademas & Rosenthal to Pres. Carter, 5 pp., re: Cyprus	2/10/78	A
Memo	Robert Strauss to Pres. Carter, 31 pp., re: Trade <i>opened per RAC NLC-126-11-20-1-6, 3/27/13</i>	2/10/78	A

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Pres. Handwriting
File 2/10/78[1]BOX 72

RESTRICTION CODES

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

THE PRESIDENT'S SCHEDULE

Friday - February 10, 1978

- 7:30
(90 min.) Breakfast with Vice President Walter F. Mondale, Secretary Cyrus Vance, Mr. Hamilton Jordan and Dr. Zbigniew Brzezinski.
The Roosevelt Room.
- 9:00 Dr. Zbigniew Brzezinski - The Oval Office.
- 9:30 Mr. Frank Moore - The Oval Office.
- 9:45
(15 min.) Senator H. John Heinz, III. (Mr. Frank Moore).
The Oval Office.
- 10:30 Mr. Jody Powell - The Oval Office.
- 11:00 Mr. Charles Schultze - The Oval Office.
- 11:30
(20 min.) Meeting with Members of the Federal
Regional Councils. (Mr. Jack Watson).
Room 450, EOB.
- 12:00
(30 min.) Lunch with Vice President Walter F. Mondale,
Secretary Cyrus Vance, Mr. Hamilton Jordan
and Dr. Zbigniew Brzezinski - The Roosevelt Room.
- 1:00
(30 min.) Editors Meeting. (Mr. Jody Powell).
The Cabinet Room.
- 2:30
(20 min.) Reception for the Board of Directors of the
National Education Association - The State
Dining Room.
- 3:00 Depart South Grounds via Helicopter en route
Camp David.

Revised:
2/10/78
8:45 a.m.

THE PRESIDENT'S SCHEDULE

Friday - February 10, 1978

- 7:30
(90 min.) Breakfast with Vice President Walter P. Mondale, Secretary Cyrus Vance, Mr. Hamilton Jordan and Dr. Zbigniew Brzezinski.
The Roosevelt Room.
- 9:00 Dr. Zbigniew Brzezinski - The Oval Office.
- 9:30 Mr. Frank Moore - The Oval Office.
- 9:45
(15 min.) Senator Howard Baker. (Mr. Frank Moore).
The Oval Office.
- 10:15
(15 min.) Senator H. John Heinz, III. (Mr. Frank Moore)
The Oval Office.
- 10:30 Mr. Jody Powell - The Oval Office.
- 11:30
(20 min.) Meeting with Members of the Federal
Regional Councils. (Mr. Jack Watson).
Room 450, EOB.
- 12:00
(30 min.) Lunch with Vice President Walter P. Mondale,
Secretary Cyrus Vance, Mr. Hamilton Jordan
and Dr. Zbigniew Brzezinski - The Roosevelt
- 1:00
(30 min.) Editors Meeting. (Mr. Jody Powell).
The Cabinet Room.
- 2:30
(20 min.) Reception for the Board of Directors of the
National Education Association - East Room.
- 3:00 Depart South Grounds via Helicopter en route
Camp David.

FED REG OFFICIALS

URBAN

ENERGY

RURAL

RED TAPE

SPECIFIC REPORTS

Δ'S NEEDED

ST-LOC RELATIONS

ONE MAJOR PROJECT

WATSON - Mc I

728

THE WHITE HOUSE
WASHINGTON
February 10, 1978

Stu Eizenstat
Frank Moore
Jim McIntyre

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

Stu - please advise Vernon Weaver of the President's decision as appropriate.

Frank - please have the attached letters sent to Sens. Baker and Byrd and copy to Sen. Nelson.

Rick Hutcheson

RE: WHITE HOUSE CONFERENCE ON SMALL
BUSINESS

THE WHITE HOUSE
WASHINGTON

also send cc of Susan's note to Joann

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

ACTION
FYI

*(of my memo + letters)
ETA - pls advise Vernon weaver as appropriate*

	MONDALE	ENROLLED BILL
	COSTANZA	AGENCY REPORT
/	EIZENSTAT	CAB DECISION
	JORDAN	EXECUTIVE ORDER
	LIPSHUTZ	Comments due to
/	MOORE → letters to	Carp/Huron within
	POWELL Robert + Byrd	48 hours; due to
	WATSON and copies	Staff Secretary
/	McINTYRE for Sen. Nelson	next day
	SCHULTZE	

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

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

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

9 February 1978

TO: THE PRESIDENT
FROM: RICK HUTCHESON *R.H.*
SUBJECT: White House Conference on Small Business

- 1. Attached are letters to the Senate leadership (Byrd and Baker) notifying them of your decision to hold a Small Business Conference. (drafted by Stu) *cc Sen Nelson*

You approved sending these letters in Stu's memo of February 2 on this subject (attached).

- 2. You asked OMB to describe an alternative to SBA's suggestion that a Presidential Commission be formed to direct activities leading to the Conference. *Needed - Excellent political move. Let's don't leave on W House*

OMB recommends that "SBA act as lead agency in making the necessary arrangements for the Conference. They would, however, be expected to set up interagency working groups to coordinate closely with other Federal agencies, such as Commerce and Treasury, that are involved with or have direct impact on small business through legislation, regulation, and other policy measures... As for the staff within SBA itself that could direct Conference activities, the agency has a permanent 'small business advocacy' staff of about 25 persons whose primary function is to work with business organizations and Federal agencies to create conditions favorable to small business."

OMB also notes that SBA has an established network of advisory committees at the regional and national levels, with members who represent the small business voice in each state. OMB suggests that this network of interested citizens could be an effective conduit of ideas and plans leading to a White House Conference.

TWO SIGNATURES REQUESTED

Pursue this privately with Gaylord Nelson then advise me J.C.

*letters
per pulled*

THE WHITE HOUSE

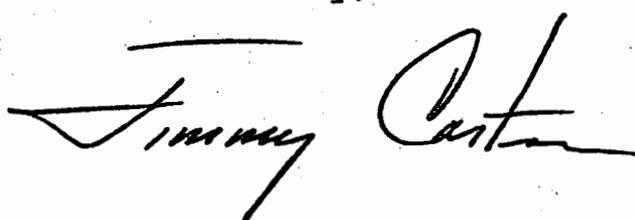
WASHINGTON

February 10, 1978

To Senator Howard Baker

It is my firm purpose to have Federal policy contribute to strengthening small business; thus, small business will be a vital element in a number of important policy and program initiatives we will be undertaking over the next year. I also recognize there are major, longer-term unresolved small business issues and I have decided to act favorably on the Senate Joint Resolution proposing a White House Conference on Small Business and to call for such a Small Business Conference. I have directed the Small Business Administration to outline how the Administration can utilize this forum and I intend to expand on their suggestions in a special message in conjunction with Small Business Week.

Sincerely,



The Honorable Howard H. Baker, Jr.
United States Senate
Washington, D.C. 20510

bcc: Senator Gaylord Nelson

THE WHITE HOUSE

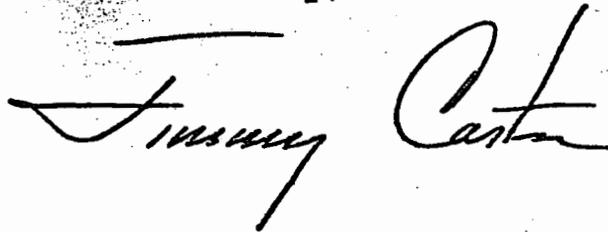
WASHINGTON

February 10, 1978

To Senator Robert Byrd

It is my firm purpose to have Federal policy contribute to strengthening small business; thus, small business will be a vital element in a number of important policy and program initiatives we will be undertaking over the next year. I also recognize there are major, longer-term unresolved small business issues and I have decided to act favorably on the Senate Joint Resolution proposing a White House Conference on Small Business and to call for such a Small Business Conference. I have directed the Small Business Administration to outline how the Administration can utilize this forum and I intend to expand on their suggestions in a special message in conjunction with Small Business Week.

Sincerely,

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

The Honorable Robert C. Byrd
United States Senate
Washington, D.C. 20510

bcc: Senator Gaylord Nelson



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

FEB 9 1978

MEMORANDUM FOR: RICK HUTCHESON

THROUGH: BO CUTLER *WBL*

FROM: DENNIS O. GREEN

SUBJECT: Alternative to a Presidential
Commission to Oversee an Upcoming
White House Conference on Small Business

In commenting on the attached February 2, 1978, memorandum concerning a proposed White House Conference on Small Business, the President asked OMB to describe an alternative to SBA's suggestion that a Presidential Commission be formed to direct activities leading to the Conference. OMB, in earlier comments on this issue, questioned whether a Presidential Commission was necessary, since SBA appeared to have sufficient resources and staff to prepare for and hold the Conference.

To expand on our earlier suggestion, OMB's recommended alternative is to have SBA act as lead agency in making the necessary arrangements for the Conference. They would, however, be expected to set up interagency working groups to coordinate closely with other Federal agencies, such as Commerce and Treasury, that are involved with or have direct impact on small business through legislation, regulation, and other policy measures.

SBA has an established network of advisory committees at the regional and national levels with members either directly engaged in or closely involved with small business. These committees represent the small business voice in each state and also interact with SBA's district offices and the business community at the local level. We believe this valuable network of actively interested citizens--many of whom give of their personal time and expense to support small business--should be an effective conduit for ideas and plans that lead to a White House Conference.

As for the staff within SBA itself that could direct Conference activities, the agency has a permanent "small business advocacy" staff of about 25 persons whose primary function is to work with business organizations and Federal agencies to create conditions favorable to small business.

In sum, the combination within SBA of an existing advisory committee network and a permanent "advocacy" staff appear to us to be the best vehicles for planning and carrying out Conference activities.

A handwritten signature in black ink, appearing to read "Dennis O. Green". The signature is fluid and cursive, with a long horizontal stroke at the end.

Dennis O. Green
Associate Director for
Economics and Government

Attachment

THE WHITE HOUSE
WASHINGTON

February 6, 1978

Stu Eizenstat
Frank Moore
Jim McIntyre

The attached was returned in the President
outbox today and is forwarded to you for
appropriate handling.

Rick Hutcheson

cc: Jody Powell
Jack Watson

RE: PROPOSED WHITE HOUSE CONFERENCE ON
SMALL BUSINESS

xc: Kurt ✓
But ✓
David ✓

Kurt - Prepare letters to
Senate Leadership

James E.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

Mr. President --

Re: Nuts and Bolts

Frank said that he has checked with his people, and they have no feeling about it either way... that if you disapproved, that ~~that~~ in its own right would cause a flurry for a week or two on the Hill....but there's no political feeling about it there now.

--SSC

9
1

THE WHITE HOUSE
WASHINGTON

February 10, 1978

Jim Gammill

The attached is forwarded to you for your
information.

Rick Hutcheson

RE: TRAVIS JOHNSON - CAB

THE WHITE HOUSE
WASHINGTON

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

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		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
✓		GAMMILL

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

THE WHITE HOUSE
WASHINGTON

RICK:

For your records -
The President has
seen, or at least HJ
took it in and told
him about it.

Eleanor

2/9

THE WHITE HOUSE

WASHINGTON

February 9, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: HAMILTON JORDAN *HQ.*
SUBJECT: TRAVIS JOHNSON - CAB

Travis Johnson, with whom you met yesterday, has just called to advise that he is unable to rid himself of some commitments in El Paso, and he has reluctantly decided that he is no longer a candidate for this position.

We will reevaluate the situation and come back to you shortly with new candidates for your consideration.

THE WHITE HOUSE
WASHINGTON

February 10, 1978

Frank Moore

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

Rick Hutcheson

CALL TO SEN. JOHN MELCHER

THE WHITE HOUSE
WASHINGTON

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

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

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

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

February 9, 1978

*Frank -
done - proceed
J*

TO: THE PRESIDENT
FROM: FRANK MOORE *F.M.*
SUBJECT: Telephone Call to Senator John Melcher

During your session with Senator Melcher yesterday, you promised to call him today to discuss his concerns about post 2000 AD maintenance of the Canal. The attached draft understanding has been cleared by Warren Christopher. You should indicate to Melcher that Beckel and Thomson will meet with him immediately to discuss the attached language. If Melcher agrees to meet with us, we will provide Senator Byrd with identical language and tell him about your discussions with Melcher. Senator Byrd has requested that we provide him with all draft language.

Understanding

That the provision set forth in Article III relating to the "security, efficiency and proper maintenance of the Canal" requires proper maintenance of the Canal in accordance with generally accepted practices of preventive maintenance, including such repair and replacement of facilities and equipment as may be necessary for continued safe navigation and efficient sanitary operation, as well as continued maintenance of those ancillary services necessary for transit through the Canal, such as the provision of tug services.

DEPARTMENT OF THE ARMY
HEADQUARTERS
WASHINGTON, D. C.

OFFICE OF THE ADJUTANT GENERAL
WASHINGTON, D. C.

ADJUTANT GENERAL

THE WHITE HOUSE
WASHINGTON

February 10, 1978

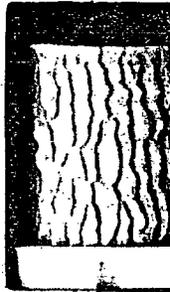
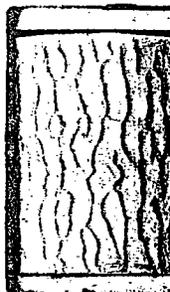
Jim McIntyre
Frank Moore

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

RE: STUDY OF OCEAN FREIGHT
DIFFERENTIALS



SECTION
SECTION

U.S. and
and freight
vessels
reviews
mean high

... amount of ...
... separate recipient countries a financial
Department of Agriculture has for many years reimbursed
for the extra costs of ocean freight differentials
PL-480, which provides for the sale of agricultural
developing countries for up to 40-year terms at low
(FY 1977 estimate of \$84 million). A smaller amount
differentials is paid by the Department of Agriculture
of PL-480, which authorizes donations of U.S. agricultural
for disaster relief, humanitarian, and development purposes
estimate of \$7 million).

The principal issue addressed in the attached report
transfers the responsibility for freight ...
from the Department of ...
case 1

THE WHITE HOUSE
WASHINGTON

2/10/78

Mr. President:

Congressional Liaison and
(informally) Stu Eizenstat
concur with OMB.

If you sign the attached
letter to Congressman
Zablocki, the same letter
will be autopenned and sent
to Senators Magnuson and
Talmadge, and Congressmen
Murphy and Foley.

Rick



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

JAN 31 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

JIM MCINTYRE

SUBJECT:

Study of Ocean Freight Differentials

Attached for your signature are transmittal letters to five Congressional committees forwarding a study prepared by OMB in accordance with the International Development and Food Assistance Act of 1977 which provides that: "The President shall conduct a comprehensive study of payment of ocean freight differentials between United States-flag rates and foreign-flag rates...for the shipment of agricultural commodities under the Agricultural Trade Development and Assistance Act of 1954 (PL-480) and shall recommend possible changes in the method of reimbursement which is now borne by the Commodity Credit Corporation."

The Cargo Preference Act (PL-664) requires that U.S. Government agencies must ship at least 50 percent of their ocean freight on privately-owned U.S.-flag vessels to the extent that such vessels are available at fair and reasonable prices. The attached study reviews the payment of ocean freight differentials (the difference between higher U.S.-flag rates and lower foreign-flag rates) for the shipment of agriculture commodities under PL-480. To spare recipient countries a financial burden, the Department of Agriculture has for many years reimbursed these countries for the extra costs of ocean freight differentials under Title I of PL-480, which provides for the sale of agricultural commodities to developing countries for up to 40-year terms at low interest rates (FY 1979 estimate of \$84 million). A smaller amount of ocean freight differentials is paid by the Department of Agriculture under Title II of PL-480, which authorizes donations of U.S. agricultural commodities for disaster relief, humanitarian, and development purposes (FY 1979 estimate of \$7 million).

The principal issue addressed in the attached study concerns whether to transfer the responsibility for funding PL-480 ocean freight differentials from the Department of Agriculture to the Department of Commerce. The case for transfer to Commerce rests primarily upon the argument that the funding of ocean freight differentials is, in effect, a subsidy for the United States Merchant Marine and as such should be included in the budget of the agency whose constituency is being supported by the subsidy. Those supporting transfer to the Department of Commerce maintain that inclusion of the ocean freight differentials in the PL-480 budget of the Department of Agriculture conveys a misleading impression of the costs of both the support of the U.S. Merchant Marine and the PL-480 foreign assistance program.

Those who believe that the Department of Agriculture should continue to fund the PL-480 ocean freight differentials argue that, since the cost burden results from the implementation of an overall national policy set forth in statute, this extra cost can be regarded as an appropriate operating expense of the programs of the agencies which pay the differential (in this case, the foreign assistance programs of Agriculture).

If a decision were made to transfer responsibility for funding PL-480 ocean freight differentials to Commerce, there would be inter-departmental administrative problems involving coordination of the preparation of budget estimates and program execution in the face of fluctuating commodity and freight shipment costs. The most serious problem would be that it would no longer be feasible to make later program adjustments between the activities of a) commodity procurement and b) freight shipment (as is now possible within the single appropriation of the Department of Agriculture which covers both of these activities).

To avoid the concealment of a subsidy in the budget while also minimizing administrative problems, the study recommends that steps be taken to highlight the estimated cost of PL-480 ocean freight differentials as support of the U.S. merchant marine in the budget presentation of the Department of Agriculture to the Congress. This approach would still allow the Department of Agriculture to retain its present flexibility to reprogram funds between the activities of commodity procurement and freight shipments as circumstances change.

Options for Decision

1. Retain responsibility for funding PL-480 ocean freight differentials within the Department of Agriculture, but improve the Department of Agriculture's budget presentation to the Congress by clearly identifying these costs as support of the U.S. merchant marine. (Recommended by OMB and Commerce.) _____ J.C.
2. Transfer responsibility for funding PL-480 ocean freight differentials to Commerce. (Recommended by Agriculture and Treasury.) _____

If you approve Option 1, the attached letters to the Congressional committees are ready for your signature. If you select Option 2, we will make the necessary changes in the study and transmittal letters and return them for your signature.

Enclosures

THE WHITE HOUSE

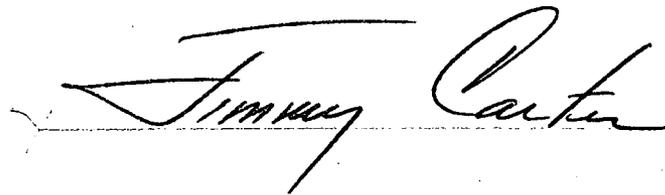
WASHINGTON

To Chairman Clement Zablocki

In accordance with the International Development and Food Assistance Act of 1977, I herewith forward a comprehensive study of the payment of ocean freight differentials between United States-flag rates and foreign-flag rates when United States-flag vessels are required to be used for the shipment of agricultural commodities under the Agricultural Trade Development and Assistance Act of 1954 (PL-480).

I endorse the recommendation of the study that the responsibility for funding PL-480 ocean freight differentials be retained in the Department of Agriculture, but that the presentation of the Department of Agriculture's budget to the Congress be improved by clearly identifying these costs as support of the U.S. merchant marine. I believe that the recommended change in budget presentation will avoid the concealment of a subsidy in the budget without imposing an undue administrative burden on the departments and agencies.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter", written in dark ink over a horizontal line.

The Honorable Clement J. Zablocki
Chairman
Committee on International
Relations
U.S. House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE
WASHINGTON

10 February 1978

MEMORANDUM FOR
THE HONORABLE ROBERT S. STRAUSS

Re: Your Memorandum of February 7
Entitled, "Escape Clause Case
on Bolts, Nuts and Large Screws"

The President commented, "In the future, get these to me at least 7 days before my final decision."

In order to give the President a full week to make his decision, these memos need to reach my office at least 10 days before any deadline. This gives Stu Eizenstat and other White House staff a minimal three days to prepare their recommendations for the President.

Please let the President know if you anticipate any difficulty in getting future memos of this nature to the White House by the time requested. Thanks.

Rick Hutcheson
Staff Secretary

THE WHITE HOUSE
WASHINGTON

FOR THE RECORD:

The attached decision memo was not the final decision. The President decided not to give any relief and the letters were given to Bob Linder for transmittal.

THE WHITE HOUSE
WASHINGTON

2/9/78

Mr. President:

If you approve the Strauss
recommendation (Option 1 -
import relief) FOUR SIGNATURES
NEEDED on the attached documents.

If you approve Option 2, other
documents will be ready for
your signature by Friday morning.

Rick

*In the future
get these to me
at least 7 days
before my final
decision
J. C.*

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

~~CONFIDENTIAL~~

FEB 7 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Robert S. Strauss *R.S.S.*
SUBJECT: Escape Clause Case on Bolts, Nuts, and Large
Screws

Background

On December 12, 1977 the U.S. International Trade Commission (USITC) reported to you under section 201 of the Trade Act of 1974 its findings that the domestic bolt, nut and large screw industry was injured or threatened with injury due to increased imports. Three of the four Commissioners participating in this case recommended that you proclaim increased tariffs for a five-year period. These tariffs would be 30 percent in the first two years, phasing down to 20 percent in the fifth year (current duties are less than one percent on nuts and bolts and 9.5-12.5 percent on screws). If you do not accept the USITC remedy, your decision will be subject to Congressional override by joint resolution of a majority of those present and voting in both houses--in which case the USITC remedy would take effect.

Action Required

By February 10, 1978 you must decide and announce whether import relief for the domestic nut, bolt, and large screw industry is in the national economic interest. If you decide relief is appropriate you must also announce at the same time what form of relief will be given. Relief must then be proclaimed within 15 days of the announcement, unless you decide to negotiate orderly marketing agreements in which case you have 90 days to proclaim relief.

Key Factors

This is the second escape clause case filed by the domestic industry in the last three years. In 1975, the USITC found that the industry was not being injured or threatened with injury due to increased imports by a 3-2 vote. Subsequent developments leading to the present case persuaded one Commissioner to switch his vote, resulting in a 3-1 decision in favor of the industry.

~~CONFIDENTIAL~~

DECLASSIFIED
Per, Rac Project
ESDN: N.L.C-126-11-20-1-6
BY KS NARA DATE 3/26/13

U.S. imports of bolts, nuts, and large screws have increased their share of the U.S. market in each year since 1969, rising from a 21 percent share in 1969 to 44 percent in 1976. Imports of nuts now account for more than half of U.S. consumption. The value of imports involved was \$229 million in 1976.

Japan is the largest foreign supplier to the U.S. market, representing about three-fourths of total imports. Canada is the second largest supplier with about eight percent of the total (Note: Canada also ships a substantial volume of these products under the bilateral Automotive Products Trade Agreement which is not covered by the USITC injury finding). Other sources of imports are the European Community (EC), Spain, Taiwan, and India.

The domestic industry consists of a large number of small and medium sized firms operating about 180 plants. These operations are concentrated in Ohio, Illinois, Michigan, Pennsylvania, and Connecticut. More than two-thirds of the industry's shipments are to original equipment manufacturers (OEMs) and the remainder to distributors. About one-fourth of the total U.S. market and a higher proportion of domestic shipments is accounted for by the automotive industry where there is very little import competition. Domestic fastener producers also have little import competition in sales of specialized fasteners to other OEMs.

Domestic production and shipments by the industry are off substantially in the last three years as compared with the 1969-74 period. There has been some improvement since 1975 due mainly to strong automotive demand. Employment is also down significantly and has not recovered. Since 1974 about 4,500 production worker jobs have been lost, representing about one-quarter of industry's production worker employment (which is now approximately 13,000 persons). Many unemployed fastener workers are now receiving Trade Adjustment Assistance benefits. According to Department of Labor data, over 4,000 bolt, nut, and large screw workers had received adjustment assistance funds, through September 1977. The Department of Labor predicts continuing erosion in employment if relief is not granted.

Despite these setbacks, the industry remains reasonably profitable with a return on sales in excess of the average for all manufacturing, although it should be noted that a

number of firms have ceased operations. According to the industry, the most profitable segment of its business is the automotive industry and returns are much lower in other markets where import competition is more severe. Firms that do not serve the automotive industry are said to be much worse off than those who do.

The implementation of the trigger price system for steel imports by the Treasury Department this month is expected to have an adverse impact on the domestic bolt, nut, and large screw industry. It is estimated that 25 percent of the steel used by the fastener industry is imported and that the trigger price system could increase import prices by about 20 percent. Depending on the assumptions used, this could raise total costs of production of bolts, nuts, and large screws by 10-16 percent for firms relying solely on imported steel.

The Federal Preparedness Agency (FPA) has just completed a staff study of fastener requirements during a national emergency. The scope of the study is broader than the products covered by the escape clause case and the results are preliminary. It concludes that under certain conditions, notably restricted access to foreign supplies, the U.S. would face serious shortages of fasteners in a wartime emergency. These findings have become publicly available and a number of Congressmen have already written to you stressing national security aspects of the case.

We have been contacted by about 50 Congressmen and 12 Senators, almost all of whom have expressed support for the industry's case. The Congressional delegations from Ohio, Michigan, Illinois, Pennsylvania, Connecticut, Indiana, and Missouri account for most of these contacts.

Recommendations

The Trade Policy Staff Committee (TPSC), acting on behalf of the Cabinet level Trade Policy Committee (TPC), recommends without any agency dissent that you direct the Secretary of the Treasury to undertake an expedited national security investigation on iron or steel bolts, nuts, and large screws under section 232 of the Trade Expansion Act of 1962. Such an investigation would define our national security interests in this industry and could lead to appropriate actions by the U.S. Government (including trade actions) to protect those interests.

I recommend that you approve this TPSC recommendation.

Approve: _____ ✓ _____

Disapprove: _____

Discuss with me: _____

J

The Trade Policy Staff Committee split on the question of granting import relief in this case. Labor, Commerce, Interior, and STR recommend that you grant import relief in the form of a tariff rate quota. State, Treasury and Defense recommend that you deny relief on the grounds of national economic interest. Agriculture has not taken a position on this case.

Option 1: Tariff Rate Quota

Labor, Commerce, Interior, and STR recommend that you proclaim a three-year tariff rate quota based on 1976 import quantities for three product categories -- nuts, bolts, and large screws (including lag screws). Imports up to the 1976 level would be dutiable at the present tariff rate (less than one percent for nuts and bolts; 9.5-12.5 percent for large screws) while imports in excess of that level would be charged a 30 percent duty on bolts and large screws and a 40 percent duty on nuts (see Attachment 1 for details).

Change to 20%

These agencies feel that if the domestic industry has not already been seriously injured, it is certainly threatened with serious injury. The proposed remedy is not designed to roll back the situation but to prevent further deterioration. In conjunction with the recommended national security investigation, this relief would prevent any erosion of domestic industry production capability that we might find costly to our national security interests as a result of that investigation. By applying additional duties only to volumes in excess of the 1976 import level (which is only slightly less than the 1977 level), the costs to consumers through inflation is minimized. Imposition of this tariff rate quota system could create some additional jobs although fewer jobs would be created than under USITC's proposed remedy. Adjustment assistance, in the form of income maintenance, has already been made available to many of the unemployed workers in this industry alleviating pressures on those who would remain out of work. The foreign policy implications of

this proposal are judged to be much less serious than under the USITC recommendation. The Japanese Government has in fact informally indicated it would probably not retaliate against a moderate remedy such as this one.

The proposed tariff rate quota remedy falls far short of the domestic producers' expectations. However, their criticism would be much harsher if no relief were given and the receptivity of Congress to the industry's case would be much greater in the absence of relief.

I am personally very concerned about the political sensitivity of this case. To deny relief to the industry on its second attempt while at the same time substantially increasing its costs through the steel trigger price system, could be perceived as unfair by many members of Congress. With the additional element of national security concerns in the background, the industry might find considerable support in the Congress for an override. By granting the moderate relief provided by the tariff rate quota, these pressures would be substantially defused and the climate in the Congress for trade agreements we hope to bring back from the MTN would be more favorable. (Note: The Chairmen of both the House and Senate Trade Subcommittees have substantial fastener production in their areas.)

State and Treasury have indicated that they believe this approach would minimize the adverse domestic economic and foreign policy costs of relief, although it would weaken our general commitment to reject protectionism.

I recommend that you proclaim the tariff rate quota proposed by Interior, Commerce, Labor, and STR.

Approve: _____

Disapprove: _____

Discuss with me; _____

*for tariff rate
quota - reduce
30% or 40% to
20%
JC*

Option 2; No Import Relief

State, Treasury, and Defense recommend that you determine import relief is not in the national economic interest. They argue that there is insufficient economic justification for import relief. The industry has remained quite profitable

despite depressed production and employment. The costs of relief to consumers would be substantial. It is estimated that relief would result in a net job loss to the overall economy due to the drain on consumer expenditures for other goods and services. A significant portion of the industry does not face serious import competition and might receive windfall profits if relief is given. The 20 percent appreciation of the yen during 1977 is expected to alleviate competitive pressures from Japan. (Note: Import prices for a small sample of items were found by the USITC to range from 43 to 93 percent of U.S. producers' prices in the first half of 1977.) Finally, it is not clear that the industry would undertake major adjustments during a period of import relief to improve its competitiveness.

The foreign policy consequences of granting relief are judged by these agencies as adverse. The U.S. Government would be seen abroad as moving away from its general commitment to reject protectionism. Benefits to developing countries under the Generalized System of Preferences (GSP) would be removed if relief is given (though these benefits are nominal due to low tariffs on the products involved). The Governments of Japan, Canada, Australia, India, and the EC are opposed to relief and the Canadians have threatened retaliation if action is taken.

These agencies support a national security investigation under section 232 as the appropriate way to determine our national security interests and feel the industry will not deteriorate so rapidly that we cannot wait on the results of that investigation.

For these reasons State, Treasury and Defense recommend you determine relief is not in the national economic interest.

Approve: _____

Disapprove: _____ ✓

Discuss with me: _____

Views of Other Agencies

Three agencies outside the TPSC structure have expressed an interest in this case. CEA and OMB support Option 2 (No Relief). FPA supports import relief.

~~CONFIDENTIAL~~

7

Implementation

Attached are drafts of the necessary documents you would need to direct the Secretary of the Treasury to initiate a national security investigation (Attachment 2); and to report your decision to the Congress and in the Federal Register should you choose the tariff rate quota option (Attachments 3 and 4). We have prepared documentation for option 2 should you choose it.

If you decide to grant relief we will prepare the necessary Presidential Proclamation for your signature within 15 days of your decision.

Also attached for your staff is the TPSC report on this case.

~~CONFIDENTIAL~~

THREE-YEAR TARIFF RATE QUOTA SYSTEM

<u>Product</u>	<u>Annual Quotas (000 pounds)</u>	<u>Over-Quota Tariff</u>	<u>Under-Quota Tariff</u>
<u>Bolts (TSUS 646.54)</u>	194,369	30%	0.2¢/lb.
<u>Nuts (TSUS 646.56)</u>	230,390	40%	0.1¢/lb.
<u>Large Screws (including lag screws) (TSUS 646.63 and 646.4920)</u>	279,715	30%	9.5-12.5%

*Change
to 20%*
JC

THE WHITE HOUSE

WASHINGTON

February 9, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Escape Clause Case on Bolts, Nuts,
and Large Screws

The U.S. International Trade Commission (ITC) has recommended that you proclaim increased tariffs for a five-year period to provide import relief for the domestic producers of bolts, nuts, and large screws. No agency supports the ITC recommendation. The STR, joined by Labor and Commerce, recommends that you grant relief in the form of a three-year tariff rate quota based on 1976 import levels, which would be a less restrictive remedy than that set forth by the ITC. State, Treasury, CEA, and OMB recommend that you deny import relief.

Your decision in this case will involve a balancing of economic and political considerations, some of which are subjective and not capable of precise evaluation.

Considerations in support of the tariff rate quota recommended by the STR:

1. Imports have increased from a 1969 level of 21% of the domestic market to 44% in 1976. Domestic production and shipments by the industry are down in the last three years compared with the 1969-1974 period. Employment is down by 25% since 1974 with erosion likely.
2. This form of relief would be less costly and less protectionist than the ITC remedy but, in Ambassador Strauss' opinion, solid enough to avoid a serious threat of override or a backlash on other trade issues. It is a modest form of relief.

3. Ambassador Strauss believes that a "compromise" position on this case is in the long-run interest of the Administration. He notes that we are in a continuous posture of give and take with Congress on the tough economic issues and that a demonstrated willingness to be flexible and at least somewhat forthcoming on a case like this would help build the cooperative and supportive framework we need to (a) avoid more severe protectionist actions and (b) be able to ask for, and get, cooperation on more important trade and economic issues.

4. Our trigger price program for steel will add to the costs of the producers in this industry.

5. The national security aspects of this case could cause the Administration to be subjected to more than the standard amount of Congressional and public criticism if import relief is rejected.

6. I do not have a good sense of the possibility of Congressional override but Strauss believes the possibility is very real. This would come at an unfortunate time, with Panama and energy pending.

Considerations in support of rejecting import relief:

1. Although imports have taken an increasing share of the domestic market, on balance import relief cannot be justified on solely economic grounds.

In 1975, the ITC rejected the industry's petition for import relief. Since that time, production and sales have increased. Although employment has dropped slightly (from 13,400 production workers in 1975 to 12,900 now), total man-hours worked has actually increased (due to an increase in the average weekly hours per production worker). The industry has above average profitability -- the ratio of profits to sales is over 10%, higher than the corresponding ratios for the producers of fabricated metals and the average for all U.S. manufacturing corporations.

Because of the industry's segmented nature, import relief will probably provide effective assistance for only about a third of the industry. The industry has shown little interest in the process of adjusting to import competition.

The Labor Department estimates that the STR remedy would save about 1000 jobs in the industry at an annual cost of between \$30,000 and \$60,000 per job saved. CEA believes the STR remedy would save far fewer jobs, at a cost per job at least 5 times as high, and that relief might actually result in a net job loss to the overall economy due to the drain on consumer expenditures for other goods and services. Because of the small size of the industry, however, the overall impact on the consumer price index would be largely negligible.

2. Granting protection in this case would be inconsistent with our stated concerns about inflation.

3. Granting relief in this case could encourage domestic protectionist forces to bring more escape clause cases and give support to protectionist forces abroad.

4. Charlie Schultze has pointed out to me that this is not a homogeneous industry:

- Automotive fasteners are bought from domestic producers: little import competition; no major effect of tariff on costs or employment.
- Small non-automotive fasteners are over-whelmingly imported, since import prices are 30 to 60 percent below domestic prices; a tariff will just add to prices without making domestic producers competitive; no employment gains.
- Large non-automotive fasteners are split roughly 50/50 between domestic and imports; only in this case will the tariff create additional jobs, but domestic prices will rise.

Recommendations

1. I agree with the unanimous interagency recommendation that, regardless of your decision on import relief, you direct the Secretary of the Treasury to undertake an expedited investigation to determine our national security interests in this industry.

2. This is a very close case. On balance I agree with the modest relief proposed by STR, Labor and Commerce. I think this is a particularly inopportune

time for a tough battle on a trade issue with Congress, with so many vital issues hanging in the balance over the next few months. The STR suggestion affords the best (although not a certain) opportunity to ward such a fight off.

3. At today's E.P.G. meeting, we all agreed with Charlie's suggestion for the need to develop a more systematic way to consider these industrial trade cases as part of a continuing stream of past and projected actions, so we can provide you with a better way to judge when to give and when to hold the line. We will work on trying to do this.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

9 February 1978

TO: THE PRESIDENT
FROM: RICK HUTCHESON 
SUBJECT: Additional Staff Comments

Congressional Liaison: no comment.

NSC: favors Option 2 -- deny import relief:

- o a tariff rate quota will substantially increase costs to consumers and add to inflationary pressures;
- o the industry is earning healthy profits, and has increased its already sizeable export market;
- o the Strauss memo understates likely foreign reaction to a decision to provide import relief. Japan has recently made a number of commitments regarding domestic growth and import policies which should help to overcome irritants in our bilateral economic relations; trade restrictive action by the US would be untimely and conceivably weaken Japanese resolve to deal with its large trade and payments surplus. Japan could request compensation under GATT Article XIX which would, in effect, force other sectors of the US economy to bear the burden of adjustments to competition. US exports of bolts, nuts and screws to Canada, the second leading foreign producer, exceed US imports \$91 million to \$58 million. Thus, Canada would likely retaliate against US exports if we provide import relief in this case.
- o certain bolts and nuts are eligible for GSP treatment; if the US provides any form of import relief, these items will be removed from the GSP list, which would call into question our commitment to increase market access to goods from developing countries. India has already complained about this aspect of the case.

THE WHITE HOUSE

WASHINGTON

Dear Mr. Secretary:

Pursuant to Section 202(b) of the Trade Act of 1974, I have determined that provision of a three-year tariff rate quota system on U.S. imports of iron or steel lag screws or bolts, bolts (except mine-roof bolts) and bolts and their nuts in the same shipment, nuts, and screws having shanks or threads over 0.24 inch in diameter, provided for in items 646.49, 646.54, 646.56, and 646.63 of the Tariff Schedules of the United States (TSUS) would be in the national economic interest.

In conjunction with my decision to provide import relief to the domestic bolt, nut, and large screw industry, I have determined that, in light of a recent Federal Preparedness Agency (FPA) staff study which indicates that domestic fastener production capability is not adequate to satisfy wartime metal fastener requirements, further investigation of U.S. national security interests as they relate to bolts, nuts, and large screws is warranted. Accordingly, I hereby direct that you undertake an expedited national security investigation under Section 232 of the Trade Expansion Act of 1962 (19 USC 1862) pertaining to U.S. imports of iron or steel lag screws and bolts, bolts (except mine-roof bolts), nuts, and large screws provided for in TSUS items 646.49, 646.54, 646.56, and 646.63.

Sincerely,

The Honorable W. Michael Blumenthal
Secretary of the Treasury
Washington, D.C. 20220

THE WHITE HOUSE

WASHINGTON

Dear Mr. Speaker:

In accordance with section 203 (b) (1) of the Trade Act of 1974, enclosed is a report to the Congress setting forth my determination that import relief for the U.S. bolt, nut, and large screw industry in the form of a tariff rate quota is in the national economic interest, and explaining the reasons for my decision.

Sincerely,

The Honorable Thomas P. O'Neill, Jr.
Speaker of the
U.S. House of Representatives
Washington, D. C. 20515

IMPORT RELIEF ACTION

BOLTS, NUTS, AND LARGE SCREWS

As required under section 203(b)(1) of the Trade Act of 1974, I am transmitting this report to Congress setting forth the actions I will take with respect to bolts, nuts, and large screws covered by the affirmative finding on December 8, 1977 of the U.S. International Trade Commission (USITC) under section 201(d)(1) of the Trade Act. As my action differs from that recommended by the USITC, I have included the reasons for my decision.

I have determined that imposition of a three-year tariff rate quota system on fastener imports is in the national economic interest. This tariff rate quota system will allow for importation at 1976 quantities with no increase in tariffs. Additional imports of bolts and large screws (including lag screws or bolts) will be subject to duties of 30 percent; over-quota tariffs for nuts will be 40 percent.

In light of the recent concern expressed in the Federal Preparedness Agency staff study about the adequacy of domestic fastener production capability to meet wartime fastener requirements, I have directed the Secretary of the Treasury to undertake an expedited national security investigation on nuts, bolts, and large screws under Section 232 of the Trade Expansion Act of 1962.

Implementation of the tariff rate quota system for bolt, nut, and large screw imports should prevent further erosion of U.S. production capability and employment in the bolt, nut, and large screw industry pending the results of the Treasury Department's national security investigation. In addition, the tariff rate quotas will allow domestic fastener producers to benefit from expected increases in U.S. fastener consumption and should prevent further increases in import penetration.

The USITC reported that domestic industry shipments and exports had increased in 1976 and the first half of 1977. The USITC report also indicated that domestic producers' rates of return on sales were above the corresponding ratios for producers of all fabricated metal products

and for all manufacturing corporations. Therefore, I have determined that increased tariffs for a five-year period as recommended by the USITC would not be in the national economic interest. Although there is substantial unemployment in the bolt, nut, and large screw industry, many unemployed workers are currently receiving Trade Adjustment Assistance benefits. Imposition of the remedy recommended by the USITC would have also engendered large increases in costs of fasteners to U.S. consumers. ✓

I am, however, concerned that the trigger price system for steel imports may cause a further deterioration of domestic fastener producers' ability to compete with imports and may cause further unemployment in the fastener industry. ✓

Imposition of a tariff rate quota system will minimize the adverse economic effects of providing relief on foreign supplying countries and therefore minimize retaliation or compensation costs while at the same time providing necessary relief to the domestic industry.

THE WHITE HOUSE

WASHINGTON

Dear Mr. President:

In accordance with section 203 (b) (1) of the Trade Act of 1974, enclosed is a report to the Congress setting forth my determination that import relief for the U.S. bolt, nut, and large screw industry in the form of a tariff rate quota is in the national economic interest, and explaining the reasons for my decision.

Sincerely,

The Honorable Walter F. Mondale
President of the Senate
Washington, D. C. 20510

IMPORT RELIEF ACTION

BOLTS, NUTS, AND LARGE SCREWS

As required under section 203(b)(1) of the Trade Act of 1974, I am transmitting this report to Congress setting forth the actions I will take with respect to bolts, nuts, and large screws covered by the affirmative finding on December 8, 1977 of the U.S. International Trade Commission (USITC) under section 201(d)(1) of the Trade Act. As my action differs from that recommended by the USITC, I have included the reasons for my decision.

I have determined that imposition of a three-year tariff rate quota system on fastener imports is in the national economic interest. This tariff rate quota system will allow for importation at 1976 quantities with no increase in tariffs. Additional imports of bolts and large screws (including lag screws or bolts) will be subject to duties of 30 percent; over-quota tariffs for nuts will be 40 percent.

In light of the recent concern expressed in the Federal Preparedness Agency staff study about the adequacy of domestic fastener production capability to meet wartime fastener requirements, I have directed the Secretary of the Treasury to undertake an expedited national security investigation on nuts, bolts, and large screws under Section 232 of the Trade Expansion Act of 1962.

Implementation of the tariff rate quota system for bolt, nut, and large screw imports should prevent further erosion of U.S. production capability and employment in the bolt, nut, and large screw industry pending the results of the Treasury Department's national security investigation. In addition, the tariff rate quotas will allow domestic fastener producers to benefit from expected increases in U.S. fastener consumption and should prevent further increases in import penetration.

The USITC reported that domestic industry shipments and exports had increased in 1976 and the first half of 1977. The USITC report also indicated that domestic producers' rates of return on sales were above the corresponding ratios for producers of all fabricated metal products

and for all manufacturing corporations. Therefore, I have determined that increased tariffs for a five-year period as recommended by the USITC would not be in the national economic interest. Although there is substantial unemployment in the bolt, nut, and large screw industry, many unemployed workers are currently receiving Trade Adjustment Assistance benefits. Imposition of the remedy recommended by the USITC would have also engendered large increases in costs of fasteners to U.S. consumers.

I am, however, concerned that the trigger price system for steel imports may cause a further deterioration of domestic fastener producers' ability to compete with imports and may cause further unemployment in the fastener industry.

Imposition of a tariff rate quota system will minimize the adverse economic effects of providing relief on foreign supplying countries and therefore minimize retaliation or compensation costs while at the same time providing necessary relief to the domestic industry.

Imposition of a three-year tariff rate quota system should prevent further erosion of domestic bolt, nut, and large screw production capability pending further investigation of U.S. national security interests for these products. It should also mitigate deterioration in the domestic industry's ability to compete with imports as a result of the implementation of the trigger price system for steel imports.

Provision of tariff rate quotas for bolt, nut, and large screw imports will allow domestic producers to benefit from increases in U.S. consumption of these products and will prevent further erosion of employment in the domestic industry. ✓

I have determined that imposition of the remedy recommended by the USITC would not be in the national economic interest. My decision to impose a less restrictive form of relief than that recommended by the USITC will mitigate the adverse economic effect of imposing relief on affected foreign supplying countries and will subject fewer U.S. jobs in other industries to possible foreign retaliation or compensation by the United States. The aggregate costs to U.S. fastener consumers under the tariff rate quota system are less than that for the USITC recommended remedy of increased tariffs for a five-year period. Also, imposition of the tariff rate quota system rather than the remedy recommended by the USITC will lessen the adverse impact of providing relief on the international economic interests of the United States.

This determination is to be published in the Federal Register.

✓

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR

THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

SUBJECT: Determination Under Section 202(a) of the Trade Act; Bolts, Nuts and Large Screws of Iron or Steel

Pursuant to section 202(b)(1) of the Trade Act of 1974 (P.L. 93-618, 88 Stat. 1978), I have determined the action I will take with respect to the report of the United States International Trade Commission (USITC), transmitted to me on December 12, 1977, concerning the results of its investigation of a petition for import relief filed by the United States Fastener Manufacturing Group, the United Steel Workers of America, and the International Association of Machinists and Aerospace Workers on behalf of the domestic industry producing iron or steel lag screws or bolts, bolts (except mine-roof bolts) and bolts and their nuts imported in the same shipment, nuts, and screws having shanks or threads over 0.24 inch in diameter, provided for in items 646.49, 646.54, 646.56, and 646.63 of the Tariff Schedules of the United States.

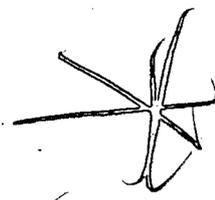
After considering all relevant aspects of the case, including those set forth in section 202(c) of the Trade Act of 1974, I have determined that provision of import relief in the form of a three-year tariff rate quota system is in the national economic interest. This tariff rate quota system will allow for importation at 1976 quantities with no increase in tariffs. Imports of bolts and large screws (including lag screws or bolts) in excess of 1976 quantities will be subject to duties of 30 percent ad valorem. Imports of nuts in excess of 1976 quantities will be subject to duties of 40 percent ad valorem.

In light of the recent concern expressed in the Federal Preparedness Agency staff study about the adequacy of domestic fastener production capability to meet wartime fastener requirements, I have directed the Secretary of the Treasury to undertake an expedited national security investigation on nuts, bolts, and large screws under Section 232 of the Trade Expansion Act of 1962.

ID 780619

T H E W H I T E H O U S E

WASHINGTON



DATE: 07 FEB 78

FOR ACTION: STU EIZENSTAT

HAMILTON JORDAN

FRANK MOORE (LES FRANCIS) *nc*

ZBIG BRZEZINSKI

under count
attached

~~CONFIDENTIAL~~

INFO ONLY: THE VICE PRESIDENT

JIM MCINTYRE

CHARLES SCHULTZE *may comment?*

SUBJECT: ~~CONFIDENTIAL~~ STRAUSS MEMO RE ESCAPE CLAUSE CASE ON
BOLTS, NUTS AND LARGE SCREWS -- LAST DAY FOR ACTION
IS FEBRUARY 10, 1978

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM THURSDAY 09 FEB 78 +

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

DECLASSIFIED
Per, Rac Project
EODN: C-126-11-20-1-6
BY *KS* NARA DATE *3/26/13*

THE WHITE HOUSE
WASHINGTON

copy

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

LAST DAY - FEB 10

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

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

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

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

NATIONAL SECURITY COUNCIL

February 9, 1978

MEMORANDUM FOR: RICK HUTCHESON

FROM: CHRISTINE DODSON *ChD*

SUBJECT: Escape Clause Case on Bolts, Nuts,
and Large Screws

This is in response to your request for our comments on Bob Strauss' memo concerning the escape clause case on bolts, nuts, and large screws.

The NSC staff recommends that the President deny import relief to the domestic industry (Option 2) for the following reasons:

-- A tariff rate quota will substantially increase costs to consumers on all imports above 1976 levels, adding to the inflationary pressures within the economy.

-- The industry is earning healthy profits which indicates that it has adjusted successfully to import competition. According to data compiled by the ITC and the Federal Trade Commission, since 1973 profits on the production of bolts, nuts, and large screws have exceeded profits for fabricated metal products and for all manufacturing in the US. In 1975, producers of bolts, nuts, and large screws had net operating profits of 14.7% compared with 7.4% for fabricated metal products, and 7.5% for all manufacturing. In 1976, the figures were 11.4%, 8.3%, and 8.7% respectively. These data raise serious doubts about the industry's claim of injury from imports.

-- One ITC Commissioner has also pointed out that the US industry has increased its already sizeable export market. Exports have risen every year since 1971, and in 1976 accounted for 18% of domestic producers' shipments. The value of exports increased from \$101 million in 1975 to \$107 million in 1976. This is further evidence of successful adjustment to import competition.

-- The Strauss memo also understates likely foreign reaction to a decision to provide import relief. Japan currently accounts for 61% of total US imports (value terms) of the

products in question. We have just concluded an intensive round of discussions with the Japanese about their economic policies. As a result, Japan has made a number of commitments regarding domestic growth and import policies which should help to overcome irritants in our bilateral economic relations. Thus, trade restrictive action by the US would be untimely and conceivably could weaken Japanese resolve to deal with its large trade and payments surplus. Furthermore, Japan could request compensation under GATT Article XIX which would, in effect, force other sectors of the US economy to bear the financial burden of adjustments to competition. The second leading foreign producer is Canada, which accounts for 22% of US imports (value term). However, the US is a net exporter of bolts, nuts, and screws to Canada. In 1976, US exports to Canada totaled \$91 million whereas US imports from Canada were only \$58 million. Consequently, Canada would likely retaliate against US exports if we provide import relief in this case; US firms exporting to Canada would lose a valuable market.

-- Finally, certain bolts and nuts are eligible for GSP treatment. If the US provides any form of import relief, these items will be removed from the GSP list. This action will once again call into question our oft-stated commitment to increase market access for goods from developing countries. The Indian Government has already complained about this aspect of the case.

The NSC staff concurs with the recommendation of Ambassador Strauss and the Trade Policy Staff Committee that the President direct the Secretary of the Treasury to undertake an expedited national security investigation on these products under Section 232 of the Trade Expansion Act of 1962.

2:30 PM

THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

February 9, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: LONDON BUTLER 

SUBJECT: White House Reception for National
Education Association

DATE: Friday, February 10, 1978

TIME: 2:30pm - 20 minutes

LOCATION: East Room

I. PURPOSE

To welcome to Washington the Board of Directors and State Presidents of the National Education Association.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

- A. Background: The NEA Board and State Presidents are in Washington for one of their regularly scheduled policy meetings. This is not a legislative or strictly political conference, although this Board does play a political role within the NEA. (In 1976, they recommended to the Representative Assembly a resolution endorsing your candidacy for President.)
- B. Participants: In addition to the Board and State Presidents, the top three officers of NEA will be present at the reception -- President John Ryor, Vice President Willard McGuire, Executive Secretary John McGarigal. The Executive Director, Terry Herndon, and five other members of the Executive Committee also will attend. Altogether approximately 200 people will be present.

I recommend that John Ryor and Hamilton walk with you from the Oval Office to the East Room.

C. Press Plan: The reception will not be covered by the press. White House and NEA photographers will be present.

III. TALKING POINTS

Talking points are included in the attached Memorandum.

will be ready
Friday AM

THE WHITE HOUSE

WASHINGTON

February 9, 1978

MEMORANDUM TO THE PRESIDENT

FROM: JIM FALLOWS, ACHSAH NESMITH *JF*

SUBJECT: NEA Reception

This has been approved by Beth Abramowitz who checked with HEW.

NEA Reception Talking Points

1. This Administration's major emphasis this year will be on improving basic skills and helping students and their families meet the cost of college. Our request for education in the fiscal 1979 budget is over 20 per cent higher overall than expenditures for 1978.

2. On Wednesday we announced proposals, worked out through negotiations with the Congress, to expand college student assistance by \$1.4 billion over 1978 for student grants, loan guarantees and work-study subsidies. This money will help the hard-pressed middle class family far more than tax credits, which would go to the wealthy instead of just to those who really need it.

3. Our proposals add \$644 million for Title I aid to disadvantaged and handicapped children, bringing the total to \$3.2 billion for fiscal 1979. Most of this will go for improving basic skills.

4. We are funding teacher centers on a broad scale for the first time this year. Teachers know best what they need, and these centers will give them a chance to work on the areas that concern them most. We look forward to hearing the teachers' comments on their experiences after the centers have been operating for a while.

5. I promised you a separate Cabinet-level Department of Education and I will honor that commitment.

6. National Education Association members have been on the front line in the social and educational changes of recent years. This nation has asked a lot of its teachers, and we are proud of the way they have responded to the challenges. When you were inaugurated as governor you said that, "Every adult illiterate, every school dropout, every untrained retarded child is an indictment of us all." You promised that, "No poor, rural, weak or black person should ever again have to bear the burden of being deprived of the opportunity for an education." It was true for Georgia then, and it is true for the nation now.

#

THE WHITE HOUSE
WASHINGTON

February 10, 1978

Stu Eizenstat
Frank Moore
Jack Watson

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

Rick Hutcheson

RE: LORING AFB, MAINE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

February 10, 1978

*no - 9/11
talk to
Harold
J*

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JACK WATSON
STU EIZENSTAT
FRANK MOORE

*Jack
Stu
F.M.*

SUBJECT:

Loring AFB, Maine

In the course of preparing state and local issues materials for your trip to the Northeast next week, it has become apparent that there is one local issue which overrides all others -- the proposed realignment of Loring Air Force Base in Maine. As you know, Loring is a SAC base that the Department of Defense has placed on a list for realignment. A final decision by the Department is not due to be made until the environmental impact statement has been reviewed by the Department; that review, in the present schedule, will be completed within the next few weeks.

As the attached article from the Bangor News (Maine's largest newspaper) indicates, Loring is not only the biggest issue in Maine, it is an issue which is crucial to Senator Hathaway's re-election effort. The article indicates, as do our conversations with those close to the Loring situation and those who have pre-advanced your trip, that the Maine citizens expect you to make some type of announcement about the base while you are in Maine. Although that expectation should obviously not drive our decision-making process, or force a political decision that might not otherwise be made, we think it is possible for DOD to recommend to you, before your trip and on the merits, that the base be kept open. Needless to say, if you could announce a favorable decision on Loring, the Maine part of the trip would automatically be successful and Senator Hathaway's re-election chances would be greatly improved.

The key to a favorable recommendation from DOD rests on whether, and to what extent, social and economic impacts are considered in the determination of the base's future. You have indicated in meetings with Congressional delegations that all factors, including social and economic ones, should

be considered when a base evaluation is being made. You have made such a statement specifically with regard to Loring:

"My position on (Loring), as it has been with other military closures around the country, is to let (the Department of Defense) make a judgement on the basis of what is best for the country. And if there is any doubt about the economic or military advantages to be derived from the closure or transfer, to leave the status quo prevailing."

Unfortunately, there is some confusion at DOD about what weight to give social and economic impact in making these decisions. We sense that DOD believes that social and economic impacts are not to be considered as a part of the overall evaluation; instead, only military need is to be considered.

It will be very rare for social and economic impacts actually to outweigh the purely military considerations. But in a certain number of very limited cases the economic impact will be so significant that it might dictate a different result; Loring may be such a case. The environmental impact statement prepared for Loring indicates, for example, that with the proposed realignment, the local unemployment rate, now over 20%, would increase by at least one-half; the local population would decline by at least 20%; and the area would lose at least 15% of its total personal income. We do not know of any other base whose proposed closing or realignment would have as severe a social and economic impact as this one.

If DOD were to include social and economic impact in its evaluation, we believe that the recommendation to you would be to leave Loring unchanged. For that reason, we think it would be useful to expedite the review process in DOD and to seek to have a final recommendation prior to your trip. We recommend, therefore, that you send the attached note to Secretary Brown.

THE WHITE HOUSE

WASHINGTON

To Harold Brown

I would like to have your final recommendation on the proposed realignment of Loring Air Force Base by February 15. In making your assessment, please include, in addition to the military impact, the social and economic impacts on the Base's surrounding area.

Sincerely,

A horizontal line with a handwritten flourish at the beginning, indicating a signature.

The Honorable Harold Brown
The Secretary of Defense
Washington, D.C.

THE WHITE HOUSE

The Honorable Harold Brown
The Secretary of Defense
Washington, D.C.

By John S. Day

For the record, this is the Carter Administration's position on Loring Air Force Base, before and after the election.

Walter Mondale, Sept. 21, 1976, in Lewiston:

"There is no excuse for arrogance and insensitivity in the handling of situations such as the Loring closing."

Jimmy Carter, Oct. 4, 1976, in Portland:

"I will not promise to keep Loring Air Force Base open to barter for votes in northern Maine."

President Carter, Oct. 28, 1977, during a Washington interview:

"My position on (Loring), as it has been with other military closures around the country, is to let (the Department of Defense) make a judgment on the basis of what is best for the country. And if there is any doubt about the economic or military ad-

The Panama Canal doesn't amount to a row of beans for Eastern Maine.

Loring AFB does.

It's no secret that Carter reversed a Pentagon decision to close Fort Devens, Mass., after House Speaker Thomas "Tip" O'Neill pulled some strings at the White House earlier this spring.

Massachusetts, for the record, voted for "Scoop" Jackson in the 1976 Presidential Primary.

Feb. 17 is going to be a real test for Carter, and for Bill Hathaway.

Hathaway has been loyal to the administration.

The president can either provide a tremendous boost to his re-election campaign, or he can pull the rug out from under the Maine senator by letting the Air Force proceed on schedule with its plan to virtually close Loring.

Politics, despite the high-minded who insist otherwise, is not above these kinds of trade-offs.

Carter wants the Maine senators' votes on the Panama Canal and energy. The senators would like something in return from the administration.

Those are the real stakes involved.

John S. Day is the NEWS Washington Bureau chief.

antages to be derived from the closure or transfer, to leave the status quo prevailing."

White House Press Secretary Jody Powell, Jan. 26, during a news briefing in Washington:

"I have absolutely no knowledge one way or the other," when questioned whether the president would announce the administration's decision on Loring during Carter's scheduled Feb. 17 appearance in Bangor.

The administration's position, for the record, has been to insist that there will be no "political considerations" involved in the Loring question.

Off the record, prominent Maine Democrats are telling the White House that Carter had better have some "good news" about Loring when he lands at Bangor if he wants to help Sen. William D. Hathaway in his tough re-election battle against Republican Congressman William S. Cohen next year.

In terms of straight politics, there would be no better time for the administration to intervene in the Loring question.

The Air Force is putting the final touches on its recommendation to Congress for a proposed 83 percent cutback of operations at Loring. Originally the recommendation was scheduled to be made late last year. An intensive lobbying effort by state officials won a postponement until Jan. 15, and then again to sometime in March.

There has been no indication to date that the Air Force is budging from its two-year-old plan to virtually shut down Loring.

The people who are most conscious of that fact are Maine's two Democratic senators.

Hathaway and Sen. Edmund S. Muskie are the only state officials who have any clout with the White House.

The White House, for example, is counting on favorable votes from both senators on the Panama Canal Treaty. Each has taken the position of "leaning in favor" of the treaties.

Hathaway also is a member of the Senate-House conference committee currently involved in deliberations on a national energy bill. Muskie, as chairman of the Senate Budget Committee, will have a major say on the administration's entire fiscal policy.

On energy, as is the case of the canal, Muskie and Hathaway have been good soldiers and have generally supported the administration.

Overall, Muskie backed Carter 76 percent of the time during 1977. Hathaway supported the administration 72 percent during 88 roll call votes on administration proposals.

Even the state's two Republican congressmen, Cohen and David Emery, have supported Carter to a

substantially higher degree than they backed their party's own president, Gerald Ford, in 1976.

From a political point of view, the State of Maine and former Gov. Kenneth M. Curtis played a significant role in the early rise of Jimmy Carter as a presidential candidate in 1976.

Carter's victory in the Maine Democratic Caucuses, which was the second in the nation, preceded Carter's major victory in the New Hampshire Primary and gave his bandwagon a strong boost at the right time.

Maine Democrats, therefore, are justified in assuming that the president owes the party at least one substantial political favor to boost Hathaway's re-election chances.

The shopping list includes three big items:

Dickey-Lincoln. A favorable resolution of the Indian land suit.

Reversal or postponement of the Loring phasedown.

Dickey-Lincoln is no bed of roses. The state is divided on the issue. Gov. James B. Longley may pull the plug on the project any day now by announcing his opposition. Carter's environmental advisors are dead against the project. Only strong lobbying by Muskie and Hathaway kept the administration from including Dickey-Lincoln on a "hit list" of water projects which would not get federal funding.

The Indian suit is a complex legal matter which is probably going to be resolved by quiet negotiation, rather than political deals.

That leaves Loring AFB.

The Cohen-Hathaway race will be decided in Eastern Maine, possibly Aroostook County. Cohen represents the Second District now. Hathaway spent more than a decade at the same job, representing the same region.

Eastern Maine voters, especially The County people, know both politicians intimately.

Slick media stuff and "Johnny-come-lately" promises won't cut any water up there.

The biggest economic concern of the region is not the Indian suit, or even Dickey-Lincoln, which still is far down the road even if it overcomes all obstacles and gets funding.

The plain facts are, Bill Hathaway is the guy on the spot with Loring AFB.

If he pulls it off, his stock will rise tremendously in Aroostook County, which faces economic devastation from the twin ravages of a poor potato crop and the threatened Loring pullout.

If he doesn't, some people are going to begin asking questions such as:

"This state and its politicians have been pretty good to Jimmy Carter. What's he done for us, lately?"

1:00 PM

MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

February 9, 1978

TO: The President

FROM: Walt Wurfel *WW*

RE: Your Q and A Session with Non-Washington
Editors/News Directors, 1:00 p.m., Friday,
February 10, Cabinet Room

This group will meet with you after being briefed by Beatrice Vaccara (Treasury), Mary Berry (HEW), Richard Wyrrough (State), and Jane Frank. After meeting with you, they will be briefed by Wayne Granquist (OMB). (An agenda is attached.)

The participants come from 15 states and the District of Columbia. Seventeen are newspaper or editorial page editors. Nine are broadcasters. (A list of participants is attached.)

A photo pool will be in the Cabinet Room the first two minutes.

THE WHITE HOUSE

WASHINGTON

A G E N D A

February 10 Briefing
Editors and News Directors

8:30 - 8:40 a.m.	Coffee
8:40 - 9:00 a.m.	Welcome WALT WURFEL, Deputy Press Secretary PATRICIA BARIO, Associate Press Secretary PAT BAUER, Editor, White House News Summary
9:00 - 10:00 a.m.	BEATRICE N. VACCARA Deputy Assistant Secretary Department of Treasury
10:00 - 10:15 a.m.	Break
10:15 - 11:00 a.m.	MARY FRANCES BERRY Assistant Secretary for Education Department of Health, Education & Welfare
11:00 - 12:00 a.m.	RICHARD WYROUGH Deputy Director & Senior Adviser Office of Panamanian Affairs Department of State
12:00 - 12:30 p.m.	Lunch JANE FRANK Deputy Secretary to the Cabinet
12:30 - 12:45 p.m.	En Route to Cabinet Room
12:45 - 1:00 p.m.	JODY POWELL Press Secretary to the President
1:00 - 1:30 p.m.	Q and A with PRESIDENT CARTER
1:30 - 2:00 p.m.	Filing Time
2:00 - 3:00 p.m.	WAYNE G. GRANQUIST Associate Director for Manage- ment & Regulatory Policy Office of Management and Budget

FEBRUARY 10 BRIEFING
PARTICIPANTS

- ALABAMA: Robert Bryan, publisher/editor, Cullman Times. Owns two dailies and three weeklies in north Alabama; good friend of Senator Allen; pro-Democratic; will ask about postal costs.
- ARKANSAS: Michael Masterson, executive editor, Sentinel Record, Hot Springs. Very conservative Hussman paper. Anti-Panama treaties. Interest: tourism. May ask about federal funding for "Mid-America Park " Smithsonian extension for Arkansas.
- COLORADO: Anne M. Thompson, co-publisher, Rocky Ford Daily Gazette. Small daily in poor rural area of SE Colorado. Paper and community are very conservative, pro-farm strike.
- Donald Seawell, publisher, Denver Post. Conservative paper, supported you in '76, more critical now. Seawell is interested in defense, very active in Civilian Military Institute, a private group concerned with military affairs. Other interests: natural resources, water projects, federal assistance for air pollution (severe problem in Denver), and mass transit (Ford Admin. turned down Denver's requests for federal funds; city is waiting to see what we will do). Strongly anti-farm strike.
- DISTRICT OF COLUMBIA: Karl Ferguson, news director, WOOK Radio.
- ILLIONIS: Daniel E. Bauman, editor, The Herald, Arlington Heights. Moderately conservative newspaper in suburban Chicago. Interests: diminishing water supply, proposed federal housing for disadvantaged in area (community is opposed).
- John Bowman, managing editor, The Journal, Kankakee. Conservative evening daily in city 70 miles south of Chicago. Interests: manufacturing and farms (steel, corn, soybeans). Very pro-farm strike.
- INDIANA: Edward Ziegner, political editor, Indianapolis News. Very conservative reporter, dean of Indiana press corps. Paper is conservative, right-wing, anti-Carter Admin. Interests: snow emergency, federal funds to state, coal strike, steel, pro-farm strike.
- John Irwin, general manager, WERK, Muncie.
- IOWA: Harold Roberts, publisher, Creston News-Advertiser. Conservative weekly. Roberts is a moderate Republican, but sometimes will support populist views. Interests: postal services, farm strike, crime, local control of government.

NEW MEXICO: Roger Beimer, news director, KOB-TV, Albuquerque.

NEW YORK: Walter Grunfeld, editor/publisher, Independent Newspapers, Marathon. Very small weekly, but is involved with HR 7700 (postal legislation), because local Congressman (Hanley) heads House Postal Committee. Other interest: unemployment. Grunfeld is past president of the National Newspaper Association.

George Borrelli, political editor, Buffalo Evening News. Republican paper. Interests: steel, aid to New York City, your involvement in state campaigns this year.

Don Lewis, president, WHBI, New York.

Stuart Dunham, executive editor, Rochester Democrat and Chronicle. Flagship paper for Gannett chain. Interests: urban policy, organized crime, social security, hospital costs, agriculture, wine industry, New York City budget, Lake Ontario pollution, U.S.-Quebec relations.

Tom Geyer, managing editor, The Freeman, Kingston.

OHIO: Ray Rosenblum, WMOA Radio, Marietta.

David Shinn, news editor, Times Recorder, Zanesville. Thomson paper in very depressed area of SE Ohio. Conservative, Democratic, pro-Carter Administration, anti-foreign aid.

PENNSYLVANIA: Charles W. McKinley, president, Brownsville Telegraph. Small, conservative daily. Interests: disaster in NE, steel, coal mining, Black Lung Bill.

SOUTH CAROLINA: Bob McAlister, news director, WFBC Radio, Greenville.

TENNESSEE: W. James Leonhirth, acting editor, Murfreesboro News-Journal. Moderate newspaper in college town. Pro-Administration, but anti-Panama treaties. Interests: anti-smoking campaign, labor reform, agriculture.

VIRGINIA: Craig Lesser, news director, WCHV Radio, Charlottesville.

Charles Womack, Jr., publisher/editor, Womack Publications, Chatham. Family owns chain of papers in rural area. Strongly anti-Panama treaties, anti-labor reform, anti-Califano (HEW Office of Civil Rights and anti-smoking program).

WEST VIRGINIA: John Pratt, news director, WBOY-TV/Radio,
Clarksburg.

WISCONSIN: Graydon Royce, news director, WMNE Radio, Menomonie.

Gilbert Koenig, editor, Freeman Printing Company,
Waukesha. Liberal daily based in Milwaukee suburb.
Pro-Panama treaties. Interests: Black unemployment,
crime, federal aid to cities, and Project Seafarer.

THE WHITE HOUSE
WASHINGTON

February 10, 1978

Hamilton Jordan

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

Rick Hutcheson

cc: Jim Gammill

RE: NUCLEAR REGULATORY COMMISSION

THE WHITE HOUSE
WASHINGTON

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

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

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

THE WHITE HOUSE
WASHINGTON

February 8, 1978

MEMORANDUM FOR PRESIDENT CARTER

FROM: HAMILTON JORDAN *HJ.*
SUBJECT: NUCLEAR REGULATORY COMMISSION

In response to your note, I agree we should have a search committee for the Nuclear Regulatory Commission vacancy.

Jim Schlesinger has proposed a black woman for this position. I believe this should be considered, along with other candidates who have been proposed, by an informal screening panel of individuals from the Personnel Office, Schlesinger's staff, Frank Press' staff, and Domestic Council.

This position is one of the most important we have to fill. To avoid criticism received in the past, we must not let it appear to be the choice of any one individual above others. We plan to give you a choice of candidates who will meet the twin objectives of supporting your goals and helping the NRC win the confidence of all in the regulatory process.

APPROVE DISAPPROVE

OTHER:



THE WHITE HOUSE
WASHINGTON

2-8-78

Ham -

I think we need
a search for the
Nuclear Regulatory
Agency member.

Comment

J

548

THE WHITE HOUSE
WASHINGTON

February 10, 1978

Frank Moore

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

Rick Hutcheson

cc: Tim Kraft
Fran Voorde

RE: CONGRESSIONAL EVENTS

THE WHITE HOUSE
WASHINGTON

PS C

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

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

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

THE WHITE HOUSE

WASHINGTON

January 27, 1978

MEMORANDUM FOR THE PRESIDENT AND FIRST LADY ✓

FROM: FRANK MOORE *FM.*

I would like to propose two Congressional events for the Spring of this year.

I. As we've discussed, the Congressional picnics you hosted last summer were extremely successful, and I continue to hear favorable comments from Members. This year the Congress will adjourn early so that any major events we plan will have to be held early.

I understand from Gretchen that Andre Kostelanetz whose Summer in the Parks concert drew more than 100,000 to New York's Central Park has offered to conduct a concert for you. He would perform a program of light classical, show and pop music.

I would like to invite Members and their families to an old fashioned Sunday band concert on the South Lawn. Mr. Kostelanetz is available Sunday, May 20, with a rain date of Monday, May 21. The concert could be held from 4:00 p.m. - 7:00 p.m. (probably 5:00 p.m. - 8:00 p.m. if we have to move to Monday). Box suppers could be passed out to the guests as they arrive. Soft drink and ice cream stands could be located at various locations on the grounds.

I believe this event would be very well received particularly by Members with children and grandchildren.

II. In addition to the concert, I would like to propose a Spring Congressional Ball. This past year, we chose to have a family reception instead of a Christmas Ball. Because of this and because of the fact that we have had few formal State Dinners, I believe that there is a real desire on the part of Members and particularly on the part of Congressional wives to come to a formal affair at the White House.

I recommend that you and the First Lady host a Spring Ball in March, possibly March 20 which is the first day of Spring and the week prior to the Easter recess.

Approve Concert

_____ X _____

Disapprove Concert

Approve Ball

Disapprove Ball

_____ X _____

*Jimmy says
"no" to Ball.
We can have one
this Christmas -*

cc: Gretchen Poston

THE WHITE HOUSE
WASHINGTON

Rick,

I know this is the first memorandum you sent and I don't remember if the second was significantly different.

Let me know if there is any problem.

Madeline
2/9/78

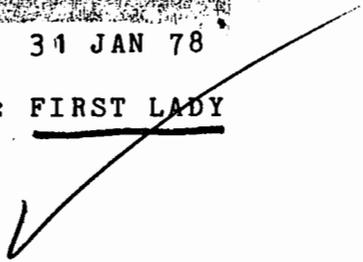
Electronic Copy Made
for Presidential Purposes

THE WHITE HOUSE
WASHINGTON

DATE: 31 JAN 78
FOR ACTION: FIRST LADY

TIM KRAFT

*Return to
Rick Hutcheson*
*Copy to
Gretchen Poston*



INFO ONLY: THE VICE PRESIDENT
FRAN VOORDE

HAMILTON JORDAN

SUBJECT: FRANK MOORE MEMO TO PRESIDENT AND FIRST LADY RE: WHITE
HOUSE SPONSORSHIP OF SPECIAL EVENTS AND CONGRESSIONAL
SPRING BALL

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM THURSDAY 02 FEB 78 +
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE

WASHINGTON

February 9, 1978

MEETING WITH FEDERAL REGIONAL OFFICIALS

Friday, February 10, 1978

11:30 a.m. - 12 Noon

Room 450, OEOB

FROM: Jack Watson *Jack*

I. PURPOSE

On your behalf, I invited approximately 160 regional directors of all the major domestic agencies to Washington for a day-and-a-half series of briefings and discussions designed to raise their knowledge of, and identification with, your programs, policies and goals. A one-page agenda of the Conference is attached. All of the conferees are members of their respective Federal Regional Councils. The fundamental purpose of the Conference is to demonstrate our determination to forge an effective federal regional presence through our regional officials, as individuals, and as a cohesive and coordinated group of people working together.

II. FORMAT

- 11:25 Depart west wing for holding room outside room 450, OEOB;
- 11:30 Enter room 450, go to the first row and shake hands with the ten FRC chairpersons, with press coverage;
- 11:32 Proceed to microphone on stage and make brief remarks (5 - 6 minutes; suggested talking points are attached);
- 11:40 Take questions from the floor;
- 11:57 Closing remarks;
- 12 Noon Departure.

III. BACKGROUND

The Federal Regional Councils were begun in 1968 as an experiment and then expanded to the ten regional centers in 1969. Their original purpose was to coordinate the many

arms of the federal government in "defining problems, devising strategies to meet them, eliminating frictions and duplications, and evaluating results." FRC's have a clear responsibility to identify conflicting agency policies and program practices which block or limit the effectiveness of federal assistance. They also have a major role to play in building and maintaining genuine partnerships with state and local governments.

As you know all too well, their fulfilment of those roles and responsibilities in past years has, in most cases, been unsatisfactory. Some of the persistent reasons for those failures have been:

- poor communication between Washington and the field offices;
- lack of a clear mission and authority for departmental regional offices in general and for the Federal Regional Councils in particular;
- totally inadequate communication channels between the Councils and the White House/OMB with the result of no clear direction and no basis for accountability;
- contradictory and uncoordinated federal aid rules and regulations; insufficient interaction with states and communities and lack of affirmative outreach on the part of federal field offices.

These problems in the field--organizational, procedural and substantive--have largely been the mirror image of similar problems in Washington. For the last several months, Jim McIntyre and I have been working to correct as many of these problems as possible and to breathe vitality into the federal regional presence. We have made substantial progress:

- ° By and large, the FRC Chairpersons that you appointed are able and committed folks who want to make the system work;
- ° We have activated the Under Secretaries Group, which is co-chaired by Jim McIntyre and me, and have thereby established a mechanism here to give direction, to resolve conflicts and to hold the Councils accountable;

- ° In collaboration with each of the ten FRC's we have designed specific, major interagency missions for the Councils to undertake and set time frames for the accomplishment of certain objectives (For example, we are using some of the FRC's as coordinating bodies for the implementation of urban policy and coordination of multiple agency programs in dealing with cities, such as in the South Bronx and Boston. We have given the Denver FRC the primary responsibility for coordinating energy impact assistance in Colorado and other affected areas of Region 8).

In addition to this Conference (which is unprecedented--no President has ever invited his FRC's into the White House for a series of high-level briefings such as we have had), we have also had the FRC Chairpersons in for budget and legislative priority briefings. As you will see from the talking points, the most important thing for you to convey is your insistence on high standards of performance and your affirmation of them as crucially important members of your team. The tone of the meeting has been positive and expectant.

FEDERAL REGIONAL CONFERENCE

AGENDA

Thursday, February 9

8:30 - 9:30 a.m. Welcome Jack Watson

9:30 - 10:00 a.m. Civil Service Reorganization Alan Campbell, Chairman
Civil Service Commission

10:00 - 10:30 a.m. Economic Outlook Charles Schultze, Chairman
Council of Economic Advisers

10:30 - 10:45 a.m. Coffee Break

10:45 - 12:00 noon Domestic Issues Stuart Eizenstat, Assistant
for Domestic Affairs and Policy

12:00 - 1:30 p.m. Lunch

1:30 - 3:30 p.m. Council Work Sessions

Joint Funding - Room 2008 N.E.O.B.
FRC Chairperson - William Artz

Urban Assistance - Room 474 O.E.O.B.
FRC Chairperson - Chris Beck

Impact Assistance - Room 308 O.E.O.B.
FRC Chairperson - Betty Miller

Rural Transportation - Room 305 O.E.O.B.
FRC Chairperson - John Kemp

3:30 - 4:30 p.m. Reports from Work Sessions to the Undersecretaries Group

4:30 - 5:00 p.m. Energy Legislation Update John O'Leary, Deputy Secretary
Department of Energy

Friday, February 10

8:30 - 10:00 a.m. Budget Briefing James McIntyre, Director
Bo Cutter, Associate Director
Office of Management and Budget

10:00 - 10:30 a.m. Legislation Frank Moore, Assistant for
Congressional Liaison

10:30 - 10:45 a.m. Coffee Break

10:45 - 11:30 a.m. General Discussion Jack Watson

11:30 a.m. Presidential Remarks President Carter

(Unless otherwise noted, all sessions are in Room 450, Old Executive Office Building)

TALKING POINTS

I AM PLEASED TO HAVE A CHANCE TO MEET AND HEAR FROM THE SENIOR FEDERAL OFFICIALS FROM THE FIELD OFFICES. WHEN I FIRST CAME INTO OFFICE, I VISITED THE HEADQUARTERS OF EACH OF YOUR DEPARTMENTS IN WASHINGTON AND MET WITH AS MANY DEPARTMENTAL PEOPLE AS I COULD. I WANTED THEM TO KNOW THAT I NEEDED THEIR HELP, AND THAT I CONSIDERED THEM TO BE FULL PARTNERS WITH ME IN AN EFFORT TO MAKE THE GOVERNMENT WORK BETTER, AND TO FURTHER THE NATIONAL GOALS THAT WE SHARE.

IT HAS BEEN MORE DIFFICULT FOR ME TO MEET WITH FEDERAL OFFICIALS OUTSIDE OF WASHINGTON, AND THAT IS WHY I AM SO PLEASED THAT YOU ARE HERE. THE SUCCESS OF WHAT I TRY TO DO AS PRESIDENT WILL DEPEND LARGELY ON HOW WELL WE FORGE A PARTNERSHIP BETWEEN YOU AND ME -- AND BETWEEN MY CABINET AND OTHER ADMINISTRATION LEADERS IN WASHINGTON AND THE THOUSANDS OF FEDERAL CIVIL SERVANTS AROUND THE COUNTRY. IN A LARGER SENSE, OUR SUCCESS WILL ALSO DEPEND ON HOW WELL WE CAN SHAPE A CONSTRUCTIVE COLLABORATION AMONG OURSELVES, STATE AND LOCAL OFFICIALS AND THE PUBLIC-AT-LARGE.

-- AND YOU ARE THE MOST CONTINUOUS, CONSISTENT AND IMPORTANT LINK IN THAT RELATIONSHIP ON BEHALF OF THE FEDERAL GOVERNMENT.

- I DEPEND ON ALL OF YOU TO BE FACILITATORS,
 - NOT BLOCKERS, OF ACTION;
- I DEPEND ON ALL OF YOU TO BE INNOVATORS,
 - NOT SKEPTICS;
- I DEPEND ON EACH OF YOU TO BE INDIVIDUAL CENTERS OF LEADERSHIP, INITIATIVE AND FELT RESPONSIBILITY.

I AM SURE YOU HAVE ALL HEARD OF MY OWN MIXED EXPERIENCES IN DEALING WITH FEDERAL REGIONAL OFFICIALS WHEN I WAS GOVERNOR. THE FRUSTRATIONS I HAD WERE BASED ON:

- LACK OF CLARITY ABOUT WHERE DECISIONS WERE MADE;
- LACK OF ADEQUATE INFORMATION ON THE PART OF THE REGIONAL OFFICIALS WITH WHOM I DEALT;
- LACK OF REAL COLLABORATION AMONG THE FEDERAL OFFICIALS, THEREBY MAKING IT NECESSARY FOR ME, AS GOVERNOR, TO GO FROM DEPARTMENT TO DEPARTMENT, TO ACCOMPLISH WHAT WAS REALLY A SINGLE PROJECT.

THERE IS NO DOUBT IN MY MIND THAT WE NEED TO HAVE STRONG, EFFECTIVE REGIONAL MECHANISMS TO TAILOR FEDERAL ACTIONS TO THE CIRCUMSTANCES IN DIFFERENT STATES AND REGIONS OF THE COUNTRY. I AM DETERMINED TO MAKE THAT HAPPEN. AS I SAID LAST WEEK AT THE WHITE HOUSE CONFERENCE ON BALANCED NATIONAL GROWTH, MY BIAS IS TOWARDS DECENTRALIZATION.

I THINK WE HAVE MADE SUBSTANTIAL PROGRESS DURING THIS FIRST YEAR IN ADDRESSING SOME OF THESE PROBLEMS THAT MADE THE FEDERAL REGIONAL COUNCILS DYSFUNCTION. I AM PARTICULARLY PLEASED TO NOTE OUR COMBINED EFFORTS TO FOCUS SHARPLY ON SPECIFIC MISSIONS FOR EACH OF THE COUNCILS AND SPECIFIC PRIORITIES OF ACTION DURING 1978. OUR PRIORITIES ARE MUTUAL:

- URBAN POLICY COORDINATION;
- ENERGY IMPACT ASSISTANCE;
- RURAL TRANSPORTATION;
- CUTTING RED TAPE AND REDUCING PAPERWORK.

TO THE EXTENT THAT YOU CAN REALLY PULL THINGS TOGETHER IN ALL OF THOSE AREAS, IT MAKES THE GOVERNMENT WORK BETTER; IT PERMITS US TO GET MORE BENEFIT OUT OF FEDERAL DOLLARS SPENT; IT HELPS US LEVERAGE GREATER INVOLVEMENT BY THE PRIVATE SECTOR AND STATE AND LOCAL GOVERNMENTS; AND IT IMPROVES THE CONFIDENCE AND TRUST OF PEOPLE IN THE COMPETENCY OF THEIR OWN GOVERNMENT.

- BY THE END OF THIS YEAR, I WANT SPECIFIC REPORTS FROM YOU ON YOUR PROGRESS IN FULFILLING YOUR MISSIONS AND MEETING YOUR PRIORITIES, REGION BY REGION;

- I WANT YOU TO HELP US LEARN WHAT CHANGES ARE REQUIRED IN ADMINISTRATIVE PRACTICE AND POLICY IN ORDER TO FULFILL OUR NATIONAL GOALS;
- I WANT YOU TO IMPROVE OUR RELATIONS WITH STATE AND LOCAL LEADERS AND THE CITIZENS WHOM THEY, AND WE, SERVE;
- I WANT EACH OF THE FRC'S TO IMPLEMENT AT LEAST ONE REALLY EFFECTIVE, JOINTLY-FUNDED PROJECT, TO SHOW WE CAN DO IT, AND TO SERVE AS A MODEL FOR BETTER COORDINATION IN OTHER AREAS;
- I LOOK TO JACK WATSON AND JIM McINTYRE AS MY PRIMARY LINKAGE WITH YOU. LET THEM HEAR FROM YOU, AND ACCEPT THEIR DIRECTION AS MINE.

Electrostatic Copy Made
for Preservation Purposes

THE PRESIDENT HAS SEEN.

C
/

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

February 9, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS*
SUBJECT: Wholesale Prices in January

The Bureau of Labor Statistics will release tomorrow (February 10) at 9:00 a.m. its estimate of wholesale prices in January. The release this month will focus on the index of finished goods prices -- a better measure of wholesale price change than the old "all commodities" index. Finished goods prices rose 0.6 percent in January, about the same amount as in each of the three previous months. (The "all commodities" index rose 0.9 percent.)

This is not good news, for it means that wholesale prices of finished goods are continuing to rise at an annual rate of over 7 percent. There is no evidence in the January wholesale price figures, however, to suggest that the underlying trend of inflation is worsening.

There were large price increase in January in farm and food products and in crude industrial materials. Farm prices were up 1.7 percent; increases were particularly large for livestock, poultry, and fresh fruits and vegetables (which had dropped in price in December). Among crude industrial commodities, price increases were relatively large for hides and skins, lumber, rubber, and metals (particularly scrap metals).

Farm prices are still recovering from earlier deep declines, and so this rise is not surprising. The increase in crude industrial materials reflects the pickup in business activity that began in the fourth quarter. These prices are very sensitive, and they respond quickly to changes in the pace of the economy.

The farm and raw material price increases don't show up in the finished goods price index, but will tend to do so later as they work their way through the manufacturing chain.

THE WHITE HOUSE

WASHINGTON

February 9, 1978

MEETING WITH SENATOR H. JOHN HEINZ, III
Friday, February 10, 1978
10:15 a.m. (15 minutes)
The Oval Office

From: Frank Moore *F. Moore*

I. PURPOSE

To discuss the Panama Canal Treaties.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: Senator Heinz is an undecided vote on the Treaties, but he philosophically favors them. He has sent you a three page letter outlining his remaining concerns about the Treaties. (Copy attached.)

He will seek reassurance on the issues raised in his letter. State is drafting a response to the letter. Heinz does not expect an answer until next week. His staff has clearly indicated to us that he will use the reassurances from this meeting and from your letter to justify a vote in favor of the Treaties.

He has been softened up by President Ford, Vice President Rockefeller and Henry Kissinger.

B. Participants: The President
Senator Heinz

C. Press Plan: White House Photo Only.

III. TALKING POINTS

1. Heinz will express reservations about the ability of future canal revenues to offset payments to Panama. You should tell him that Arthur Anderson estimates a one-time toll increase of 19% to 27% would offset all

anticipated costs of the new Commission to 1984, including payments to Panama and cost increases due to inflation. For years after 1984, a study commissioned by State and the Canal Company estimates revenues will continue to increase from \$210 million in 1985 to \$264 million in 2000. Responsible economists cannot accurately predict costs for 1985 and beyond because of the uncertainties of inflation and the world economy. However, a study commissioned by the Senate Armed Services Committee indicates that prudent management under the new Treaties could reduce costs substantially for the period. Studies have also shown that tolls could be increased significantly during the later years of the Treaty period.

You should give him a copy of the attached press statement and offer a full State briefing on Canal economics if he wants it.

2. Heinz thinks no traffic or revenue projections have been made for years after 1978. That is untrue. Note the attached International Research Associates study commissioned by the State Department and the Canal Company. The study should be given to Heinz.
3. Heinz is afraid Panama will divert post-2000 Canal revenues for purposes other than Canal operation and maintenance. You should tell him that Panama is certainly not likely to allow its major economic asset to fall into disrepair. However, if the Senator is still not convinced, he may want to contact Senators who are exploring an understanding on this subject. We probably cannot support such an understanding, but State is able to provide technical drafting assistance.
4. The Senator is concerned about our post-2000 military presence in Panama. You should tell him that any amendment calling for bases in Panama after 2000 would defeat the Treaties. We feel our military can defend the Canal's neutrality without bases in Panama. Some Senators are exploring an understanding expressing the sense of the Senate that the United States should begin negotiations in 1995 for a status of forces agreement with Panama after the year 2000. We could provide technical drafting assistance for such an understanding, although we could not support it on the floor.

5. Heinz thinks Article V of the Neutrality Treaty precludes us from ever having a status of forces agreement with Panama after 2000. That is untrue. A new Treaty incorporating such an agreement would supercede Article V to that extent. The Senate has repeatedly urged the Executive Branch to enter into such agreements by Treaty.

6. The Senator has been told the Pentagon has done NO planning for reentry of U.S. troops to defend the Canal's neutrality. Defense says you have directed that no such planning take place until ratification. Defense suggests the following response:

"Please let me assure you that we have the capability to plan and execute military operations necessary to insure that the Canal remains open and neutral. If you desire, I will have a senior military officer brief you in detail on how this planning might take place."

THE WHITE HOUSE
WASHINGTON
February 10, 1978

Stu Eizenstat
Jim McIntyre

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

RE: H.R. 5322 - BLACK LUNG
BENEFITS REVENUE ACT

THE WHITE HOUSE
WASHINGTON

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

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

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

THE WHITE HOUSE
WASHINGTON

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Enrolled Bill H.R. 5322 - Black
Lung Benefits Revenue Act of 1977

You must decide by Saturday, February 11, whether to sign or veto this bill.

THE BILL

H.R. 5322 imposes an excise tax on coal to finance a Black Lung Disability Trust Fund which would be established to pay certain black lung benefits to miners. It also allows mine operators to establish special trusts for payment of black lung benefits for which they are liable, with income tax deductions allowed for contributions to such trusts.

A companion bill liberalizing black lung benefits will also reach your desk shortly.

VOTES IN CONGRESS

House -- passed by voice vote

Senate -- passed by voice vote

ARGUMENTS FOR SIGNING

-- This bill and the companion black lung benefits legislation are strongly supported by major Congressional leaders such as Perkins, Long, Byrd and Randolph. The Administration, particularly DOL, worked with these Congressional leaders on the legislation and secured some concessions. No signal of a possible veto was conveyed to the Congress during consideration of the legislation.

-- It is appropriate that black lung benefits be paid by the coal industry; at present most black lung claims are paid from general revenues.

-- Although there is some disagreement as to whether the trust fund revenues are adequate to pay for all black lung claims, the floor leaders of the legislation indicated a willingness to introduce such amendments as may be necessary in the future to avoid a continuing shortfall.

ARGUMENTS FOR VETO

-- The excise tax on coal is inflationary and increases the price of coal at a time when we are trying to encourage greater use of coal.

AGENCY AND STAFF RECOMMENDATIONS

OMB, DOL, and Treasury recommend that you sign the bill. DOE and Interior have no objection to signing. CEA recommends veto for reasons stated above. An earlier memo from Charlie Schultze is attached. Frank Moore, Bob Lipshutz and I recommend that you sign the bill.

SIGNING STATEMENT

DOE recommends a signing statement indicating that there should be no future tax increases on coal production, even if needed to pay for black lung benefits, because of potential detrimental effects on the competitive position of coal as an energy source. OMB disagrees, arguing that if in the future a public subsidy is necessary for coal production it should be provided openly and directly, not indirectly through government assumption of the cost of paying black lung benefits. OMB recommends that you issue one statement on both bills at the time you act on the benefits bill.

DECISION

Sign H.R. 5322

Veto H.R. 5322



* Sign and issue signing statement for this bill

* Sign and issue signing statement for this bill and benefits bill at the time you sign the benefits bill (OMB and DPS recommend)

* statements will be prepared once you make your decision

Electrostatic Copy Made
for Preservation Purposes

Last Day for Action:
February 11--Saturday

THE WHITE HOUSE
WASHINGTON

52/10/78

February 8, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
STEVE SIMMONS *Stu*
SUBJECT: Enrolled Bill H.R. 5054--Elimination
of Apportionment Requirement for
Federal Employment

THE BILL

H.R. 5054 repeals the statutory requirement that appointments to Federal civil service positions in headquarters of Executive Branch agencies in the Washington, D.C. area be apportioned among the states on the basis of relative population. This requirement dates from 1883 and was intended to assure that all areas of the country would be proportionately represented in and have access to the Federal work force in Washington, D.C.

ARGUMENTS FOR SIGNING

The apportionment requirement should be repealed because:

- it is contrary to merit principles;
- numerous exceptions have been written into the law so that it now applies to only 15 percent of Washington area competitive positions;
- it is an obstacle to equal employment opportunity, and impacts most heavily on women;
- it is an unjustifiable administrative burden;
- it is no longer needed to assure that all states are represented in the government in the Washington, D.C. area.

ARGUMENTS FOR VETO

None.

VOTES IN CONGRESS

House and Senate: Passed by voice vote.

AGENCY AND STAFF RECOMMENDATIONS

OMB and the Civil Service Commission recommend you sign the bill. Bob Lipshutz, Frank Moore and we agree.

The CSC also recommends that you have a small private White House signing ceremony for the sponsors of H.R. 5054. The White House photographer but no press would be present. The primary reasons for this are:

- The sponsors of H.R. 5054 will be important to our major Civil Service reform effort, and a ceremony would be helpful in fostering their support.
- The CSC has been trying to achieve this reform for years and it is a small but not insignificant accomplishment.

Frank Moore recommends against doing the ceremony, as do I.

DECISION

Sign H.R. 5054 with private ceremony _____

Sign H.R. 5054 _____

Veto H.R. 5054 _____

no time

J

729

THE WHITE HOUSE
WASHINGTON

February 10, 1978

Frank Moore

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling. Please forward the letter to Sen. Stevens.

Rick Hutcheson

RE: PANAMA CANAL TREATIES

THE WHITE HOUSE
WASHINGTON

2-10-78

To Sen. Ted Stevens

I deeply appreciate your statesmanlike approach to the difficult but crucial ratification of the Panama Canal treaties.

The consequences of rejection of the treaties would seriously affect our nation's interests.

I am eager to discuss personally with you any questions you might have.

Sincerely,
Jimmy Carter

SENATE CHAMBER

SU 1,
Foot

Bob Thomson
CONGRESSIONAL
LIAISON

Wednesday

FEB 10 1978

Dear Mr. President:

I thank you
for the opportunity
to discuss the Panama
Canal Treaties with

you.
Prior to our meeting
yesterday, as we opened
the Senate, I stated
I was listed as an

③ portion in the coming weeks.

Respectfully

Ed Stevens

opponent of these treaties in answer to an enquiry from the press. ②

As I stated to you, I will re-think this whole proposition, and will particularly give heed to the concerns you mentioned.

You have my assurance that those concerns will be given great weight by me as I review my

THE PRESIDENT HAS SEEN
THE WHITE HOUSE
WASHINGTON
February 10, 1978

9

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *HC*

SUBJECT: Weekly Mail Report (Per Your Request)

Below are statistics on Presidential and First Family:

<u>INCOMING</u>	<u>WEEK ENDING 2/3</u>	<u>WEEK ENDING 2/10</u>
Presidential	38,785	32,280
First Lady	1,785	1,645
Amy	685	740
<u>Other First Family</u>	<u>85</u>	<u>55</u>
TOTAL	41,340	34,720

BACKLOG

Presidential	12,980	8,570
First Lady	800	380
Amy	0	0
<u>Other</u>	<u>0</u>	<u>0</u>
TOTAL	13,780	8,950

DISTRIBUTION OF PRESIDENTIAL MAIL ANALYZED

Agency Referrals	21%	22%
WH Correspondence	46%	43%
Direct File	18%	18%
White House Staff	4%	5%
<u>Other</u>	<u>11%</u>	<u>12%</u>
TOTAL	100%	100%

NOT INCLUDED ABOVE

Form Letters and Post Cards	34,729	25,688
Mail Addressed to White House Staff	16,487	17,764

cc: Senior Staff

MAJOR ISSUES IN
CURRENT PRESIDENTIAL ADULT MAIL
Week Ending 2/10/78

ISSUES	PRO	CON	COMMENT ONLY	NUMBER OF LETTERS
Support for President's 2/1/78 Fireside Chat	17%	82%	1%	3,662
Support for Intervention in Coal Strike (1)	100%	0	0	1,157
Support for Attorney General's Decision to Replace U.S. Attorney David Marston	2%	98%	0	1,141
Suggestions re: Middle East Peace	0	0	100%	682
Support for Tougher Restrictions on Steel Imports	100%	0	0	464
Suggestions re: Tax Reform Package	0	0	100%	443
Support for Labor Law Reform Bill	2%	98%	0	440
Increased Federal Funding for Farmers	99%	1%	0	413
President's Position re: Federal Funds for Abortion	56%	44%	0	355
Support for Secretary Califano's "War on Smoking"	5%	95%	0	291
Support for OMB Decision to Disallow Funds for Renovation of National Fire Academy	0	100%	0	237
TOTAL				9,285

(1) SUPPORT FOR INTERVENTION IN COAL STRIKE

Persons in Ohio and neighboring states fear dwindling supplies of coal, warning that there may be massive lay-offs and irreparable harm to many small businesses.

Electrostatic Copy Made
for Preservation Purposes

THE PRESIDENT HAS SEEN.

5
1

THE WHITE HOUSE
WASHINGTON

10 February 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

RICK HUTCHESON *RH*

SUBJECT:

Status of Presidential Requests

EIZENSTAT:

1. (1/18) (and Schultze) Assess for the President: a) S-71, and b) Federal Bank Commission Bill -- to consolidate bank regulations which are now under 3 agencies -- In Progress, (expected 2/13).
2. (2/6) Get with the Vice President and Hamilton concerning the EEO Reorganization Plan. (2/8) (The Vice President) Please go over the EEO Reorganization in some detail with Jordan, McIntyre, Eizenstat, et al; the President likes it, but wants to avoid the serious political pitfalls -- In Progress, (expected 2/13).
3. (2/7) Set up a meeting with Congressman Rostenkowski on hospital cost containment -- Done, (scheduled for 2/15). *done*
4. (2/8) What can we do now regarding the R.B. Russell Dam? -- In Progress, (expected 2/15).

MOORE:

1. (1/27) Check with Max Cleland on the memo given to the President from Cong. Ray Roberts concerning Pension Reform -- Done, (in Stu's Weekly Report). *done*
2. (2/3) Talk with Tom Foley about how we might help individual congress members this year to be re-elected -- In Progress, (to be completed by 2/17).

- 2 -

3. (2/7) (and Vance, Brown, Brzezinski and Jordan) Please consult immediately and evolve a clear procedure for answering new questions on the Panama Canal and giving the President and others existing and future information -- Done (in 2/9 evening status report from Moore/Thompson). *done*

SCHULTZE:

1. (1/3) Why wasn't the problem of reduction in federal unemployment tax rates raised with the President when UI tax reduction was proposed? -- In Progress, (expected 2/14, previously expected 2/7).
2. (2/7) Any comment on the letter from Ambassador Marvin Warner regarding Swiss banks offer to make Swiss franc loan equivalent to US in order to help stabilize the dollar? -- Done. *done*

MCINTYRE:

1. (1/19) (and Bourne) In general, the President agrees with Peter's memo on International Health, but a policy review is necessary. You and Peter give the President a time schedule -- Done. (2/3) (and Bourne, Lipshutz, Eizenstat and Brzezinski) Have a final options paper to the President within 2 weeks regarding a Presidential commission on World Hunger -- In Progress, (expected by 2/17). *done*
2. (2/6) Advise the President on alternatives to the Commission on Small Business; we need to move publicly this spring and summer -- Done. *done*

VICE PRESIDENT:

1. (1/25) Briefly assess advisability of buying some copper for stockpile -- In Progress. *done*

BRZEZINSKI:

1. (12/19) Assess with the Vice President and Frank Moore the best strategy for congressional action regarding the Turkish and Greek DCA's -- In Progress, (memo from Vance, H. Brown and Brzezinski expected 2/14, previously expected 2/8).

THE WHITE HOUSE
WASHINGTON

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

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	McINTYRE
	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
	GAMMILL

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

THE WHITE HOUSE
WASHINGTON

rick--

please send me cc

thanks-- ssc