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Draft letter	Pres. Carter to Gen. Torrijos, 7 pp., re:Communication w/foreign head of state	4/18/78	A
Cabinet Summaries	Andrew Young to Pres. Carter, 1 pg., re:UN activities <i>opened per RAC NLC-126-12-8-1-9, 4/17/13</i>	4/14/78	A

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Revised:
4/17/78
5:00 p.m.

THE PRESIDENT'S SCHEDULE

Tuesday - April 18, 1978

- 8:15 Dr. Zbigniew Brzezinski - The Oval Office.
- 8:45 Mr. Frank Moore - The Oval Office.
- 10:30 Mr. Jody Powell - The Oval Office.
- 11:20 Handshake/Photograph with Leaders of the National
(5 min.) Student Lobby and the National Student Association.
(Mr. Stuart Eizenstat) - The Oval Office.
- 11:30 Vice President Walter F. Mondale, Admiral Stansfield
(20 min.) Turner, Dr. Zbigniew Brzezinski and Mr. Hamilton
Jordan - The Oval Office.
- 12:00 Lunch with Vice President Walter F. Mondale.
The Oval Office.
- 1:30 Mr. James McIntyre - The Oval Office.
(20 min.)
- 2:30 Meeting with Negotiators of Nationwide Labor
(10 min.) Agreement for Nuclear Power Plants. (Secretary
James Schlesinger and Mr. Landon Butler).
The Cabinet Room.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 18, 1978

CONGRESSIONAL LEADERSHIP BREAKFAST

Wednesday, April 19, 1978

7:45 a.m. (one hour)

State Dining Room

From: Frank Moore *fmoore*

I. PRESS PLAN

White House Photo Only

II. PARTICIPANTS

See Attached list

III. AGENDA

1. Panama Canal Treaties. Regardless of the outcome, you should thank Senators Byrd, Cranston and Inouye profusely. Bob Thomson and Bob Beckel will also be at breakfast.

2. Airline Deregulation. This measure will be taken up on the floor of the Senate Wednesday, April 19 and the Senate may complete action on the bill.

You should stress that this bill is among the Administration's highest priorities. The vote count on final passage is encouraging. However, we are concerned with efforts to strike or modify the automatic market entry provision. This is the centerpiece of the legislation permitting air carriers to enter markets in an orderly fashion over a period of years. (A carrier can select one new market to serve in each of the first two years and two new markets in every subsequent year.) We strongly support the Senate Committee bill and the position which Senator Cannon will take on amendments. (NOTE: Senator Inouye is opposed to the automatic market entry provision.)

There is one further amendment which bears comment. Senator Kennedy will offer an amendment to require those who oppose an applicant for entry into the industry itself or a new market to carry the burden of proof of showing that the applicant be denied by the CAB. Under the present regulatory provisions, the new applicant must carry the burden of proof. Senator Cannon will not oppose this amendment.

3. Inflation. The airline deregulation bill mentioned above is one of the two measures pending before Congress which will have salutary anti-inflationary impacts, the other being the hospital

cost containment bill. I recommend that you discuss with the leadership the steps you have taken to deal with the threat of inflation.

4. Energy. You should ask the leadership to urge the selected group of conferees to proceed with their meetings in an effort to come to an agreement.

The conferees are proceeding with an agreed upon agenda of House and Senate items. They are proceeding in an orderly way and progress is being made. There is some sentiment that they should bring these meetings out in the open. We believe, however, that these meetings must continue as they are now being conducted if we are to reach agreements.

5. Foreign Affairs. You need to get the Speaker fired up about the arms sales package and Greek-Turkey. At this point he is indifferent.

6. Civil Service Reform. The Senate Governmental Affairs Committee and the House Post Office and Civil Service Committee are continuing their hearings on the legislation (the reorganization plan has not yet been sent). We expect mark-up on the Senate side in May. Mark-up in the House Committee is undetermined, pending our efforts to bring the membership around. Your calls Tuesday afternoon should prove to have been very helpful in that regard.

The leadership needs to be reminded of the great importance of this issue to the Administration THIS YEAR! Also, we are continuing to work with labor and Members to develop a mutually acceptable labor/management section, a step which will make favorable action in the Post Office and Civil Service Committee a bit easier. You will be receiving a decision memo on this subject later in the week.

7. Camp David Meeting. If you do not bring this matter up, the leadership will ask you about the meeting. I've asked Jody to prepare something for you.

P.S. The House Democrats are to caucus at 9:00 a.m. Breakfast will need to adjourn by 8:50 a.m.

PARTICIPANTS

The President

The Vice President

Senator Byrd
Senator Cranston
Senator Inouye

Speaker O'Neill
Cong. Wright
Cong. Brademas
Cong. Foley
Cong. Rostenkowski
Cong. Chisholm

Dr. Brzezinski
Secretary Schlesinger
Jim McIntyre
John White
Stu Eizenstat
Rex Granum
Frank Moore
Bill Cable
Dan Tate
Valerie Pinson
Bob Thomson
Bob Beckel
Bill Smith

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

April 18, 1978

AMERICAN LEGION AUXILIARY

Wednesday, April 19, 1978
12:20 p.m. (3 minutes)
The Oval Office

From: Margaret Costanza M.C.

I. PURPOSE

Presentation to the President of the 1978 Buddy Poppy in commemoration of the service of American veterans.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: The year of 1978 will mark the 60th year since the conclusion of World War I. For nearly that same period of time, the Memorial Poppy of the American Legion Auxiliary has been proudly worn by Americans to honor the memory of those who have paid the supreme sacrifice and to assist the families of veterans. The American Legion Auxiliary is the world's largest patriotic organization for women with a national membership of 954,000. The members are mostly the mothers, wives, sisters, and daughters of American veterans of World Wars I and II and the Korean and Vietnam conflicts. The Auxiliary is very active in community service projects, especially working in VA hospitals and mental health clinics.
- B. Participants: Mrs. Viola Fregien Moltzen, National President, American Legion Auxiliary, Mr. Alvin Moltzen, and Mr. Layton Hurst, Program Coordinator and Director of the Washington Office, American Legion Auxiliary.
- C. Press Plan: White House Photo

THE WHITE HOUSE

WASHINGTON

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III. TALKING POINTS

- A. Mrs. Moltzen will present to the President a small container of Poppies.
- B. The President's father was a distinguished legionnaire and knew well the significance of the Flanders Field Poppy to World War I veterans.
- C. Appreciation should be made for the valuable comfort and care the Auxiliary provides through its many services to VA hospitals and veteran families.
- D. The Auxiliary does not support the Panama Canal Treaties.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 18, 1978

MEETING WITH GEORGE WHITE-ARCHITECT OF THE CAPITOL

Wednesday, April 19
12:25 p.m. (3 minutes)
The Oval Office

From: Frank Moore *F.M./BR*

I. PURPOSE

To present to you 40 miniature gavels made from the podium that you stood on when you were sworn in as President.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

Background: Each of the walnut gavels has a brass plaque with your name on it and an accompanying certificate of authenticity regarding its origin.

Participants: The President, George White, Frank Moore, and Bill Cable.

Press Plan: White House Photographer

Abstracts Copy Made
for Propaganda Purposes

THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

5

April 18, 1978

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS by LSR*

Subject: GNP in the First Quarter

Tomorrow (Wednesday, April 19) at 10:30 a. m. the Commerce Department will release its first public estimate of first quarter GNP. The news is disappointing, but we had expected it would be.

Real GNP in the first quarter is estimated to have declined at an annual rate of 0.6 percent, as growth came to a halt in nearly all major sectors of the economy. Personal consumption expenditures (in real terms) were unchanged from the fourth quarter; business fixed investment rose only a little; residential construction was down slightly; net exports fell; Federal purchases of goods and services also declined, and State and local government purchases were flat. The rate of inventory accumulation did increase somewhat from the low fourth quarter figure, but the rise was less than we had expected in our January forecast.

The implicit deflator for GNP -- which measures the average price of all newly produced goods and services -- increased at an annual rate of 7 percent during the first quarter, up from 6 percent in the fourth quarter. This increase was also expected; it reflects mainly the sharp rise in food prices in the first two months of the year.

A month ago, the Commerce Department had circulated an early unpublished estimate of a 1.3 percent decline in first quarter GNP. There will be further revisions in the estimate a month from now when additional data will be available for March. We cannot be sure, however, that the revisions will necessarily be upward.

The Commerce Department release will say that real growth in the first quarter was reduced by 2-1/2 to 3 percentage points by adverse weather and the coal strike. Taken literally, this would mean that, in the absence of those factors, growth during the quarter would have been in the 2 to 2-1/2 percent range -- significantly slower than the 3.8 percent rise in the fourth quarter of 1977. If that estimate were accepted, it would raise a serious question about the underlying strength of the forces for economic expansion this year.

We are not inclined to accept this view. Reasonable estimates can be made of the effects of the coal strike on first quarter growth, but estimating the impact of adverse weather is almost sheer guesswork. There is simply no way of knowing how much of the weakness in such areas as manufacturing output, construction, and consumer spending was a consequence of bad weather.

The very strong gains in employment during the first quarter seem to us to imply business expectations of rising sales and plans to increase production in the future. Advance indicators of business fixed investment are also holding up well. We see nothing in the first quarter GNP figures, therefore, that require a major rethinking of the economic outlook for this year.

Statistics for March all indicate that the economy was on an upbeat going into the second quarter. Housing starts in March jumped 32 percent; personal income was up 1.2 percent, industrial production rose 1.4 percent, and auto sales increased to the highest level since March 1977. We therefore expect a strong rebound in second quarter GNP.

Disruptions caused by temporary phenomena such as strikes and bad weather always make it extremely difficult to interpret developments of longer-range significance. We will be watching the incoming statistics of the next few months closely to ascertain whether our views on the prospects for growth in 1978 are being confirmed.

THE WHITE HOUSE

WASHINGTON

April 18, 1978

MEETING WITH REP. MICHAEL HARRINGTON (D-6-MASS)

Wednesday, April 19, 1978

9:00 a.m. (15 minutes)

The Oval Office

From: Frank Moore *F.M./BR*

I. PURPOSE

To discuss the implementation and politics of your urban policy message.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

Background: Rep. Harrington is chairman of the Northeast Midwest Economic Advancement Coalition in the House. He has met with Jack Watson and Stu Eizenstat on numerous occasions during the formative stages of planning the urban message.

Rep. Harrington is very much in favor of your urban policy plan. Of particular interest to him is the manner in which the program will operate and the use of mechanisms not previously applied. He is very strong on White House coordination across agency lines. Right now there are no threads tying the agencies together--no agency can coordinate the activities of another. He believes the creation of an Inter-Agency Coordinating Council would resolve the problem. You may want to take this opportunity to tell Rep. Harrington that you agree that there must be a central coordinator to follow up with the separate agencies and that you will appoint GSA to that task.

Rep. Harrington wants to see the development of a fair housing assistance allocation formula. We now have a community development plan; Harrington wants a dual formula plan which would choose the best of two plans but that also would require new money, which is against your desire to maintaining your budget.

Rep. Harrington will raise the question of the administration's position on the tax package with regard to extending investment credit to structures. He believes the Administration's position is causing a reduction in investment in declining areas. You may want to respond that we need increased credit for structures to encourage increased private sector investment.

Rep. Harrington believes that federal programs should be more sensitive to regional cost of living problems, an issue you may want to merely lend your ear to.

Participants: The President, Rep. Harrington, Frank Moore, and Bill Cable.

Press Plan: White House Photographer, AP and UPI coverage.

III. TALKING POINTS

1. Thank Rep. Harrington for the obvious interest and support of your urban policy plan. His meetings with Jack and Stu have been a fruitful exchange of information.
2. Rep. Harrington has a good record of supporting the Administration. He is facing a very tough primary and general election campaign. He will be looking for something to announce as a result of his meeting with you. In this regard, you may want him to mention your directing GSA to coordinate the activities of the agencies involved.

April 14, 1978

MEMORANDUM

DECLASSIFIED

Per: Rac Project

TO: President Carter
THROUGH: Rick Hutcheson
FROM: USUN - Ambassador Young
SUBJECT: U.S. Mission Activities, April 5 - April 12

ESDM: NLC-126-12-8-1-9

BY: KS NARA DATE 4/14/83

C

SECURITY COUNCIL

South Lebanon: Security Council consultations on April 10 and 12 took note of the execution of the first stage of the Israeli withdrawal plan, but Arab, non-aligned and Soviet delegations criticized with considerable stridency the "footdragging" of Israel withdrawal and threatened to convene a formal Council meeting where sanctions including an oil embargo against Israel would be considered. The U.S. representative described the first stage withdrawal as very significant and suggested the outcome of the Secretary General's trip to the Middle East, April 17-18 be heard by the Council before considering other Council actions. There was no date set for further consultations, but the Arabs indicated a preference for Council consultations before the 8th Special Session of the General Assembly on UNIFIL Financing on April 20-21.

Disarmament: Discussion at the last preparatory session preceding the Special Session on Disarmament underscore continuing non-aligned demand that U.S. and U.S.S.R. should make significant new commitments to nuclear disarmament and also should provide binding security assurances to non-nuclear weapon states beyond the statement made by the President to the 32nd UN General Assembly.

Namibia: At Contact Group request, informal consultations of the UN Security Council were held April 13, at which time Contact Group asked that formal Council meeting be held shortly to discuss Namibia. All other Security Council members, at urging of African Group, objected, arguing that formal meeting would be inappropriate in absence of reactions to Western Five proposal on Namibia from SWAPO and South Africa and in advance of upcoming UNGA Special Session on Namibia. Contact Group countered that Security Council support for our proposal would favorably influence the reactions of SWAPO and South Africa and that the tense political situations existing in Namibia and South Africa argue against delay. Other members of Council held firm. Western Five lobbying in New York and in capitals will continue and increase.

ECONOMIC AND SOCIAL COUNCIL

On April 11 the Social Committee opened its meeting and began work on the first item on the agenda, NGO's (Non-Governmental Organizations). Other agenda items will be devoted to Narcotics, Human Rights questions and Decade for Women.

AMBASSADOR YOUNG'S OTHER MEETINGS: Ambassador Thiemele (Ivory Coast) 4/11; G. T. Hernandez, Minister of Health and Hygiene, The Netherland.Antilles, 4/12; Interview with John Goodwin, United Methodist Church, 4/11.

4/18/78

Speech to Latin America

for Panama,

This is an historic moment for the United States, and
for all the peoples of the Americas. After ¹⁴ 13 years of
negotiation and 7 months of debate, the Panama Canal
the new treaties decided that should be ratified.
~~Treaties have been ratified by the U.S. Senate.~~ These
Treaties represent a new partnership between the United
States and Panama, and a new determination by the North
American people to work with the people of Latin America
and the Caribbean and all the developing world on the basis
of mutual respect and partnership.

Our deliberations have been long and sometimes difficult,
but in the end they have demonstrated that an open, demo-
cratic debate will lead to the right decision. The debate
has awakened the North American people to the importance
of Latin America and the Caribbean and the entire developing
world. It has reminded us of certain fundamental principles
in our relationship. [North Americans now ^{know} the sensitivity
of their southern neighbors to acts -- or even to hints -- of
U.S. intervention in their internal affairs. That principle
has been, at times, difficult for the U.S. to accept; but
we have acknowledged and embraced it in these treaties.]

The debate has taught us that only through cooperation
and partnership can we achieve our goals.

As I said in Caracas three weeks ago, all nations must
work together, with mutual respect and mutual responsibility,
to create a fairer, more prosperous world.

The Panama Canal Treaties are one step on the path toward a fairer world. I am pleased to know that we are making that journey together.

Speech to Latin America

This is an historic moment for the United States, ^{for Panama,} and
for all the peoples of the Americas. After 13 years of
negotiation and 7 months of debate, the U.S. Senate has
recommended approval of the Panama Canal Treaties. These
Treaties, ^{Can} represent a new partnership between the United
States and Panama, and a new determination by the North
American people to work with the people of Latin America,
the Caribbean, and all the developing world on a basis of
partnership and mutual respect. I congratulate and express
my gratitude to General Torrijos and the people of Panama
for their cooperation and patience in these last months.

Our deliberations have been long and sometimes difficult,
but in the end they have demonstrated that ^{negotiations among equals and} an open, demo-
cratic debate will lead to the right decision. The debate
has ~~taught~~ ^{to} the North American people ^{demonstrated} the importance of
Latin America and the Caribbean. It has reminded us of

certain fundamental principles in our relationship.

North Americans ^{all of us} now have a ^{understand} ^{renewed appreciation} ~~new understanding of their~~

^{for non-} ~~southern neighbors' concern about U.S. intervention in their~~

^{the} ~~internal affairs~~ ^{of any sovereign nation.} In the past, that principle has ^{sometimes} ~~been~~

^{ignored or forgotten,} ~~difficult for the U.S. to accept;~~ but we have acknowledged

and embraced it in these Treaties.

The debate has taught us that only through cooperation and partnership can we achieve our goals.

As I said in Caracas three weeks ago, all nations must work together, with mutual respect and mutual responsibility, to create a fairer, more prosperous world.

The Panama Canal Treaties are one step on the path toward a fairer world. I am pleased to know that we are making that journey together.

4/18/78

Presidential Statement after Ratification of the Treaties

This is a day of which Americans can always feel proud, for today we have reminded the world, and ourselves, of the things we stand for as a nation.

The negotiations that led to these Treaties began fourteen years ago, and have continued under four different Administrations. I am proud that they reached their conclusion during my term of office, but I am far prouder that we, as a people, have shown that in a full and open debate about our foreign policy objectives, we will reach the decisions that are in the best interest of our nation.

The debate has been long and hard, but in the end it has given our decision a firm, secure base in our popular will. Over the last eight months, millions of Americans have studied the Treaties, registered their

views, in many cases changed their minds. No matter which side they took in this debate, most Americans have acted out of sincere concern for our nation's interests.

I would like to express my thanks to several groups for the job they have done. Under the leadership of Senators Byrd, Baker, and Sparkman, the Senate has carried out its responsibility of advice and consent with great care. All of us owe them our thanks; I feel special gratitude and admiration for those Senators who have done what was right because it was right, despite tremendous pressure and political threats.

The loyal employees of the Panama Canal Zone and the Canal Zone government also deserve our gratitude and admiration for their performance during times of uncertainty.

And General Torrijos and the people of Panama, who have followed this debate closely through every stage, have been willing partners, and cooperative and patient friends.. There is no better indication of the prospect for friendly relations between us than their conduct during the last few months.

We now have a partnership with Panama to maintain and operate and defend the Canal. We have the clear right to take whatever action is necessary to defend the Canal and to keep it open, neutral and accessible. We do not have the right to interfere in Panama's internal affairs. That is a right we neither possess nor desire.

These Treaties can mark the beginning of a new era in our relations, not only with Panama, but with all the rest of the world. They symbolize our determination to deal with the developing nations of the world on the basis of mutual respect and partnership.

But the Treaties also reaffirm a spirit that is very strong, constant, and old in our American character. Sixty four years ago, when the first ship travelled through the Canal, our people took legitimate pride in what our ingenuity, our perserverence, and our vision had brought about. We were a nation of builders, and the Canal was one of our greatest glories.

Today we have shown that we remain true to that determination, that ingenuity, and most of all that vision. Today we have proven that what is best and noblest in our national spirit will prevail. Today we have shown that we are still builders, with our face still turned to the future. That is why I believe all Americans should share the pride I feel in the accomplishment which we register today.

PRESIDENT JIMMY CARTER
STATEMENT RE PANAMA CANAL TREATY VOTE
TUESDAY, APRIL 18, 1978

1

THIS IS A DAY OF WHICH AMERICANS CAN ALWAYS FEEL PROUD, FOR
Now
~~TODAY~~ WE HAVE REMINDED THE WORLD, AND OURSELVES, OF THE THINGS WE
STAND FOR AS A NATION.

THE NEGOTIATIONS THAT LED TO THESE TREATIES BEGAN 14 YEARS AGO,
AND HAVE CONTINUED UNDER FOUR DIFFERENT ADMINISTRATIONS. PRESIDENTS

2

I AM PROUD THAT THEY REACHED THEIR CONCLUSION DURING MY TERM
OF OFFICE, BUT I AM FAR PROUDER THAT WE, AS A PEOPLE, HAVE SHOWN
THAT IN A FULL AND OPEN DEBATE ABOUT OUR FOREIGN POLICY OBJECTIVES,
WE WILL REACH THE DECISIONS THAT ARE IN THE BEST INTEREST OF OUR NATION.

THE DEBATE HAS BEEN LONG AND HARD, BUT IN THE END IT HAS GIVEN
OUR DECISION A FIRM, SECURE BASE IN OUR POPULAR WILL.

OVER THE LAST EIGHT MONTHS, MILLIONS OF AMERICANS HAVE STUDIED
THE TREATIES, REGISTERED THEIR VIEWS, IN MANY CASES CHANGED THEIR MINDS.

NO MATTER WHICH SIDE THEY TOOK IN THIS DEBATE, MOST AMERICANS
HAVE ACTED OUT OF SINCERE CONCERN FOR OUR NATION'S INTERESTS.

I WOULD LIKE TO EXPRESS MY THANKS TO SEVERAL GROUPS FOR THE
JOB THEY HAVE DONE.

UNDER THE LEADERSHIP OF SENATORS BYRD, BAKER, AND SPARKMAN, ...
THE SENATE HAS CARRIED OUT ITS RESPONSIBILITY OF ADVICE AND CONSENT
WITH GREAT CARE.

ALL OF US OWE THEM OUR THANKS; I FEEL SPECIAL GRATITUDE
AND ADMIRATION FOR THOSE SENATORS WHO HAVE DONE WHAT WAS RIGHT BECAUSE
IT WAS RIGHT, DESPITE TREMENDOUS PRESSURE AND POLITICAL THREATS.

THE LOYAL EMPLOYEES OF THE PANAMA CANAL ZONE AND THE
CANAL ZONE GOVERNMENT ALSO DESERVE OUR GRATITUDE AND ADMIRATION FOR
THEIR PERFORMANCE DURING TIMES OF UNCERTAINTY.

AND GENERAL TORRIJOS AND THE PEOPLE OF PANAMA, WHO HAVE
FOLLOWED THIS DEBATE CLOSELY THROUGH EVERY STAGE, HAVE BEEN WILLING
PARTNERS, AND COOPERATIVE AND PATIENT FRIENDS.

THERE IS NO BETTER INDICATION OF THE PROSPECT FOR FRIENDLY
RELATIONS BETWEEN US THAN THEIR CONDUCT DURING THE LAST FEW MONTHS.

WE NOW HAVE A PARTNERSHIP WITH PANAMA TO MAINTAIN AND OPERATE
AND DEFEND THE CANAL.

WE HAVE THE CLEAR RIGHT TO TAKE WHATEVER ACTION IS NECESSARY
TO DEFEND THE CANAL AND TO KEEP IT OPEN, NEUTRAL AND ACCESSIBLE.

WE DO NOT HAVE THE RIGHT TO INTERFERE IN PANAMA'S INTERNAL
AFFAIRS.

THAT IS A RIGHT WE NEITHER POSSESS NOR DESIRE.

THESE TREATIES CAN MARK THE BEGINNING OF A NEW ERA IN OUR
RELATIONS, NOT ONLY WITH PANAMA, BUT WITH ALL THE REST OF THE WORLD.

THEY SYMBOLIZE OUR DETERMINATION TO DEAL WITH THE DEVELOPING
NATIONS OF THE WORLD ON THE BASIS OF MUTUAL RESPECT AND PARTNERSHIP.

BUT THE TREATIES ALSO REAFFIRM A SPIRIT THAT IS VERY STRONG,
CONSTANT, AND OLD IN OUR AMERICAN CHARACTER.

SIXTY-FOUR YEARS AGO, WHEN THE FIRST SHIP TRAVELLED THROUGH
THE CANAL, OUR PEOPLE TOOK LEGITIMATE PRIDE IN WHAT OUR INGENUITY,
OUR PERSERVERENCE, AND OUR VISION HAD BROUGHT ABOUT.

~~AND~~ WE WERE ~~A~~ A NATION OF BUILDERS, AND THE CANAL WAS ~~A~~ A ONE OF OUR
GREATEST GLORIES.

TODAY WE HAVE SHOWN THAT WE REMAIN TRUE TO THAT DETERMINATION,
THAT INGENUITY, AND MOST OF ALL THAT VISION.

TODAY WE HAVE PROVEN THAT WHAT IS BEST AND NOBLEST IN OUR
NATIONAL SPIRIT WILL PREVAIL.

TODAY WE HAVE SHOWN THAT WE ARE STILL BUILDERS, WITH OUR FACE
STILL TURNED TO THE FUTURE.

THAT IS WHY I BELIEVE ALL AMERICANS SHOULD SHARE THE PRIDE
I FEEL IN THE ACCOMPLISHMENT WHICH WE REGISTER TODAY.

#

April 18, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE AND JIM FREE ^{F.M./JR}

The group of Natural Gas conferees continued meeting on Monday, April 17th for a total of 5 hours. There has been a change in the pace of negotiations in that certain conferees are beginning to link concessions in one area with concessions in other areas.

The two major proposals before the Members deal with the following:

(1) Senate agrees to use GNP deflator adjustment rather than consumer price index adjustment in exchange for mandating F.E.R.C. to allow producers to exclude from ceiling prices and charge separately for costs of gathering, compression, and treatment of gas (the later position pulling back not only from the House compromise proposal but also the "Jackson compromise" position in adding costs to consumers). Senator Johnston proposed this compromise package.

(2) The Senate would accept language to deal with the withheld gas concerns of the House (a Staggers' compromise) if the House agrees to let States continue to impose any level of severance tax it wished on new gas (Johnston proposal). Also linked to this proposal by the House was the cutting back on the Senate's position on price level for production from State lands, limited new gas price treatment to the State royalty interest only.

The meetings continue at 2:00 today and are scheduled for 11-12:30 and 2 - 6:30, Wednesday, April 19, 1978.

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THE WHITE HOUSE
WASHINGTON

April 18, 1978

Stu Eizenstat
Frank Moore

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

Rick Hutcheson

Frank
Str J

Mix. agree all the free. complexity. will expedite.
Free & commit the members should meet soon

Waller. bogged down but willing to help. may
have to identify crucial elements & park
them - wait a year for others. will ease
back end of work. should recommit Bill
Ford.

Ford. already working - as broken. AT&T vs
other unions. anti-reform rhetoric overblown.

"Mix. Clay & I will be moving on it."

Speilman. It's a shambles. Cabinet testimony
a dog & pony show. They don't know what's
in the bill. Needs to be done right. Asked
for cues

Harris. Will help - holding firm meetings (3)

Clay. Too much management averted. Need to
combine parts of the 904 which are acceptable
with admin. reform proposal. Everyone waiting
for Alan & Stu to identify acceptable points &
not just identify unacceptable parts.

Schroeder. Will help. need out of form road shows.

THE WHITE HOUSE
WASHINGTON

April 18, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: FRANK MOORE *F.M.*
SUBJECT: Telephone Calls to Post Office and
Civil Service Committee Democrats

I urge you this morning to place telephone calls to key Democratic members of the House Post Office and Civil Service Committee, to emphasize the importance you attach to 1978 enactment of your civil service reform legislation.

Apprehension about civil service reform among Federal employees and Federal employee unions, to which this Committee is uniquely responsive, has apparently led most Democratic members to resist Committee action on the bill this year. As you know, a meeting with them had been scheduled for you this morning at 9:30; that meeting was canceled when many of the invitees declined to attend.

This afternoon at 3:00 p.m. the Committee Democrats are scheduled to hold a caucus. Prior to that caucus, it is crucial for us to communicate to them the importance of civil service reform to you.

Below is a list of the seven Committee members who it will be most worthwhile to contact. I recommend that you contact at least the first three on the list -- Chairman Nix, Udall, and Bill Ford. Those whom you cannot reach will be contacted by myself or my staff, and by Stu Eizenstat and Jim McIntyre. Other Administration officials will contact the balance of the Democratic Committee members prior to the caucus.

The seven key members to contact are:

- ① Chairman Robert Nix (D., Pa.) 225-4001. *"agree completely"*
- ② Mo Udall (D., Ariz.) 225-4065. Udall has been publicly supportive of civil service reform. However, we urgently need him to agree to a much more active leadership role within the Committee than he has been able to play so far. *Good idea to meet: pres & Comm soon*

*lh 5/10 do these others next yr.
will call back
Get Bill Ford*

needs to be done right
night - go into dept's -

Manley

*Anti - selection
over town
name - mix -
Clay -*

③ Bill Ford (D., Mich.) 225-6261. Ford has been attempting to help broker our negotiations with the major Federal employee unions over the contents of a labor-management section to be added to the bill, in accord with your March 2 Message on civil service reform. Ford is a sponsor (with Committee member Bill Clay) of the union-backed labor-management bill, H.R. 9094. A decision memo will be to you before the end of this week concerning what portions of H.R. 9094 the Administration might support to secure support for civil service reform. ~~A letter from Scotty Campbell to Ford on this subject is attached.~~

already working - broken - union jurisdictional fight AFGE vs others

*Shambles -
Dug & pony
show
Cabinet didn't
know what's
in it -*

④ Gladys Spellman (D., Md.) 225-4131. Her District includes many Federal employees. Her public position has been generally to support need for reform, while questioning many provisions of our bill. *She wants ROSALYN to do A*

⑤ Herbert E. Harris (D., Va.) 225-4376. Like Spellman, his District includes many Federal employees. His position has been not to oppose the concept of reform, but that the issue is complicated and action should be postponed until next year, to give the Committee more time to consider it. *Found Rankin in Md.*

*Too much
mgmt
oriented =
Combine 9094
& reform
proposal*

⑥ Bill Clay (D., Mo.) 225-2406. Clay is close to Federal employee unions, especially the AFGE (the leadership of which is negotiating with us about the contents of a labor-management title for the bill.) Clay is angry at the Administration over several matters unrelated to civil service reform. *will help - town mts -*

⑦ Pat Schroeder (D., Colo) 225-4431. Schroeder has appeared generally disinclined to move quickly on the bill. *out of town -*

Steve Salaz
Talking Points

1. Civil Service Reform is the centerpiece of my reorganization effort for my first term. I am determined to use every instrument of public leadership to enact this needed reform.
2. I believe my bill is a balanced response to widely perceived need to enable Federal employees to be rewarded and promoted on the basis of performance, and to make government more responsive and efficient.

road show -

3. I appreciate the Committee's promptness in holding hearings on the bill (hearings began in March and are continuing).
4. I am disappointed that we could not meet this morning and hope we can meet on it soon, so that the Committee can play its important role, and progress can continue in a considered and responsible atmosphere.
5. We understand that some points are controversial, and understand that accommodation may be necessary to secure approval by the Committee of a bill.
6. The American people want action and this should be a popular issue for Democrats in 1978 elections.
7. Administration proposal developed by Task Force of senior civil servants, with wide participation and support from variety of business, labor, and public interest groups. Many ideas -- e.g., creation of a Senior Executive Service -- have been on the agenda of public discussion for many years.

cc: Stu Eizenstat
Jim McIntyre
Alan Campbell



Department of Energy
Washington, D.C. 20585

April 17, 1978

MEMORANDUM FOR

THE PRESIDENT

FROM

JIM SCHLESINGER *JS*

SUBJECT: Your Meeting with Negotiators of
a Nationwide Labor Agreement for
Nuclear Power Plants

You will be meeting briefly with representatives of labor and management for the purpose of announcing a nationwide labor agreement on construction of nuclear power plants that should shorten the time required for construction and reduce the costs of such plants.

Background

At the present time, nuclear power plants -- which cost over \$1 billion each for a 1,000 megawatt plant -- are constructed under local union rules and labor practices. This has led to sometimes unnecessary lengthening of time for construction of such plants and has probably inflated costs as a result of less-than-optimal work practices. After two years of negotiations, the Building Trades Department (AFL-CIO) and its affiliated international unions and four of the major engineering and construction companies that have built over 80 percent of the operating nuclear power plants have reached a nationwide labor agreement.

Under terms of the agreement, significant flexibility in work processes and manning patterns will be established, thereby reducing labor costs and speeding construction. Significantly, the agreement provides for a national joint Labor-Management Committee to administer its terms and conditions and provides a forum to meet periodically with private and public utilities on common construction problems. The agreement runs without interruption of strike or lockouts for the duration of a project, once that project is placed under the agreement. Wages and benefits are adjusted during the duration of a project as decided by the national joint Labor-Management Committee and an umpire.

In short, the agreement provides for work rules, wages, and benefits for individual nuclear power projects to be decided upon in a national forum, rather than at the local level. The provisions of the agreement

may cut up to 25 percent from current labor costs for building a nuclear plant. Because of problems which use of such figures could cause for the union, however, it would be preferable to discuss the agreement in general terms as the talking points suggest -- as a significant contribution both to fighting inflation and increasing certainty in nuclear power plant construction.

In addition, I would recommend that you not use the occasion to make a major statement on nuclear power or light water reactors. As you recall, you have indicated to the Congress informally that you will make a positive statement on light water reactors when a compromise has been reached on the Clinch River Breeder Reactor issue. Thus far, however, that compromise has not been agreed to by the Congress, and your statement should be withheld until that occurs.

Attendees

George Meany may be present. In addition, present and representing the Building Trades Department will be Robert Georgine, President of the Department; Harold Buoy, Boilermakers; Angelo Fosco, Laborers; John M. Lyons, Ironworkers; Charles Pillard, Electricians; William Sidell, Carpenters; J. C. Turner, Operating Engineers; and Martin Ward, Plumbers and Pipefitters.

Present and representing the contractors, the other signators of the agreement, will be Harry Reinsch, Bechtel Power Corporation; William Allen, Stone and Webster Engineering Corporation; Charles Rabenold, United Engineers and Constructors; and R. J. Christesen, Ebasco Services, Inc.

In addition, a committee of electric utility executives consulted with both the unions and the contractors in negotiating the agreement. They will be represented by Tom Ayres, Chairman of Commonwealth Edison (Chicago).

Finally, former Labor Secretary John Dunlop, now a Professor at Harvard, served as mediator and will be present.

Talking Points

This meeting is planned as a 10-minute session, with still and TV cameras and microphones present. While the Administration did not participate in the negotiations, we would suggest that you make a brief statement announcing that the two parties have reached agreement, to lend it added stature, and then Bob Georgine for the Building Trades and Harry Reinsch for the contractors would make very brief remarks. Suggested talking points are attached.

SUGGESTED TALKING POINTS

- ° I am pleased to announce a nationwide agreement between the Building Trades Unions and the major contractors building nuclear power plants, which is highly significant and most welcome both because of its impact on energy supply and on reducing inflation.
- ° This agreement will significantly speed the construction of nuclear power plants, and will make planning by utilities for those plants more certain. This, in turn, should help make nuclear plants more attractive to those utilities which wish to build them.
- ° In addition, by cutting costs through streamlining of work practices, the agreement should significantly reduce the cost of completing nuclear plants.
- ° This cost reduction will benefit consumers of the power produced by these plants, and will benefit the economy more generally by holding down construction costs nationwide for nuclear plants.
- ° This agreement is an excellent example of the type of voluntary action I called for last week between labor and management that reduces the rate of inflation in energy prices and encourage job creation, economic growth, and reduced dependency on foreign energy sources.
- ° I hope that other sectors of the economy will look to this agreement and think seriously of how they can make similar efforts.

° I want to congratulate Bob Georgine and all of his associates in the Building Trades Department of the AFL-CIO. Bob and the Building Trades Department have been negotiating this agreement for almost two years and deserve much praise for this favorable conclusion. I would also like to congratulate Harry Reinsch and the negotiators for the construction industry for their far-sightedness in reaching this agreement; Tom Ayres, who represented the utility industry, which consulted on this agreement; and Professor John Dunlop, who served as mediator.

THE WHITE HOUSE
WASHINGTON

April 18, 1978

Jim McIntyre

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

Rick Hutcheson

REPORT ON ALL-VOLUNTEER FORCE

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.

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

*Good report
J*

APR 13 1973

MEMORANDUM FOR: THE PRESIDENT
FROM: James T. McIntyre *Jim*
SUBJECT: Report on the All-Volunteer Force (AVF)

As you know, OMB performs in-depth analytical studies of selected subjects as a part of the budget review process. As a part of our detailed examination last fall of Defense manpower and training, OMB began a review of the current All Volunteer Force (AVF). Because of growing public and Congressional interest in the AVF, we have examined future military manpower requirements and compared alternative ways to meet those requirements: the AVF, a modified version, a reserve draft, an active duty draft, and universal military service.

The AVF has been highly successful to date in meeting its quantitative and qualitative goals for the active force (but not the Army Reserves and National Guard). However, some modifications in the management of the AVF appear to be necessary to avoid very large cost increases in future budgets as the size of the prime recruiting pool of military-age males starts to decrease in 1980. Unless policy changes reduce present standards and allow larger numbers of enlistments from lower entrance test score categories, we estimate that an additional budgetary cost of \$14 billion per year could be required by 1985 to maintain the current quality and quantity of military manpower through voluntary enlistments. Other than the areas where DOD is already moving forward (e.g., increased use of women), our principal suggestion would be to gradually reduce active duty military force levels, substituting increased contracting out of support functions at bases within the U.S.

The cost of the AVF is a controversial issue. The GAO recently concluded that the move to the AVF caused annual budgetary cost increases of more than \$3 billion. DOD, however, believes that GAO greatly overstates the costs and understates the savings attributed to the AVF. A central objective in our study was to develop a methodology for estimating the true cost of alternative military manpower policies. In addition, we addressed the social cost of the utilization of manpower for Governmental purposes (i.e., by calculating the value of these manpower resources in their alternative use in the private sector).

We have reviewed our study and its conclusions with Defense, NSC staff, and the Domestic Policy Staff. DPS has raised a concern -- which we will examine closely -- as to the impact on youth unemployment of any efforts to ease recruitment shortages by replacing young males with women or older men. The relationship of AVF modifications to youth unemployment is not readily apparent, since so much depends on whether unemployed youth would have the capability to perform required military tasks.

We will be hearing more in the coming months on the AVF. Senator Nunn is likely to hold another set of hearings to examine the alternative of national service, and the Congressional Budget Office will soon release a report on the same subject. Because of this continuing attention, I believe you would be interested in glancing at the attached six page executive summary of the OMB Report on the All Volunteer Force. We will continue to work with your other relevant advisors to assess the AVF and suggested alternatives to it.

Attachment

February 7, 1978

Summary of the Report on the All-Volunteer Force (AVF)

Since 1973, the United States has used the All-Volunteer Force (AVF) approach for meeting military manpower requirements. Recently there has been an intensification of interest in the AVF in all quarters. Congress and its staffs, academia, research groups, the Department of Defense, and the Press are all concerned about the question of whether or not the AVF is successful now and can be successful in the future at an affordable cost. In response to Senator Nunn's continuing interest in the AVF, the General Accounting Office has recently completed a study of the cost of the AVF, and a study is expected soon from the Congressional Budget Office on national service programs. The purpose of this report is to give the President a preliminary analysis of the problem now, before having to react to proposals from outside the Executive Branch.

Prior to the increased involvement of the United States in international affairs, the U.S. was able for many years to avoid the creation of a large professional military force. Conscription was only used during times of extraordinary national emergency (the Civil War and World War I). However, World War II necessitated the draft on a large scale, and with a short break in 1947-48, the draft stayed in effect due to the continuation of the cold war and the conflicts in Korea and Vietnam. Because of the use of conscripts in the highly unpopular and traumatic Vietnam War, the draft came under increasing criticism in the 1960's.

On February 20, 1970, the Gates Commission on an All-Volunteer Force reported in favor of abolishing the draft and relying upon voluntary enlistments. The Gates Report stated that the All-Volunteer Force ". . . is a system for maintaining standing forces that minimizes governmental interference with the freedom of the individual. . ." The Gates Report also stated that the draft ". . . has been a costly, inequitable, and divisive procedure for recruiting men for the Armed Forces. . ." With the cessation of the Vietnam War in 1973, the All-Volunteer Force became a reality.

At its inception, the AVF was opposed by many who said it would be too costly and composed too much of poor and minority people. The lack of a draft would cause the Reserve components to fail to meet their manpower needs. The quality of recruits would decline. Despite these predictions, however, it is fair to say that the AVF has been highly successful to date in meeting its quantitative and qualitative goals for the active forces, but not for the Army Reserve and National Guard. Nevertheless, future recruitment problems are predicted for the AVF because of the projected decline (beginning in 1980) in the population of non-prior service males between the ages of 17 and 21:

Projected Population Estimates
(Millions)

<u>Year</u>	<u>Males Age 17</u>	<u>Males Ages 17 to 21</u>
1976	2.1	10.7
1980	2.1	10.7
1985	1.8	9.6
1990	1.6	9.0
1995	1.8	9.7
2000	2.1	10.3

The downward demographic trend in the prime recruiting pool of military age males, plus the possibility of decreased unemployment rates for teen-agers, will combine to intensify the recruitment problems of the military services in the next few years. In order to compete for the declining pool of available young males, the study estimates that very large salary increases (e.g., an additional \$14 billion dollars per year by 1985) would be necessary to maintain the current quantity and quality military manpower mix through voluntary enlistments unless policy changes (see below) are instituted.

The major alternatives analyzed in the report are summarized below:

- ° The Current AVF: This alternative assumes that the manpower needs of the military will continue to be met by voluntary enlistments with no significant changes in policy. Because of the decreasing size of the pool of non-prior service males, this approach assumes constantly increasing recruiting and advertising costs and higher salaries and bonuses to compete with the outside market.
- ° The Modified AVF: This approach considers the effect of changing policies with regard to such factors as entrance standards, use of women, attrition rates, use of civilians, and the ratio of first-term to career enlisted personnel.
- ° The Reserve Draft: This provides for a registration and three months' training program for enough personnel to make up Individual Ready Reserve shortfalls, which is the most serious deficiency of the current AVF approach.
- ° The Active Duty Draft: This alternative would reinstate the Selective Service System for males, using a lottery. Wages for first-term enlisted personnel would be reduced.
- ° National Service: The option analyzed in the report is compulsory military service for males. Other options could include either a voluntary ("minimally coercive") or compulsory national service that meets both civilian and military manpower needs.

Concerning the Current AVF, the report concludes that the AVF has been able to furnish sufficient numbers of personnel for the Active Forces (99% of authorized strength). The quality of personnel provided by the AVF for the Active Forces is also adequate in terms of DOD's existing physical and mental requirements. In terms of mental capability, while the services have achieved fewer enlistees who score above average on tests, they have greatly surpassed the expected number of those who score in the average range and significantly reduced the percentage of those who score below average (from FY 1974 to FY 1976, the Army was able to reduce the percentage of recruits scoring below average from 19 percent to 8 percent of total accession). In addition, the AVF has provided an Active Force which is broadly representative of our society in terms of income and geographic distribution:

Percent Distribution of Earnings of Parents of Recruits (May 1975)
Compared with U.S. Family Income (March 1975)

	<u>Army</u>	<u>Navy</u>	<u>Marine Corps</u>	<u>Air Force</u>	<u>All Services</u>	<u>U.S. Family Earnings March 1975</u>
\$ 0 - \$ 2,000	8.7	3.9	8.9	3.6	6.4	5.3
3,000 - 7,999	24.0	17.8	20.6	17.7	20.5	21.0
8,000 - 10,999	19.6	16.3	17.1	17.8	18.1	14.5
11,000 - 13,999	15.2	17.8	16.2	19.4	17.0	14.8
14,000 - 19,999	18.7	23.1	23.5	25.3	22.0	22.3
20,000 +	13.9	21.1	13.6	16.2	16.0	21.8

Although the proportion of blacks in the services has increased since the inception of the AVF, this trend has leveled off in the past three years. The increased percentage of blacks in the AVF represents a significant increase in the number of blacks scoring high enough on the standardized tests to qualify for entrance, as well as the decision of blacks to take advantage of employment opportunities offered in the military services:

Black Representation
(Percent)

<u>Year</u>	<u>DOD</u>		<u>Army</u>		<u>Navy</u>		<u>Marine Corps</u>		<u>Air Force</u>	
	<u>OFF</u>	<u>ENL</u>	<u>OFF</u>	<u>ENL</u>	<u>OFF</u>	<u>ENL</u>	<u>OFF</u>	<u>ENL</u>	<u>OFF</u>	<u>ENL</u>
CY 1964	1.8	9.7	3.3	11.8	0.3	5.9	0.3	8.7	1.5	10.0
CY 1974	2.8	15.7	4.5	21.3	1.3	8.4	2.5	18.1	2.2	14.2
CY 1975	3.1	16.1	4.8	22.2	1.4	8.0	3.0	18.1	2.5	14.6
CY 1976	3.4	16.6	5.2	23.7	1.6	8.0	3.4	17.0	2.8	14.7

The biggest problem for the current AVF appears to be in meeting the manpower requirements of the reserves. As shown on the following table, there are growing shortfalls in several categories of Selected Reserve forces:

Authorized Versus Actual Average Strength - Selected Reserves
(Thousands)

Component	FY 1975		FY 1976		FY 1977	
	Auth	Manned (%)	Auth	Manned (%)	Auth	Manned (%)
Army National Guard	400	98.5	400	94.8	390	93.3
Army Reserve	225	102.3	219	96.8	212	91.5
Navy Reserve	106	101.9	106	92.4	96	100.0
Marine Corps Reserve	37	86.5	32	96.9	34	85.3
Air National Guard	95	98.9	95	97.9	93	97.8
Air Force Reserve	51	92.2	52	96.2	52	92.3
Total	925	97.8	904	95.5	878	93.6

The Individual Ready Reserve (IRR) (which would provide replacements during a mobilization situation) is diminishing rapidly in size. This fall-off has been caused primarily by the fact that two-year draftees used to serve four years in the reserves after completion of active duty tours. Current enlistees serve 3 to 4-year active duty terms, leaving only 2 to 3 years of reserve service. With the completion of the reserve obligation of most Vietnam veterans, the Army IRR was down to 165,000 enlisted personnel in early FY 1977 (compared to a 1973 total of 685,000). However, the seriousness of this shortfall is difficult to estimate until DOD completes on-going requirements studies.

The Modified AVF would take steps to minimize the projected cost of maintaining the AVF by making policy changes to reduce the required number of accessions of non-prior service males in the average or higher mental categories. Possible changes include increased utilization of women (highly promising), relaxation of mental/educational standards, relaxation of physical standards, reduction of first-term attrition, the use of more civilians in support positions (primarily contractor personnel), and increasing the percentage of career (as opposed to first-term) personnel.

By putting together various combinations of policy modifications to the AVF, it appears feasible to hold the projected cost of the AVF in line with the increases in real wages expected in the civil sector. This would be accomplished by placing less demand on the decreasing supply of military age males by substituting from other sources. For example, assuming a 15 percent youth unemployment rate in 1985 (compared to the 1975 actual rate of 20 percent), the effects of a series of possible policy modifications on the military compensation cost of the AVF would be as follows (dollars in billions):

Manpower Cost of Unmodified AVF	33.7 *
Double Annual Accessions of Women (from 32,000 in 1977 to 64,000 in 1980)	- 4.5
Reduce Attrition Rate to DOD Objective	- 4.8
Contract Out 50,000 Support Positions	- 1.7
Recruit 40,000 (10%) from those Scoring Below Average on Mental Tests	- 5.6
Revised Total (Modified AVF)	17.1 *

* Compared with 1975 military compensation costs of \$19.5B.

It should be emphasized that the possible policy modifications outlined above are not necessarily recommended at this time. Further analysis is needed by DOD on the specific effects of such changes. However, assuming that some of the policy changes are desirable and can be successfully accomplished, a modified AVF could greatly alleviate or even potentially avoid the substantial cost increases which would otherwise be necessary to meet future manpower requirements on a voluntary basis.

Recent Secretary of Defense decisions indicate the DOD is moving in the right direction on most of the policy changes which appear to be desirable for the AVF. An exception appears to be the slowness of DOD to proceed with civilianization of additional military support billets at domestic installations. Because of the cheaper cost of contractor personnel, this action could significantly reduce direct personnel costs. In addition, reduced military accession requirements would lead to decreased recruitment and training costs. The report recommends that active duty military force levels be reduced by the substitution of about 50,000 contractor personnel performing support functions at U.S. bases over a three-year period.

Concerning the Reserve draft, the report concludes that it would be premature to impose a draft for reservists. DOD is currently reassessing the assignments, capability, and requirements of its Reserve Forces under current scenarios. DOD is considering more imaginative approaches to filling the Individual Ready Reserve (IRR) directly by voluntary means (e.g., enlisting high school juniors and seniors for four months active duty, annual retainer pay, educational assistance). In addition, the Reserve Compensation System Study is studying the relationships of the market, the mission, the current requirements, and compensation alternatives. Until these studies are completed, it would be too early to make major policy decisions on how to meet the personnel needs of the Reserve Forces.

The reactivation of the Active Duty Draft is not recommended in the study because of the high social costs involved (e.g., disruption of education and job plans; coerciveness; and imposition of a "conscription tax" on draftees representing the difference between what they could earn in the civilian market place and their military service pay levels). The amount

of budgetary savings resulting from a reinstatement of the draft would vary depending on the wage rates which the Government would pay and the alternative against which the draft is compared. Assuming that draftees' pay was reduced to the minimum wage level, the near-term budgetary savings from a reinstatement of the draft would be less than \$3 billion per year. However, if pay levels for first-term personnel were not reduced below current rates there would be no significant near-term savings. Of course, unless some of the policy changes outlined previously for a modified AVF were implemented, the cost of the all-volunteer approach would escalate greatly in future years, and the savings from having a draft would increase comparably.

The cost of a National Service approach to meeting military manpower requirements would be very high. Although there are many possible variants of national service, the study focused on compulsory national military service of about one million men per year. Under this option, budgetary costs of military manpower by 1980 would increase by about \$10 billion per year over current levels if these personnel were paid at the minimum wage. However, the budgetary cost is only a portion of the true social cost which is measured by the value of these same manpower resources in their next best alternative use (i.e., the private sector). Here the model used calculated the social cost of national military service to be \$7.8 billion in 1985. Moreover, compulsory national service would generate more manpower than the military services could usefully absorb. If the national service program were voluntary and included civilian sector service, the military's recruitment problems would be intensified because of the need to compete with civilian service for manpower.

The report recommends that the Department of Defense continue to operate with the AVF and implement the following management initiatives:

- An update of DOD's January 1974 Report on quality requirements for the AVF based on job analyses which will enable DOD to estimate how many more Category IV's (below average mentally) and/or non-high school graduates are acceptable.
- A review by DOD of specific support functions at domestic bases (now performed by military personnel) which can be accomplished more economically and effectively by civilian contractor personnel. An objective should be established to reduce the active duty force levels by about 50,000 military personnel over a three-year period as a result of increased contracting out of support functions at domestic bases.
- The conduct of experiments to evaluate the performance of women in a wide range of occupational specialities, with the objective of substantially increasing the number of women in the services as the pool of available young men decreases in size over the next several years.
- The implementation of the recommendations of the DOD study on physical standards to make the maximum feasible utilization of people wanting military careers who are now denied them because of marginal weight or orthopedic restrictions.
- Further review by DOD of personnel requirements and compensation options for the Reserve Force.

DATE: 17 APR 78

FOR ACTION:

INFO ONLY: THE VICE PRESIDENT STU EIZENSTAT
 FRANK MOORE (LES FRANCIS) JODY POWELL
 ZBIG BRZEZINSKI

SUBJECT: MCINTYRE MEMO RE REPORT ON THE ALL VOLUNTEER FORCE

+++++
 + RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
 + BY: +
 +++++

ACTION REQUESTED:

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

PLEASE NOTE OTHER COMMENTS BELOW:

2022

THE WHITE HOUSE
WASHINGTON
April 18, 1978

Zbig Brzezinski

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

Rick Hutcheson

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
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	JAGODA
	GAMMILL

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

*Dr
J*

THE WHITE HOUSE

WASHINGTON

April 18, 1978
Tuesday - 12:40 p.m.

MR. PRESIDENT

Warren Christopher called with the following message:

I thought it would probably be better not to go into precise numbers in the conversation with Senator Long, but the numbers are approximately as follows:

Canal revenues in 1977 were about \$286 million.

Tolls accounted for \$165 million of that sum.

The amount of traffic which goes to U.S. ports is estimated to be a minor fraction of the total amount.

Thus, even if the \$18 million interest payment cannot be deleted, the injury to ports would be a minor fraction of the total \$18 million interest charge.

PHIL

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 17, 1978

0
/

PHOTO OPPORTUNITY WITH THE NATIONAL STUDENT LOBBY
AND THE NATIONAL STUDENT ASSOCIATION

Tuesday, April 17, 1978
11:20 a.m.
Oval Office

From: Stu Eizenstat
Beth Abramowitz

Stu

I. PURPOSE

A photo session with college student leaders during their 3-day Washington conference.

II. BACKGROUND

The National Student Lobby and the National Student Association are holding their first combined conference. The two groups may agree to merge, giving the leaders you see a combined membership of 2 million students (or 20 percent of all college students.)

Over 400 delegates are in town to lobby Congress against tuition tax credits, for your student aid proposal and for creation of a separate Department of Education.

Speakers at the 3-day conference include Arnold Packer, Assistant Secretary of Labor; Bella Abzug; Congressmen Michael Harrington, John Conyers, and Bill Ford.

III. TALKING POINTS

You may wish to thank the students briefly for their support for your position on:

- tuition tax credits
- separate Department of Education
- middle income college student assistance
- women's rights, affirmative action, and student rights in general

IV. PARTICIPANTS AND PRESS PLAN

A. Participants

Lawrence Bulling
Francis Viggiano
Frank Jackalone
Marla Hollandsworth
Edward Kennedy
Julia Brooks
Edward Roberts
Joseph Sweeney

B. Press Plan

To be announced on President's schedule. As of now, no special plans are being made for press coverage.

THE WHITE HOUSE

WASHINGTON

April 18, 1978

Frank Moore

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

Rick Hutcheson

RE: CALL TO JENKINS - TAX REFORM PROPOSALS

Parti -
~~_____~~

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

Frank
L +
J

THE WHITE HOUSE
WASHINGTON
April 18, 1978

CONGRESSIONAL TELEPHONE CALL

TO: Rep. Ed Jenkins
DATE: Before 10:00 a.m. today
RECOMMENDED BY: *Bill* Bill Cable (Frank Moore concurs.)
PURPOSE: To convince Jenkins to change his vote in the Ways and Means Committee on your tax reform proposals.

BACKGROUND:

As I told you yesterday we lost several close votes in the Ways and Means Committee. On the sales tax provision, the vote was 18 supporting elimination, 19 for the status quo. Ed Jenkins was with the 19. We have been working on several others and think Jake Pickle may switch and move to reconsider, but it is close.

Concerns:
a) Tax reform without cuts tied to U.S.
b) Gra code tied to U.S. (I talked to Mike)

The committee staff is preparing an alternative that illustrates that there is less redistribution of the tax burden away from the "middle income." We think the staff redraft will improve chances of gaining support.

TOPICS OF DISCUSSION:

1. Ask Ed to move to reconsider and/or support the motion.
2. Switch his vote and support your reform proposals relating to sales tax and personal property tax.
3. These modifications are the heart of the reform/revenue raising proposals that we are likely to achieve. If we don't get some revenue from these modest reforms, the business and individual cuts will be in jeopardy.

Trying to help -

THE WHITE HOUSE
WASHINGTON

J

April 11, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *FM*

SUBJECT: TELEPHONE CALLS TO 1) Speaker O'Neill
and 2) Sen. Barry Goldwater (D-Ariz)

1. Speaker O'Neill on energy: Advise the Speaker of the Republican approach--that the President cannot refuse to meet with Members of Congress. You will meet with the House Democrats and Senate Democrats and Republicans in the same meeting this afternoon, and will probably meet with the House Republican energy conferees tomorrow. *done*
2. Sen. Barry Goldwater. Ask Senator Goldwater for his help in restating the non-interventionist policy in the second treaty. You should know that Sen. Goldwater was on "Good Morning America" this morning giving us hell on South Africa. *no*

THE WHITE HOUSE
WASHINGTON

April 18, 1978

Chairman John White

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

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

April 18, 1978

The Vice President
Hamilton Jordan
Frank Moore Phil Wise
The First Lady
Tim Kraft

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

Rick Hutcheson

cc: John
C

MEMORANDUM
April 14, 1978

TO: The President

THRU: Jack Watson

FROM: John C. White



PANAMA CANAL SUPPORT SERVICE

We have now completed 6572 telephone calls into 12 states, with a constant factor of over 80% of the recipients agreeing to contact their Senators. Most were thrilled and flattered to do anything they could do to help the President.

We are examining the potential use of phone banks in support of your other legislative initiatives.

WOMEN'S DIVISION REPORT

The DNC is moving with urgency to treat ERA as a candidate and to wage a campaign to win by March 22, 1979. Several staff meetings have been held with national organizations actively involved in the campaign for ratification, and regular meetings are scheduled, bi-monthly.

Dan Horgan, of our office, traveled to Chicago this week to assist in organizational efforts.

I will help with this - so will Rosalyan

POLITICAL REPORT

During the last 3 weekends I have traveled to Kansas, Mississippi, Iowa, North Carolina and Indiana, and can report that our Democratic strength in Congressional races is stronger than the media has reported.

I appreciate your notes to Senator Eagleton and Senator Morgan, for they made extremely strong supportive statements for the President and the Administration, especially on your Energy initiative.

FUNDRAISING

The participation of the President and Vice-President at our luncheon yesterday was unanimously well received and added great impetus to our effort.

THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

C

EYES ONLY

April 17, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze

CLS

SUBJECT: Housing Starts and Personal Income in March

Housing Starts

Tomorrow (Tuesday, April 18) at 2:30 p.m., the Census Bureau will release estimates of housing starts in March. The news is relatively good.

Housing starts jumped 32 percent in March from a very depressed level in February (February, 1,574,000; March, 2,074,000). Increases in starts occurred in all major regions, but the biggest improvement was in the South. Snow and cold weather in the northern border states of the South apparently was a big factor in holding down housing activity in that area in January and February. Residential building permits last month rose 13-1/2 percent. Permits declined less than starts during January and February, and the rebound in March was also less dramatic.

The March recovery of new housing starts and building permits indicates that most of the January and February decline was due to adverse weather. But there may be some weakness in housing activity that is not weather related. Both starts and permits in March remained below their average level in the fourth quarter of 1977 -- 3 percent below for new starts and 7 percent below for permits.

The housing industry (at least for single family dwellings) was operating at close to capacity rates of production in the fourth quarter. As a consequence, the very great losses in production in January and February cannot be made up overnight. If housing demand is still strong and builders remain optimistic, housing starts should be at high levels during the second quarter.

Personal Income

Tomorrow (Tuesday, April 18) at 10:30 a.m., the Commerce Department will release its estimate of personal income in March. The figures provide additional confirmation of a strong March rebound from the effects of weather and the coal strike on economic activity in January and February.

Total personal income rose 1.2 percent in March, compared with increases of 0.2 percent and 0.5 percent in January and February. Aggregate wages and salaries rose even faster than the total -- 1.5 percent -- reflecting the recovery in the length of the workweek in March and the substantial further rise in employment at nonfarm establishments.

Farm income declined again for the third straight month from levels late last year that were inflated by large deficiency payments. Farm income in March was about equal to the level last October.

For the first quarter as a whole, personal income increased from the fourth quarter level at an annual rate of only around 9 percent -- compared with a 14-1/2 percent increase between the third and fourth quarters of last year.

THE WHITE HOUSE
WASHINGTON

April 18, 1978

Frank Moore

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

Rick Hutcheson
cc: The Vice President
Stu Eizenstat
Hamilton Jordan
Jack Watson

RE: WEEKLY LEGISLATIVE REPORT

ADMINISTRATIVELY CONFIDENTIAL

THE WHITE HOUSE
WASHINGTON

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

ACTION	FYI	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	MONDALE
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<input type="checkbox"/>	<input type="checkbox"/>	McINTYRE
<input 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 type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
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<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
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<input type="checkbox"/>	POSTON
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<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

Administrative Copy Made
for Presentation Purposes

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON
April 16, 1978

Frank
C
/

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: THE PRESIDENT
FROM: FRANK MOORE
SUBJECT: Weekly Legislative Report

DOMESTIC POLICY ISSUES

1. ENERGY

-- The gas conference will reconvene on the Hill with scheduled meetings on Monday, Tuesday, and Wednesday. Dingell seems more agreeable to compromise now than does Eckhardt. DOE advises that the toughest remaining substantive issues are the question of what gets deregulated and the closely related question of what gets incrementally priced.

2. TAX REFORM

-- The markup begins on Monday with itemized deductions being the first item for consideration. Included in this are the elimination of deductions for sales tax, political contributions, and the combining of medical and casualty deductions with a 10% floor. If we win on all of these items, we would pick up \$5.6 BILLION of the approximate \$9 BILLION in revenue from reforms.

-- We hope to win on the sales tax, although we face tough lobbying from the state and local governments. The gasoline taxes deduction elimination prevailed in Ways and Means action on the energy bill 18-16, and Treasury projections now show a 19-18 favorable vote, which we hope to firm up.

-- On the medical deduction, which is a big revenue gain, Martha Keys and others object to setting a 10% floor on medical deductions without some kind of national health insurance or catastrophic health insurance in place. There are also objections to combining medical and casualty losses. Motions to separate the two deductions and to set two separate floors probably would be adopted; the debate would then center on the level of the floor. If we can hold the floor to 5/6% for the medical, we could pick up half the revenue on this item.

-- If the Committee follows this course of action on Monday and Tuesday, the remainder of the week would be taken up with action on tax shelters (where we could score mixed success) and the alternative tax on capital gains (where we have solid

Republican and conservative opposition. Travel and entertainment would be started but probably not voted until the following week.

-- The biggest threat to this scenario is a likely move by Charlie Vanik on Monday to offer as a substitute for the entire cut/reform proposal a simple extension of the expiring tax cuts. This approach seems to be gaining some support by being sold as: 1) a good anti-inflation move to reduce the deficit by \$28 BILLION; 2) an easy way out of facing the reform fight; and 3) a way to provide a framework to roll-back social security taxes. We are working with Treasury, AFL-CIO, the Committee, and the Leadership to defeat this move, but it looks very close as of now.

3. REORGANIZATION

Civil Service: We are continuing to work the Hill in support of the program. The House Post Office and Civil Service Committee held hearings on April 11 and 12, and additional hearings are anticipated. The Senate Governmental Affairs Committee held hearings April 10, 12, and 13, and will receive additional testimony on April 19 and 20. The date to transmit the accompanying reorganization plan to the Hill is still undetermined. Negotiation of the federal labor relations section continues. We are working on setting up your meeting with House Committee Democrats on Tuesday, and you will have more details in the briefing paper.

Civil Rights: The Senate Governmental Affairs and House Government Operations Committees voted unanimous support for the plan without amendments. The civil rights phase II preliminary options paper has been completed and circulated for review.

Education: Jim McIntyre presented the Administration's proposals to the Senate Governmental Affairs Committee on Friday morning. A task force is at work on legislative strategy for both House and Senate.

4. TUITION TAX CREDIT

-- The following table (from OMB) compares the costs and features of both House and Senate Committee versions of the tuition tax credit proposals:

	<u>House version</u>	<u>Senate version</u>
1) Percentage of tuition and fees that can be claimed as tax credit.....	25%	50%
2) Maximum tax credit levels:		
<u>Starting date for tax credit</u>		
August 1978	\$100 per college student	\$250 per college student
August 1979	\$150 per college student	
August 1980	\$250 per college student	\$500 per elementary, secondary, and college students
August 1981	Bill expires	\$500 per elementary, secondary, college, graduate, and part-time students
3) " <u>Tax expenditures</u> " (Receipt reductions) (House and Senate reports) (in millions of dollars)		
1978	15	39
1979	374	916
1980	612	1,418
1981	657	2,835
1982	---	4,479

-- When the Ways and Means Committee bill goes to the Rules Committee (action is not expected in Rules next week), it will get a modified open rule which will make three amendments in order when the bill comes to the House floor:

- 1) an amendment to raise from 25% to 50% the limit of the credit applicable to the cost of tuition;
- 2) an amendment to restore elementary and secondary education to the tax credit bill; and
- 3) an amendment to authorize a postsecondary tax deferral instead of a tax credit.

-- Each of the amendments, except for the tax deferral instead of a credit, would restore provisions deleted from the bill during the Committee's markup.

-- We will be working with agency, AFL-CIO, Committee, and Leadership staffs to keep the bill in the least offensive posture. There is a belief on the part of many Members that we may be willing to make a deal and accept some variation

of a Higher Education only tax credit. We will need some guidance on how we work this bill before it goes to Rules or gets to the House floor if we want a good shot at beating either the elementary and secondary or the higher education tax credit.

*Veto
waiting -
see me*

5. FIRST BUDGET RESOLUTION

— The Senate Budget Committee completed markup on the first budget resolution last Wednesday. Budget totals to date are shown as follows:

1979 BUDGET TOTALS
(in billions of dollars)

	<u>Administration</u>		<u>First Budget Resolution</u>	
	<u>January</u> <u>Budget</u>	<u>March 1/</u>	<u>House</u> <u>Committee</u>	<u>Senate</u> <u>Committee 2/</u>
Receipts.....	439.6	439.3	443.3	443.3
Outlays.....	<u>500.2</u>	<u>499.4</u>	<u>501.4</u>	<u>498.9</u>
Deficit.....	-60.6	-60.0	-58.1	-55.6
Budget authority..	568.2	568.6	568.2	566.1

1/ March update, adjusted to reflect urban initiatives.

2/ To adjust for an accounting difference in the Senate Budget Committee estimates, \$1.4 BILLION should be subtracted from their estimates of receipts, outlays, and budget authority. This change, which relates to the treatment of existing and proposed tax credits in excess of liabilities, does not affect the deficit.

-- During mark-up action on Wednesday, the Committee adopted a refundable tuition tax credit for higher education (but not for elementary and secondary) and defeated by an 8-6 vote a Chiles amendment to roll back social security taxes. Senators Chiles, Anderson, Biden, Johnston, McClure, and Sasser voted against the Administration on the social security issue.

-- The Committee also defeated Senator Muskie's motion to reduce budget authority by \$4.7 BILLION and outlays by \$4 BILLION as part of a second-round "ratchet" of the functional totals. Senators Hollings and Johnston argued forcefully against Senator Muskie's suggested \$1.5 BILLION cut for Defense.

Budget Deficit: In discussing the resolution, both the House and Senate Budget Committees will undoubtedly emphasize the fact that their 1979 deficits are below the Administration's level. The following table, prepared by OMB's budget review staff, shows how the Committees reduced the deficit. They cut outlays through estimating changes and raised revenues by recommending smaller tax cuts. These actions, which reduced the deficit, tended to dominate the descretionary spending

increases. Some of the spending increases are significant although they are not reflected in the aggregate deficit numbers.

1979 BUDGET DEFICITS --
ADMINISTRATION AND BUDGET COMMITTEE RESOLUTIONS
(in billions of dollars)

	<u>House</u>	<u>Senate</u>
Administration budget deficit (March estimate).....	60	60
How the Budget Committee resolutions differ:		
Energy taxes and rebates.....	---	-1
Other tax changes (smaller cuts).....	-6	-5
Discretionary spending changes.....	7	4 to 5
Estimating differences (lower receipts and outlays).....	-3	-3 to -4
Budget Committee deficits.....	58	55½

Budget Priorities: OMB advises that the budget totals contain some major shifts in priorities, including the following:

-- The House Committee version contains policy increases for agriculture (\$3.9B in outlays), local public works (\$2.0B in BA), transportation (\$1.7B in BA), natural resources programs (\$0.8B in BA), energy programs (\$1.2B in BA), and veterans programs (\$0.7B in BA). On the other hand, the House resolution eliminates funding for the municipal bond option, it omits all the advance funding for education and health programs, and it cuts Denfese by \$1.0B in BA, primarily for delays in the Trident program.

-- The Senate Committee version contains a \$1.4B BA policy increase for Defense, which is even larger when the Committee's cuts resulting from the Trident slow-down are netted out. Other large policy increases include \$1.0B in outlays for farm price supports, and budget authority increases for energy (\$1.1B), natural resources (\$1.0B), and veterans programs (\$0.9B). Like the House, the Senate Committee rejected the municipal bond option and forward funding of certain human resource programs. The Senate Committee also cut the National Development Bank by \$1.3B in BA and did not fund the middle income assistance grant program (since it approved a parallel tax credit).

Budget Resolution Strategy: OMB is currently exploring alternative congressional strategies for restoring some of the Administration's budget priorities either on the floor or during conference. Because of the sensitivity of the Budget Committee Chairmen to Administration pressure and taking into account the Chairmen's delicate job of balancing competing congressional factions, we must proceed cautiously. OMB advises that the Senate Budget Committee staff was quite upset after reading the Post accounts that the EPG may reconsider its recommendations on the size of the tax cut. Floor action on the first budget resolution is scheduled for April 24 in the Senate and May 2 in the House. These dates are tentative and could change.

6. AIRLINE DEREGULATION

-- The Senate is scheduled to take up the bill after the Panama vote on Tuesday. DOT advises that the current count shows 48 Senators for the bill, 5 against, and 43 undecided. No major amendments have surfaced yet, but they still could. We will be working with DPS and DOT toward a good vote on this bill.

-- On the House side, Republicans and Democrats are working with Levitas to get a compromise bill out of Subcommittee. We will probably have to settle for a weak automatic entry provision that perhaps includes a study by CAB. The noise bill was voted out of Ways and Means last week (23-11). This bill and the House deregulation bill will probably be merged by Rules Committee action.

7. AGRICULTURAL ISSUES

-- Although the congressional farm bill is disposed of, for the time being anyway, other related farm legislation is moving.

Farm Credit Amendments: A bill which modifies interest rates and other administrative aspects of various farm and rural credit programs, and establishes a new emergency agricultural credit adjustment program which the Administration has supported, is scheduled for House floor action on Thursday, subject to a rule being granted on Wednesday. OMB advises that the Administration generally supports enactment of the bill subject to several amendments, and that these recommended changes will be contained in a letter being prepared from Secretary Bergland to the House Agriculture Committee. The bill will be open to amendment on the House floor, and how it will fare is unclear at this point.

Emergency Reserve: USDA advises that the Administration's initiative to establish an International Emergency Wheat Reserve is receiving prompt consideration on the Hill. Chairman Talmadge introduced the bill last Monday and Chairmen Foley and Zablocki introduced it on Wednesday. Senate hearings are scheduled for April 21.

Sugar: Senators Church, Stone, Long and possibly others are prepared to offer a new sugar bill very soon. Church, who is a key figure in getting the International Sugar Agreement ratified, is particularly interested in doing something to aid sugarbeet growers. USDA reports that in the absence of an Administration bill or Administration agreement, we will probably have to settle for "reacting" to the bill and hope to shape its final form in markup or on the floor.

*Be strict
keep me
informed*

Meat Imports: The Finance Committee is expected to take up on Wednesday a new countercyclical beef import quota bill introduced by Senator Bentsen and supported by the National Cattlemen's Association. The bill would allow an increase in beef imports at the present time (of low domestic production) but would restrict imports later in the cattle cycle (when domestic production is high) and U.S. cattle prices drop. USDA reports that they will try to get interagency agreement on an Administration position before Wednesday, but lack of time will make it difficult.

8. CLINCH RIVER BREEDER REACTOR

-- Even though we lost in full Committee by 1 vote, Chairmen Teague and Flowers are confident that they can get the Flowers compromise adopted on the floor.

-- Jim Free recommends that your trip to Oak Ridge be postponed until after the full House adopts the Flowers compromise.

I agree

9. PUBLIC DISCLOSURE OF LOBBYING ACT

-- This bill, which requires registration and reporting by organizations that engage in substantial efforts to influence Congress and Executive Branch officials on legislative matters, is scheduled to go to the Rules Committee on Tuesday with floor action tentatively scheduled for Wednesday. Big business lobbyists are mounting an effort to kill the bill in Rules, and we could have a key vote there.

-- Although not included in the Committee-reported bill, we will work for adoption on the House floor and later in the Senate of strengthening provisions such as including as a reportable lobbying activity, solicitations by an organization urging its membership to write Members and lobby the organization's position on a bill. Rep. George Danielson will be the floor manager.

FOREIGN POLICY AND DEFENSE ISSUES

1. PANAMA

-- State reports that the Senate Leadership is working hard to ensure that the treaties are successfully passed, that the DeConcini reservation is not allowed to leave an interventionist taste, and that DeConcini himself is given every chance to play along with the club rather than embarrass the Senate and endanger our foreign policy. State advises that the Executive Branch should stand back and let this process take its course.

-- We feel that Senator Byrd was too pessimistic in his telephone conversation with you, although the situation is worrisome. We think Senator Hayakawa will support the Treaties in the end because he believes that they are far superior to the current agreement. We do not believe Senator Cannon is gone completely; he denied three times last week Laxalt's claim that he was committed to vote against the Treaties. Other Senators who have made noises against the Treaties are obviously trying to get our attention on issues of particular interest to them. Since their demands have been made publicly and with such fanfare, and given the nature of this important issue, we believe their actions only arouse public disgust.

2. TURKEY/GREECE PACKAGE

-- The Greek interest group is strongly campaigning to defeat the Administration's package proposals for Greece-Turkey-Cyprus. Brademas, Rosenthal, Sarbanes, and Eagleton are all scheduled to testify before the HIRC on April 19. The four have

also circulated a "Dear Colleague" letter to Members of the House and are urging Senators to issue statements in opposition to the Administration program. Thus far only Senators Durkin, Riegle, and Moynihan have done so.

-- State is now organizing a campaign to ask Senators not to speak out on the issue until the Administration has an opportunity to present its case before the SFRC at hearings scheduled for May 2. A briefing for SFRC staffers on April 17 has also been organized and a series of prominent private witnesses will appear before the HIRC on April 24 to testify in favor of the Administration program. State, NSC, and DOD are also scheduling briefings for Democratic freshman and sophomore Members of the House and the Black Caucus.

3. MIDDLE EAST ARMS PACKAGE

-- The issue this past week was timing -- when the arms package would be formally submitted so that 30 days would start to run. State agreed to hold submission until April 26 to accommodate the SFRC's concern over its backlog of work. Some members wanted additional delay, and Senator Javits insisted that Secretary Vance had agreed earlier to consult formally with the Committee prior to the submission. As a result of a letter from Secretary Vance to Senator Sparkman, State believes that it is unlikely that the Committee will ask for a consultation session if the Secretary has not returned by the 26th, and is planning to proceed with the notification on that date. *No more delay*

-- The Administration's briefings and information packets have had a positive effect on the Hill and we seem to be well out in front of the power curve on the arms package proposal. It will all break loose on the 26th, however, and we should be prepared to deal with every political and legislative stratagem. The most serious threat will be offers of compromise on the Saudi case which will be unacceptable to the Saudis -- the Middle East analogue to the "killer amendment."

-- The key to success as the legislative battle heats up will be the Administration's ability to quickly counter opposition tactics and to demonstrate that we are being reasonable in trying to accommodate the concerns of Members. The opposition may attempt to defeat the entire arms package -- including the Israeli sale -- as the easiest way to challenge the Administration's proposal. The opposition is well aware that Members could find appealing an argument that they are simply asking for a withdrawal and reconsideration of the Administration's proposal and that they need not vote on the substance.

4. SHIPBUILDING PROGRAM

-- Secretary Brown testified on Monday before the Seapower Subcommittee in the House and on Tuesday before the Senate Armed Services Committee on the shipbuilding program. DOD advises that Rep. Bennett's Subcommittee appears to have fixed views and that we can well expect a nuclear carrier and probably a nuclear AEGIS cruiser coming out of that Committee. Bob Carr, who is our strongest supporter on the Subcommittee, has advised CL staff that he believes that you should now meet with both sides to avoid escalating the conflict.

-- All of the House Armed Services Subcommittees are scheduled to mark up the FY 1979 Authorization bill next Tuesday and Wednesday. The full Committee is scheduled to mark up on Thursday and Friday. Floor action in the House is expected during the first week of May.

-- The Senate Armed Services Committee markups ~~unslipped~~ until the first week in May with floor action expected around the middle of May.

5. FASTENERS OVERRIDE

-- Ways and Means has scheduled a vote on the override of your decision for April 20. We are working with STR, Treasury, and other agencies for a favorable result. At present, our vote count shows 15 for the Administration, 7 against, plus an additional 7 leaning against. Every prediction is that the voting will be very close. Irrespective of the Committee vote, the fate of the resolution on the floor is uncertain.

-- The Finance Committee will schedule a vote sometime after the House Committee acts, and the vote there now also looks close.

6. EXIMBANK PROHIBITION ON SOUTH AFRICA

-- By a 10 to 5 vote, the Neal Subcommittee of the House Banking Committee on April 14 adopted the Tsongas amendment to the Eximbank Reauthorization bill. The operative language of the amendment reads:

In no event shall the bank guarantee, insure, or extend credit or participate in any extension of credit to the Republic of South Africa unless and until the President determines that significant progress toward majority rule has been made in the Republic of South Africa and transmits to the Congress a statement describing and explaining that determination.

-- Chairman Neal, who reportedly had been leaning against the amendment, reversed course and supported Tsongas. This enhances the already good prospects of the provision being accepted by the full Committee and ultimately on the House floor.

-- Neal may urge that the Administration use existing legislative authority voluntarily to discontinue all Exim relations with South Africa. He will argue that the floor debate on the Tsongas amendment could lead to other individual country restrictions and possibly jeopardize passage of the reauthorization bill itself.

MISCELLANEOUS

-- DOD advises that Senator Stennis has indicated that he will hold hearings on "all aspects of the neutron bomb" the latter part of April or early May.

-- Senator Hollings has confidentially advised our Commerce CL officer that he feels that this White House is the most closed he has ever dealt with. Even as a Democrat, he used to be able to pick up the phone and talk with Bryce Harlow and others. The Senator believes that the lines of communication must be opened or this Administration will continue to play catch-up ball. The Senator did not want his name to be passed on for fear of appearing to be carping.

-- Commerce advises that Senator Inouye hopes you will come out of the Camp David meeting showing toughness. He feels that if some less powerful individuals on the Hill can get away with beating the President, more and more will try their hand at it. He believes that during a time of frustration and what the press is playing as confusion, a tough leader is a necessity.

-- Treasury advises that Tom Eagleton gave a speech at Jackson Day in Springfield, Missouri, praising you, but he indicated that the Democratic function was the smallest in years and that the Party was very laconic. Fund-raising was also off.

-- Rep. Bill Ford is going out of his way to applaud your decision on the Education Department.

-- Jim Howard, whose highway bill undoubtedly will pass the full House Public Works Committee, is now sick and in the hospital. DOT advises that the Senate Public Works Subcommittee accepted the Administration's bill almost intact.

-- There is some talk on the Hill that many congressional retirements will be announced by the end of this month.

-- House Appropriations markups begin on April 24. Some potential budget threats (including the Small Business bill passed by the House last Monday which adds \$1.7B in BA for FY 1979 and \$2B in BA for 1980, the highway legislation, veterans' legislation, and others) will begin to be incorporated in spending bills during these markups. OMB stands ready to recommend vetoes where either authorization or appropriations measures significantly exceed the budget.

*Jim
ready*

-- The OPIC bill has completed its ten month journey through Congress and will be on your desk shortly. Along the way, Congress amended the bill to bring OPIC into the human rights sanctions systems previously applied to concessional aid programs, directed a more explicit preference for U.S. small business investors, and mandated both general and product-specific (copper, sugar, citrus, and palm oil) restrictions. None of these restrictive amendments break new ground, but they reflect the increasing congressional proclivity for detailing policy guidelines in international program legislation.

-- DOE's Strategic Petroleum Reserve Plan Amendment #2, which provides for the expansion of the strategic reserve from its previous goal of 500 million barrels to 1 BILLION barrels, ran into heavy congressional tugging and pulling over the placements of reserves. Members from New England, Hawaii, and Puerto Rico were particularly concerned. The amendment is subject to either House veto within 15 calendar days after its transmittal to Congress. The Senate Energy Committee has adopted (16-0) Senator Kennedy's disapproval resolution.

-- Your refugee policy was very well recieved by Eilberg's Subcommittee in the hearing last week. No objections were voiced about plans to continue use of parole authority in the absence of legislation.

FLOOR ACTIVITIES, WEEK OF APRIL 17

House

Monday -- Call of Unanimous Consent Calendar

-- 4 suspensions:

- 1) Merchant Marine Academy Nominations. The bill allows congressional delegates from Guam, the Virgin Islands, and District of Columbia to make nominations to the Academy rather than the Governor or Mayor. OMB advises that the Administration has no objections to it.
 - 2) National Sea Grant College Program Authorization. The Administration supports technical modifications in the bill and the extension of appropriation authority, but prefers the lower levels in your Budget (the bill provides \$63 million for FY 1979 and \$64.4 million for FY 1980; the Budget level is \$33.2 million for FY 1979 and such sums as may be necessary for FY 1980).
 - 3) National Advisory Committee on Oceans and Atmosphere Authorization. The Administration supports the one year extension of the NACOA members' termination dates, but prefers to extend NACOA's authorization through FY 1980 at the levels included in your Budget (the bill provides \$572,000 for the Committee; the Budget level is \$484,000).
 - 4) Coast Guard Authorization. The Administration prefers that the bill reflect your Budget. The bill authorizes a 9% increase over the Budget level of \$1,278,611,000 and increases by 911 the personnel level request of 38,420.
- FAA R&D Authorization. The Administration opposes the bill. OMB advises that it is unnecessary because DOT has a continuing authorization for these programs. Chairman Teague is the primary sponsor.

Tuesday -- Call of Private Calendar

-- 2 suspensions:

- 1) To Establish Inspector General Offices. It is our understanding that differences on this bill with Chairman Brooks have been resolved.
 - 2) Humphrey Institute and Dirksen Center Act. The Senate added \$2.5 million for the Dirksen Congressional Leadership Research Center in Illinois. The Administration has no objections to it.
- National Science Foundation Authorization. The Administration has no objections to the bill.

Wednesday -- Public Disclosure of Lobbying.

Thursday -- EPA R&D Authorization. Rescheduled. The bill is in excess of your Budget.

-- Agricultural Credit Act.

Friday -- No session.

Senate

-- The Senate will vote on the Panama Canal Treaty on Tuesday. The airline deregulation bill is scheduled for floor action.

THE WHITE HOUSE
WASHINGTON

April 18, 1978

Frank Moore

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

cc: Rick Hutcheson
Hamilton Jordan

RE: SEN. SASSER AND PANAMA

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.

He's ok
C
1

THE WHITE HOUSE
WASHINGTON

April 17, 1978

TO: THE PRESIDENT
FROM: FRANK MOORE, ^{SM/pd} BOB THOMSON, BOB BECKEL
REGARDING: SENATOR SASSER AND PANAMA

Senator Sasser is now leaning against the Panama Treaties. Apparently over the weekend he gave an indication in Tennessee that he might oppose the Treaties and received overwhelming positive feedback. As a result of this and his continuing frustrations with the Administration's inability to appoint Tennessee Democrats to federal posts, we now believe Sasser means what he says.

Sasser will be at the White House this evening for the Country and Western Concert. At an appropriate time you should noticeably pull the Senator aside for a brief discussion. Sasser's principal concern now is to recommend a nominee to the TVA Board. You should say that you understand that the Senator has a good nominee for the TVA Board, and you should tell him to send the name directly to Hamilton and Hamilton will interview him personally. *NOT Schlesinger.*

You should urge him to continue to support you on Panama. You should stress the implications for your presidency and relations with all Latin America.

THE WHITE HOUSE
WASHINGTON

April 18, 1978

Stu Eizenstat

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

Rick Hutcheson

WEEKLY DOMESTIC POLICY STAFF
REPORT

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
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/	FROM PRESIDENT'S OUTBOX
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ACTION	FYI	
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	JAGODA
	GAMMILL

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

*Stu
J*

THE PRESIDENT HAS SEEN.
THE WHITE HOUSE
WASHINGTON

April 14, 1978

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

ECONOMICS AND BUSINESS

Working on the follow-up to the inflation speech and continuing efforts on the tax program.

COMMUNICATIONS

Public Broadcasting: The chairmen of the House and Senate Committees have introduced a bill that is close to ours on objectives but differs on several specifics. House hearings are underway; Senate hearings will be in early May.

ENERGY

National Energy Act (NEA): Natural Gas Conference discussions are continuing and good progress has been made. Continuing to work closely with Schlesinger, Moore, Treasury, CEA and OMB.

Energy Impact Assistance: Final decision memorandum is in preparation. Options for announcement of program are being evaluated.

CRBR Agreement with the Congress: The Administration-backed compromise proposal sponsored by Chairman Teague and Representative Flowers failed in full House Science and Technology Committee by a vote of 19-20. Prospects for further floor action uncertain, but Teague and Flowers may be willing to take the compromise to the floor.

*We'll fight
it all the
way -*

AGRICULTURE AND RURAL DEVELOPMENT

Farm Bill: On Wednesday, the Emergency Farm Bill was defeated in the House by a vote of 268-150. There is a possibility that another price support bill will be brought to the floor and we will closely monitor any such action.

Sugar: Senator Church is delaying ratification of the International Sugar Agreement, pending Administration action regarding extension of the domestic sugar program. The Interagency Working Group is preparing an options memorandum for you on this topic and plans to have it to you by the middle of next week. Senators Church, Long and Stone say they will introduce a bill that mandates a program if they are not given an Administration position soon.

Rural Development: This Wednesday, April 19, the House Subcommittee on Family Farms, Rural Development, and Special Studies will hear testimony to examine the merits of two bills, H.R. 10885, the Rural Development Policy Act and H.R. 9983, the Rural Community Development Act, as well as to explore the rural development impact of activities and programs of federal agencies. We will monitor.

NATURAL RESOURCES

*I want a
firm
policy*

Water Policy Study: Final revisions in memo being made.

160-Acre Limitation: Secretary Andrus presented Administration position on Thursday.

Outer Continental Shelf: Conference will begin next week.

Oil Spill Liability: Hearings in Senate next week.

CIVIL SERVICE REFORM

*Let's go
all out on
this one*

Civil Service Reform Initiative: Hearings resumed in the House on April 4. Senate hearings began on April 6. The legislative team is visiting with committee members and meeting with a variety of interest groups. Language for the labor relations section of the bill is being developed.

INTEGRITY AND OPENNESS IN GOVERNMENT

Lobby Law Reform: We continue to work with Frank's staff to move the Senate Governmental Affairs Committee to mark-up, and on House floor strategy. A House floor vote is now scheduled for April 19.

HUMAN RESOURCES

Welfare Reform: HEW is beginning to meet with the staffs of Corman and Ullman to see if a compromise can be reached on welfare reform this year. Corman is reluctant to change his subcommittee's bill which embodies the Administration proposal, but the agreement to meet shows some movement on his part. We are still not certain whether a bill can be enacted this year even if a compromise is reached.

Social Security: The enthusiasm for a payroll tax roll-back continues to wane, especially in the Senate. We are continuing to monitor the situation.

*We'll hold
on budget*

Veterans Pensions: The House and Senate veterans committees have reported veterans pension reform bills. Both bills are higher than the amount we allocated in the FY 1979 budget. We are working with OMB and VA to devise a strategy to reduce the cost of the plans and alter some undesirable features.

*Let's move
on study
Commission*

Pension Policy: We and OMB met with representatives from all of the agencies which have responsibilities for pensions (ranging from the Social Security Administration to the IRS). Because of the growing importance of this area (government pension payments constitute 27% of the federal budget) we have decided to meet with these agencies on a periodic basis to attempt to develop a more coordinated approach. This effort will complement that of the pension commission.

Radiation Exposure: The controversy over exposure to radiation has expanded from the troop tests in the 1950's to workers at Navy shipyards. We have met with the NSC staff and are preparing a joint memorandum to the agencies involved asking them to develop a coordinated and humane response to this problem that will include appropriate studies and assistance to the persons affected.

4/18/78

THE WHITE HOUSE
- WASHINGTON

Stopped mks
Pub mks
When Called only

Cannon - man
Long - tax code
Gannett papers }
Jim Gibson }

THE WHITE HOUSE
WASHINGTON

Gunn McKay

Gordon Hinckley

Agosta

Kimble - 1st Pres.

Ezra Taft - ^{Senior} no -

official stance

THE WHITE HOUSE
WASHINGTON

R,

Bill Milliken called this morning to leave the number where he and Chip are for the next two days. They're staying with Jack Myers until Thursday night, and the number is 213-278-2838 if you need to reach them.

They're having dinner with the Myers tonight....you may want to call Chip to say Happy Birthday.

M

Hank Greenbaum Las Vegas Sun
Tulsa → Don Reynolds Digilio
month Las Vegas Redia
Gannett Journal
Gunn Mc Kay

HE PARTICIPATED IN SEPTEMBER 16 EDITORS' BRIEFING. WALT
WURFEL MET WITH HIM LAST WEEK WHEN WALT WAS IN LAS VEGAS.

Don
DiGilio <
Reynolds

Group owned
Community power

THE WHITE HOUSE
WASHINGTON

April 18, 1978

Secretary Schlesinger

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

by
Rick Hutcheson

cc: Stu Eizenstat
Frank Moore
Jim McIntyre

RE: AWAY-FROM-REACTOR STORAGE
CAPACITY AND BARNWELL

THE WHITE HOUSE
WASHINGTON

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<input type="checkbox"/>	ENROLLED BILL
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<input checked="" type="checkbox"/>	WARREN



THE PRESIDENT HAS SEEN.

Jim
J

Department of Energy
Washington, D.C. 20585

April 7, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: JIM SCHLESINGER 

SUBJECT: Away-From-Reactor Storage Capacity and Barnwell

The recent Department of Energy (DOE) Task Force on nuclear waste management and statements by utilities and industry point to the need for interim Away-From-Reactor (AFR) storage of commercial spent fuel by the early 1980's. Provision of interim AFR storage is important because it is a necessary first step in disposing of waste from commercial nuclear power, and because spent fuel inventories are likely to grow faster than utility storage pool capacity. AFR storage also is required to implement the spent fuel policy you announced in October 1977, and accordingly, support your non-proliferation objectives.

Maximum capacity of an AFR facility would likely be 5000 MTHM (metric tons heavy metal) of Light Water Reactor (LWR) fuel assemblies. This corresponds to approximately 10,000 LWR assemblies or the output of 200 1,000 MWe reactor years of operation. It is probable that 3 to 5 such AFR facilities will be required by the year 2000 to provide interim storage before permanent geological disposal. It is important to note that costs of building and operating such facilities will be recovered by the Federal government through user charges to the utilities as set forth in the Administration's spent fuel policy.

Because of the growth of spent fuel inventories in utility pools, early provision of new capacity is important. The major uncertainty in providing an initial AFR facility relates to the length of time to select a site, prepare required environmental impact statements, and obtain NRC licensing. DOE estimates the time and cost required to provide a new AFR facility constructed by the Federal government at a Federal site to be \$210 M with an initial operational capability by 1983.

In an effort to find a quicker, cheaper, and more certain way to obtain an initial AFR facility, we have explored the possibility of expanding an existing, licensed facility. A particularly interesting prospective

location is the Barnwell reprocessing plant. Constructed and owned by AGNS (a consortium formed to build the reprocessing plant), the plant abuts the DOE Savannah River Plant in South Carolina. AGNS has sunk costs of between \$200 M and \$250 M in the Barnwell plant which has no commercial prospects as a consequence of the decision to defer indefinitely reprocessing of spent fuel.

An AFR spent fuel storage pool with associated receiving and handling facilities exists at Barnwell. It is estimated that an NRC license could be obtained for the existing AFR capacity of 700 MTHM in less than six months, over three years earlier than would similar capacity at a new DOE-constructed facility. The preliminary estimate of the costs required to expand AFR capacity at Barnwell to full 5000 MTHM capacity is \$100-125 M, with four years required to complete construction.

Congress appropriated \$13 M for Barnwell in FY 1978 and apparently will do so again in FY 1979. Beyond the apparent waste, these expenditures may lead foreign nations to perceive incorrectly that the United States will soon reverse its reprocessing decision. Removing the Barnwell issue would be welcome confirmation of the Administration policy on non-proliferation and would enable the United States to acquire rapidly AFR storage capacity in order to implement your spent fuel policy of selectively accepting spent fuel from abroad.

We propose to explore Federal acquisition of the Barnwell reprocessing plant, inclusion of the site within the DOE-owned Savannah River plant, mothballing the reprocessing plant, and expanding the existing AFR storage capacity to 5000 MTHM. It is further proposed that the cost of the project -- including purchase of the Barnwell reprocessing plant -- not exceed \$210 M, which is the estimated cost for the Federal government to build a new 5000 MTHM AFR facility at another location. While the price AGNS would accept for Barnwell is unknown, it is known that they are willing to enter into negotiations. Moreover, AGNS can take a tax deduction for Barnwell (up to one-half of this investment) when they choose to write off the loss.

Purchase of Barnwell would be controversial. On the one hand, there are those who hold that private industry should be compensated for a "good faith" investment made under assurances of the previous Administration, while others will argue that any compensation is an unjustified "bail-out." We believe justification for the purchase should be based on providing needed AFR capacity earlier and more cheaply than the alternative of a new Federal construction and on the furtherance of our non-proliferation objectives.

The Barnwell issue has created a substantial political problem with the South Carolina Congressional delegation, and in particular, Representative Butler Derrick and Senator Ernest Hollings. They both

view this as a matter of considerable importance, and have been dismayed at the Administration's position on reprocessing and its resultant effects on Barnwell. While these strong supporters of using the Barnwell plant for reprocessing likely would continue to want the reprocessing plant to be used for its originally intended purpose, because of potential employment benefits for the State, expansion of the AFR pool would also generate substantial employment. This proposal, therefore, could help solve a continuing political problem regarding the future use of the Barnwell site, while providing a substantively sound means for using that site.

With your approval, we will look further into the matter and, if appropriate, formulate a specific proposal with firm cost estimates for Federal purchase of Barnwell and construction of a licensed 5000 MTHM AFR facility. Precise plans for decommissioning the reprocessing plant will be formulated and will probably be subject to negotiations with Congress. We will discuss this proposal with other agencies, interested members of Congress, South Carolina State officials, and AGNS representatives, in order to discern their attitude toward such a proposal.

Proceed with exploration of ^{broader} concept;
If justified, develop firm proposal:
(incl other existing sites, etc) _____ J
Do not proceed: _____

Jim: Jim's leery of this -

- a) Reopens reprocessing fight - new doubts
- b) Question re storage capacity (CEQ says 360 MTHM)
- c) Cost seems excessive
- d) Other possible ^{existing} sites should be assessed on equal basis
- e) Frank thinks Hollings/Derrick would be doubtful
- f) Not sure federal ownership best approach

STAFF COMMENTS

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

13 April 1978

TO: THE PRESIDENT

FROM: RICK HUTCHESON 

SUBJECT: Summary of Staff Comments on Schlesinger 'Barnwell' Memo

Eizenstat and McIntyre concur with Schlesinger's recommendation that the concept of acquiring the Barnwell Plant be explored. CEQ supports exploring any initiative which might provide AFR capacity at less cost and earlier than new Federal construction, but doubts that a Federal purchase of Barnwell would accomplish either goal. CEQ therefore favors only a more thorough exploration of the benefits and risks of Federal acquisition of Barnwell. DPS, OMB and CEQ all raise a number of questions about the DOE proposal:

- Eizenstat cautions that Congressman Derrick and Senator Hollings have expressed opposition to using Barnwell solely for spent fuel storage. Substantial analysis of the national need and the employment advantages of using Barnwell for spent fuel would be required to win their support. Congressional Liaison: "The employment helps, but we believe Butler will be against this plan."
- Eizenstat: A Barnwell purchase should not be seen as a Federal bail-out. Barnwell is not the only private facility which could be used for AFR storage. Other 'candidates' should be carefully examined and costed out.
- Eizenstat and OMB point out that your spent fuel policy decision stressed that the users of AFR storage should pay for interim storage. DOE should explore mechanisms other than Federal ownership and financing of fuel storage facilities. A Barnwell acquisition should not set a precedent for front-end Federal financing of all AFR capacity.
- Given Administration policy of private financing of spent fuel storage facilities, OMB comments that "it is unclear how any compensation above the tax write-off potential to the Barnwell owners should be given to the owners..." The tax write-off (of up to \$100 million) plus the DOE estimate of \$100-125 million could equal or exceed the estimate of \$210 million for a new AFR facility and would be borne entirely by the Federal government.

- CEQ challenges DOE's assertion that the existing Barnwell AFR could be licensed by the NRC in less than 6 months. CEQ states that the existing storage capacity at Barnwell is 360 MT rather than 700 MT. A new safety design review, a supplemental EIS, and a NEPA analysis of DOE's Barnwell proposal would be required. A 6-month time-frame is "wholly unrealistic," according to CEQ.
- Eizenstat cautions that a Barnwell acquisition must not be viewed by other countries as a Federal take-over of a reprocessing facility which the US might at some point operate on a commercial basis. CEQ comments that some nations might interpret Federal acquisition and mothballing of the Barnwell Plant as a neutral or even a pro-reprocessing step. Eizenstat believes this issue can be put to rest by ensuring that the facility is rendered unusable at the time it is mothballed.

Brzezinski: "While I approve of a full exploration of the possibilities of purchasing Barnwell and using it for spent fuel storage, I would like to enter one important caveat. The worst possible outcome from an international point of view would be for the Federal Government to purchase Barnwell and then to find itself forced to compromise with Congress on decommissioning the reprocessing facility -- just as we were forced to compromise last year in accepting \$13 million to do studies at Barnwell that we didn't need or want to do. Therefore, I recommend that in approving Secretary Schlesinger's request to develop this idea, you make clear that in its final form the proposal must include an ironclad decision to fully decommission Barnwell's reprocessing facilities. Attached is a proposed memorandum to this effect."

DATE: 07 APR 78

FOR ACTION: STU EIZENSTAT *attained*
JACK WATSON *no system*
CHARLES WARREN *attained*
by [signature]

FRANK MOORE (LES FRANCIS) *attained*
JIM MCINTYRE *attained*
2P you want - [signature]

INFO ONLY: THE VICE PRESIDENT

HAMILTON JORDAN

SUBJECT: SCHLESINGER MEMO RE AWAY-FROM-REACTOR STORAGE CAPACITY
AND BARNWELL

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM WEDNESDAY 12 APR 78 +

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

DATE: 07 APR 78

FOR ACTION: STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

JACK WATSON

JIM MCINTYRE

CHARLES WARREN

ZBIG BRZEZINSKI

INFO ONLY: THE VICE PRESIDENT

HAMILTON JORDAN

SUBJECT: SCHLESINGER MEMO RE AWAY-FROM-REACTOR STORAGE CAPACITY

AND BARNWELL

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 1200 PM WEDNESDAY 12 APR 78 +

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

ID 781851

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

WASHINGTON

ORG.
~~XXXX~~

DATE: 07 APR 78

FOR ACTION: STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

JACK WATSON

JIM MCINTYRE - *attached*

INFO ONLY: THE VICE PRESIDENT

~~HAMILTON JORDAN~~

SUBJECT: SCHLESINGER MEMO RE AWAY-FROM-REACTOR STORAGE CAPACITY
AND BARNWELL

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 1200 PM MONDAY 10 APR 78 +

+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

April 10, 1978

MEMORANDUM FOR THE PRESIDENT

FROM

STU EIZENSTAT
KITTY SCHIRMER *Stu*

SUBJECT

JIM SCHLESINGER'S MEMO ON BARNWELL

While we basically concur with Jim's recommendation to explore the option of purchasing the Barnwell Nuclear Fuels Plant for use as an Away From Reactor (AFR) storage facility, we suggest caution from a political standpoint, and careful evaluation of alternatives for meeting AFR needs.

In previous conversations, both Congressman Derrick and Senator Hollings have expressed opposition to the use of Barnwell solely for spent fuel storage. Substantial defense wastes are now being stored at the Savannah River facility, and both of these individuals would be likely, at least initially, to oppose further spent fuel storage activities in South Carolina. We believe that substantial analysis would have to be done on employment advantages of using Barnwell for spent fuel, and on national need, before their support for such a proposal could be enlisted. Before any study of Barnwell is undertaken, we strongly recommend that both Hollings and Derrick be briefed on our intentions.

Barnwell is not the only private facility which could be used for AFR storage. Several others (Morris, Illinois and West Valley, New York) are candidates for similar treatment. These options should also be carefully examined and costed out.

Finally, care must be taken in considering a federal purchase of Barnwell to ensure that:

- it is not perceived as a federal bailout of the facility
- it is not viewed by other countries as a federal take-over of a reprocessing facility which the U.S. might at some point operate on a commercial basis. (This issue can be put to rest by ensuring that the facility is rendered essentially unuseable at the time it is "mothballed".)

- it does not set a precedent for front-end federal financing of all AFR capacity which may ultimately be required. (Your spent fuel policy decision stressed that financing interim storage should not come out of the federal budget, but should be paid for by the users of AFR storage. Study of the Barnwell and other options should examine utility and industry assistance in front-end financing.)

ID 784854

THE WHITE HOUSE
WASHINGTON

*XC: CABLE
TATE (RA)
FM*

DATE: 07 APR 78

FOR ACTION: STU EIZENSTAT
JACK WATSON

FRANK MOORE (LES FRANCIS)
JIM MCINTYRE

INFO ONLY: THE VICE PRESIDENT

HAMILTON JORDAN

SUBJECT: SCHLESINGER MEMO RE AWAY-FROM-REACTOR STORAGE CAPACITY
AND BARNWELL

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM MONDAY 10 APR 78 +

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

*CONG. Butler Derrick has problems w/ the
long-term storage of nuclear WASTE in
his area. The employment helps, but I
believe Butler will be against this plan. I
act. his / A promised he would. (SF)*



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

April 11, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: JAMES T. McINTYRE, Jr. *James McIntyre*

SUBJECT: Jim Schlesinger's April 7, 1978 Memorandum on Away-from-Reactor Storage Capacity and Barnwell

OMB concurs in Secretary Schlesinger's recommendation that the Administration proceed with exploration of the concept of acquisition of the Barnwell plant for the purpose of early implementation of the spent fuel storage policy. However, in developing a firm proposal, we believe the Department of Energy should consider the following which are not clearly recognized in Secretary Schlesinger's memorandum.

- The role of the Federal Government in providing away-from-reactor storage. Your previous decision on spent fuel storage emphasized the need to have private manufacturing companies or utilities finance the storage of spent fuel to which the Government has taken title. Consequently, we believe that mechanisms other than Federal ownership and financing of fuel storage facilities should be explored. Any consideration of the purchase of Barnwell should be viewed in the light of the results of those investigations.
- The price of Federal acquisition of the Barnwell plant. The tax write-off available to the owners of Barnwell, Gulf, Shell, and Allied Chemical, of up to \$100 million exceeds the value of the fuel storage and handling facilities at Barnwell. If the Federal Government acquires the facility, this tax expenditure together with the DOE estimated costs of from \$100-125 million to expand the storage capacity of the facility to 5000 metric tons would equal or exceed the estimate of \$210 million for a new AFR facility and would be borne entirely by the Federal Government. It is unclear how any compensation above the tax write-off potential to the Barnwell owners should be given to the owners recognizing these Federal costs and the above-mentioned Administration policy of private financing of spent fuel storage facilities.

Therefore, due to the need for these additional assessments, we recommend that any proposed agreement with the Barnwell owners be reviewed by you for its budgetary and other policy implications, i.e., the Administration's non-proliferation policy, before it is finalized.

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

April 12, 1978

MEMORANDUM FOR RICK HUTCHESON

FROM: Gus Speth

D.S.

SUBJECT: Away-From-Reactor Storage Capacity and Barnwell

We have reviewed the April 7, 1978 memorandum concerning Federal acquisition of the Barnwell facility and offer the following comments for your consideration.

We fully support the exploration of this and other initiatives which might provide less costly spent fuel storage capacity earlier than the alternative of new Federal construction as well as further our nuclear non-proliferation objectives. Clearly, if a Federal purchase of the Barnwell facility could achieve both of these goals then the initiative would be worth pursuing. However, for the reasons set forth below, we have some doubts as to whether a Federal purchase of Barnwell would accomplish either goal. The proposal therefore needs much closer scrutiny before even the most tentative decisions are made or indicated.

AFR Storage

The memorandum optimistically asserts that the existing Barnwell AFR could be licensed by the NRC in less than six months. We regard this as wholly unrealistic in view of the fact that (1) a new safety design review would have to be performed for any proposal to expand the existing AFR; (2) an expansion of the AFR to 5000 MT would essentially be a proposal for new construction which could not be handled by a simple license amendment and would also necessitate a supplement to the previous environmental impact statement prepared in January, 1976 by the NRC; and (3) the proposal would undoubtedly be strongly contested by intervenors in the NRC licensing process. We also note that the memorandum incorrectly describes the existing storage capacity at Barnwell as 700 MT. In fact, the license application currently pending before the NRC is for the designed capacity of 360 MT only. Any proposal to expand this as yet unlicensed facility, even to 700 MT, by the use of boron racks, would also likely require considerably longer than

six months to license. If earlier AFR storage is desirable, there are a number of alternative paths which also should be fully explored along with any proposal to purchase Barnwell for that purpose.

Moreover, there is the additional issue of DOE's responsibility to carry out a NEPA analysis of its decision to utilize Barnwell in the manner proposed.

Non-Proliferation Objectives

The memorandum assumes that a Federal purchase of Barnwell will confirm to foreign nations the Administration's policy on non-proliferation, i.e. opposition to reprocessing. This would only be the case, however, if it were widely believed that the U.S. government had no intention of ever operating the plant. However, Federal acquisition and mothballing of the plant might be misinterpreted by some nations as a neutral or even pro-reprocessing step. We note that the reprocessing plants currently in operation in France and the United Kingdom are wholly owned enterprises of the atomic energy agencies of the governments of those countries, namely the UK Atomic Energy Authority (UKAEA), and the French Commission on Atomic Energy (CEA).

There is also a significant risk that the Congress, having invested the initial funding, might be tempted at some future point to authorize funds for demonstration of CIVEX and similar reprocessing schemes, or for a demonstration of Barnwell as a multinational fuel reprocessing center, a proposal made during the Ford administration.

For these reasons, we believe approval should be given only for a more thorough evaluation of the concept to more clearly identify the benefits and risks which might be involved. In particular, we recommend the views of the Nuclear Regulatory Commission on licensing matters and the views of the National Security Council, the Department of State, and the Arms Control and Disarmament Agency on non-proliferation policy matters be obtained, and that further approval for development of a firm proposal or contract with the Congress, state officials or AGNS representatives be withheld pending the results of a more adequate study of the concept.

THE WHITE HOUSE

WASHINGTON

ACTION

April 13, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI 
SUBJECT: Schlesinger's Barnwell Purchase Proposal

While I approve of a full exploration of the possibilities of purchasing Barnwell and using it for spent fuel storage, I would like to enter one important caveat. The worst possible outcome from an international point of view would be for the Federal Government to purchase Barnwell and then to find itself forced to compromise with Congress on decommissioning the reprocessing facility -- just as we were forced to compromise last year in accepting \$13 million to do studies at Barnwell that we didn't need or want to do.

Therefore, I recommend that in approving Secretary Schlesinger's request to develop this idea, you make clear that in its final form the proposal must include an ironclad decision to fully decommission Barnwell's reprocessing facilities. Attached at Tab A is a proposed memorandum to this effect.

THE WHITE HOUSE

WASHINGTON

April 18, 1978

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

~~CONFIDENTIAL~~

Re: Cabinet Summaries

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

Rick Hutcheson

EYES ONLY - CONFIDENTIAL ATTACHMENT

DECLASSIFIED
E.O. 12356, SEC. 3.4(b)
WHITE HOUSE GUIDELINES, FEB. 24, 1983
BY Jay DATE 5/22/90

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

CHARLES L. SCHULTZE, CHAIRMAN
LYLE E. GRAMLEY
WILLIAM D. NORDHAUS

April 14, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Lyle E. Gramley *LSG*

Subject: CEA Weekly Report

Japan trip. As you know, Charlie Schultze is in Japan this week meeting with the Japanese Economic Planning Agency, and with senior officials of the government including the Prime Minister. Cable reports from the early talks indicate that the meetings are going well. He will be able to brief you fully at the Cabinet meeting on Monday.

Regulatory Analysis. The Regulatory Analysis Review Group recently decided to consider a proposed EPA regulation implementing parts of the 1977 Clean Air Act Amendments. Under review is the mechanism EPA plans to use to allocate and police rights to emit pollutants in areas where increased emissions are permissible under the National Ambient Air Quality Standards. EPA has been quite cooperative in this review. Final resolution may take another four months. A status report should be forthcoming within a month or so.

Inflation Speech Followup. CEA staff worked with Jim Fallows on Monday and Tuesday to prepare your inflation speech, and is working with the EPG and the Council on Wage and Price Stability to follow up the proposals you announced. COWPS has undertaken a very busy schedule of consultation with individual industries in order to explain the deceleration standards to them and discuss, company-by-company, the prospects for meeting the standard.

THE WHITE HOUSE
WASHINGTON
April 18, 1978

Attorney General Griffin Bell

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

Rick Hutcheson

LEGISLATIVE REPORT - OMNIBUS
JUDGESHIP BILL



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

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April 14, 1978

Re: Principal Activities of the Department of
Justice for the Week of April 10 through 16

1. Meetings and Events

On Monday, April 10, the Attorney General met with representatives of the National Association of State Attorneys General. On Tuesday, the Attorney General testified before the Senate Judiciary Committee in the context of authorization hearings. The Attorney General spoke to the American Society of Newspaper Editors at a luncheon meeting on Wednesday, April 12. That afternoon, he met with Congressman Conyers to discuss LEAA reorganization. On Friday, the Attorney General testified before the Senate Judiciary Committee on the arbitration bill. On Saturday, April 15, the Attorney General will deliver the Law Day address at Emory University.

2. Legislative Report

The Senate-House conferees have agreed to a compromise merit selection provision for the Omnibus Judgeship Bill. This provision would require the President to promulgate standards and guidelines for merit selection before appointments could be made, but these guidelines would be nonbinding in the sense that the President could waive them in a particular case by notifying the Senate of his reason.

3. FBI "Break-in" Case

The Attorney General announced his decision in the so-called "FBI break-in investigation" on Monday, including three new indictments. One decision was that the Acting Deputy Attorney General would initiate administrative disciplinary proceedings against J. Wallace LaPrade, Assistant Director of the FBI in charge of the New York Field Office. Notice of charges were served on Mr. LaPrade Thursday morning; he has 10 days to respond, and final action can be taken by the Attorney General 30 days after the notice. Mr. LaPrade has held a news conference and appeared on several "talk shows" in the last 24 hours, making numerous strange and unfounded charges about current FBI practices. It appears that the reporters are already beginning to tire of him.

*Don't count
on routine
waivers*

4. Civiletti Nomination

On Friday the Senate Judiciary Committee, by a vote of 10 to 2, reported out to the full Senate the name of Benjamin Civiletti to be Deputy Attorney General.

5. Breakfast Sessions with Editors

The Attorney General hosted three separate breakfasts at the Department of Justice this week with the following newspaper editors:

Warren Phillips, Wall Street Journal
Sal Micciche, Boston Globe
Edwin Hunter, Houston Post
Michael Gartner, Des Moines Register & Tribune
James Hoge, Chicago Tribune Sun-Times
Luke Feck, Cincinnati Enquirer
Anthony Day, Los Angeles Times
Ken Johnson, Dallas Times Herald
Charles W. Bailey, Minneapolis Tribune
Don Sterling, Oregon Journal
John Seigenthaler, Nashville Tennessean
Peter Kaye, (Associate Editor) San Diego Union
William Giles, Detroit News
Frederick Marquardt, Arizona Republic
Martin Duggan, St. Louis Globe-Democrat
Mike O'Neill, New York Daily News
John W. Bloomer, Birmingham News
Dolph Simons, Lawrence (Kansas) Journal World

Community WASHINGTON, D.C. 20506
Services Administration



April 14, 1978

MEMORANDUM TO THE PRESIDENT

cc Stu
C

Attention: Rick Hutcheson, Staff Secretary

FROM: Grace Olivarez
Director

10/10/78

SUBJECT: Weekly Report of Significant Agency Activities
(April 10 - 14)

Emergency Energy Assistance Program (EEAP)

CSA's Office of Legislative Affairs is receiving pressure from a significant number of Congressional members and governors to formally request an extension of the May 1 deadline (EEAP) from the Senate Appropriations Committee.

needed
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CSA will probably ask OMB to clear a transmittal of this request to the committee next week.

"Sun Day" Celebration

CSA continues to plan events for Sun Day, May 3, 1978. In cooperation with the Institute for Local Self-Reliance, a two-hour noon celebration in Dupont Circle will be held. Everyone will be encouraged to join in the festivities focusing on the Sun as the primary source of renewable energy.

It is hoped that this effort will foster citizen interest and participation in the development of a national energy policy which supports CSA goals of energy conservation and awareness of the current impact of energy costs on the poor.

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Draft Letter	Pres. Carter to Gen. Torrijos, 7 pp., re: Communication w/foreign head of state	4/18/78	A
Cabinet Summaries	Andrew Young to Pres. Carter, 1 pg., re: IN activities	4/14/78	A

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential Handwriting File 4/18/78-Box 81

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



Administrator

April 14, 1978

MEMORANDUM FOR THE PRESIDENT

THRU: Rick Hutcheson

SUBJECT: Weekly Report of GSA Activities

Former Naval Air Station - Albany, Georgia

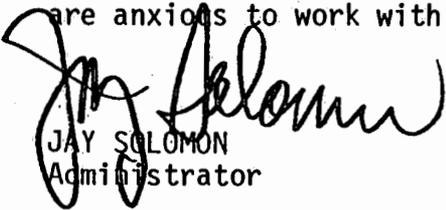
On April 10, GSA received full payment in the amount of \$3,300,000 from the Albany-Dougherty Payroll Development Authority on a negotiated sale of approximately 1700 acres of the former Naval Air Station. In addition, to the 1700-acre parcel, we sold 148 acres for \$2,308,703 for a total return of \$5,608,703. The Development Authority is working with the Miller Brewing Company to establish a brewery on the 1700-acre parcel that will employ one to two thousand people. Albany has been considered an economically depressed area, so the industry established will benefit the region with an increase in jobs as well as an estimated \$107 million annual economic benefit.

As a part of the economic adjustment process following the announcement of this base closing, the Office of Economic Adjustment in the Department of Defense made a recommendation that the property be transferred for general aviation use. The GSA evaluation concluded that an airport would be non-sustaining and would require additional tax revenues from local sources, and accordingly, GSA refused to authorize the transfer for aviation purposes.

The case cited is an example of why it is essential that all agencies with programs of consequence in the economic adjustment process be consulted before specific plans are developed by DoD. Representatives of GSA are working with DoD and OMB to improve the coordination and communication associated with base closings.

Travel to Boston and Springfield, Massachusetts

I spent several days last week in Boston and Springfield and had the opportunity to meet with the Mayors of both cities as well as the Governor and Lieutenant Governor of Massachusetts. They were all interested to hear about GSA plans for implementation of your urban policy, and they are anxious to work with us in support of the policy.


JAY SOLOMON
Administrator



THE SECRETARY OF THE INTERIOR
WASHINGTON

April 14, 1978

MEMORANDUM TO THE PRESIDENT

From: Secretary of the Interior

Subject: Major Topics for the Week of April 10

Your decision on not threatening a veto of the OCS Amendments was exactly right. We will help OMB try to hold down fiscal impact, but the amendments are ours and we should continue your support. Conference deliberations should be completed by late May.

Excess Lands (160 acres) Testimony was well received, but our position is much more strict than the Congressional positions.

The Water Policy papers are in the White House. Your cut on our differences is very important to make an end result attainable. We should visit about this matter at your convenience.

Energy Matters:

Coal - Western production will meet 1985 goals of 417 million tons from that area.

Oil Shale - Modified In Situ Prototype process is on schedule for completion in 1980.
(Two projects in Colorado)

OCS - Gas and oil leasing and production increasing.

Coal Gasification - still in limbo, but a lease on Navajo land is close to finalization.

We are ahead of the developer on the Alaska plan, but just barely. I may need another nudge from you as we approach the end.

Your western trip will be very helpful.


CECIL D. ANDRUS



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

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April 14, 1978

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson
Staff Secretary

SUBJECT: Weekly Report

INFLATION. All internal USDA policy decisions that have a potential inflationary impact must be cleared through our Director of Economics. All internal actions that are determined by him to have actual inflationary impact must be cleared by me personally.

In developing our report to you on expanding timber harvests, we are including participation by the public, the timber industry and environmentalists at all stages.

CONFERENCE. Speaker O'Neill's public statements and tough behind-the-scenes work by Jim Wright and Bob Giaino were especially helpful in defeating the Farm Conference Bill. Foley was relieved at the outcome.

EXPORTS. The PRC purchase of 600,000 tons of wheat from us is for delivery before the new crop of Canadian wheat becomes available and should not be considered a permanent trend. It also reflects a shortage from China's last crop, not a deterioration in the current one.

NUCLEAR. USDA must defer a decision on construction of a nuclear plant on the Skagit River in Washington until Congress decides whether or not it will be part of the Wild and Scenic River System. We will provide you with the latest details prior to your Western trip.

BOB BERGLAND

A large, stylized handwritten signature in black ink, appearing to read "Bob Bergland".



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

F.Y.I.

April 14, 1978

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MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. DOLLAR

The dollar has firmed in the past few days, following your speech, and the markets have remained reasonably steady. No intervention by the U.S., Germans or Japanese in support of the dollar has been necessary.

I met yesterday with a dozen of the Nation's most prominent financiers and businessmen, ranging from David Rockefeller to Reg Jones. All were strongly supportive of the thrust of your speech. They support our strategy of striking at the fundamentals which underpin the dollar's weakness, and urged a determined follow-through with our plans for exports, anti-inflation, the budget and oil imports.

2. EPG ACTIVITIES

The Steering Committee is working on follow-up to your Tuesday speech:

- At your meeting with businessmen next week, we should try to secure concrete commitments to price deceleration and restraint in executive pay, and also pledges to speak out in support of the program within the business community.
- Ray Marshall is organizing a similar meeting with labor leaders who are likely to be cooperative.
- We asked CEA to study the economic impact of delaying the effective date of the tax cut from October, 1978 to January, 1979. A very garbled report of this routine action leaked to the Post. I spent Friday morning making clear to the press and Congress that we have not changed our minds on the size or timing of the tax cut.

- The Committee wishes the Treasury to examine for the long-term the question of tax-based inflation programs, such as Art Okun and Henry Wallich have proposed. We will be doing it without publicity.
- The Committee decided to expedite interagency staff work on possible administrative actions to restrain oil imports, so that we will be ready in the event the Energy Bill deliberations do not bear fruit.

3. PUBLIC APPEARANCES

At my Wednesday press conference I reinforced the strong emphasis the Administration gives to the anti-inflation program. The same points were stressed in my interview to U.S. News and World Report to appear on Monday. I will also be on this Sunday's Issues and Answers.

4. BUDGET COMMITTEE ACTION

We were successful in the Senate and House Budget Committees in avoiding cuts in the international function of the budget which would have damaged our prospects of getting respectable levels of funding. In the Senate Committee, we were also able to fight off an attack on counter-cyclical revenue sharing and an effort to rollback Social Security taxes which would have cut into our income tax reduction recommendations. We were less successful in regard to the National Development Bank, receiving only \$600 million of the requested \$2.4 billion.

5. TAX PROGRAM

The Administration's tax reform bill was formally introduced by Chairman Ullman on April 12. Treasury representatives are continuing to maintain a busy schedule of meetings on the Hill and public appearances to seek support for the program. The Ways and Means mark-up begins April 17.

6. TUITION TAX CREDITS

By a vote of 23 to 14, the House Ways and Means Committee approved a modified tuition tax credit proposal, phasing in a credit for 25 percent of tuition costs, up to \$250, for each child attending college. I'm afraid we won't be able to stop passage of some form of credit. The Congress expects you to exercise a veto.

7. NEW YORK CITY

At the present time, Congress appears unwilling to take any action on the Administration's specific proposal for assisting New York City until the wage negotiations between the City and its unions have been settled. There has been unfortunate delay in these negotiations, and unless a settlement is attained quickly, the costs of which do not adversely impact the City's budget plan, the prospects for passage of our legislative proposal are not good.

8. FOREIGN TRAVEL

I will lead our delegation to the Asian Development Bank annual meeting in Vienna, April 23-25, to demonstrate U.S. high-level interest in Asia and to meet with key Asian, and non-Asian donor countries. I will go to Brussels on April 26, for discussions with the European Commission on international monetary and trade matters. I will return here and then proceed April 28 to Mexico City for the meeting of the Interim Committee of the IMF, to discuss the world economic outlook and activities of the IMF. I return from Mexico on Sunday, April 30.

Mike

W. Michael Blumenthal

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

Q
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April 14, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, RAY MARSHALL ^{RM}

SUBJECT: Major Departmental Activities, April 8-14

Encouraging discussion with George Meany on anti-inflation policy. I had a long meeting with Meany today and I believe he is more supportive of the Administration's anti-inflation policy than he had been before. He recognizes the need for dealing with inflation. But, as you know, the AFL-CIO does have some concerns with the policy you announced. They fear that the policy could lead to the situation where only wages instead of wages, prices, interest rates, and government action are the focus of control. However, Meany expressed a willingness to cooperate in the sectoral approach to inflation. He also supported the idea of a White House meeting between you and various labor leaders, similar to the meetings you will have on inflation with business leaders. I will be meeting with other labor leaders to discuss anti-inflation policy with them. I will keep you informed on developments.

Announced consolidation of audit and investigative activities of the Labor Department in a new Office of Special Investigations. In a Thursday press conference, I announced the formation of a special office to handle investigations of fraud and abuse in Departmental programs, particularly CETA. The press conference also covered new anti-fraud amendments which we are preparing for the CETA Reauthorization bill. I also indicated that we are very close to a permanent agreement with the Justice Department regarding our participation in the Organized Crime Strike Force program.



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

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April 14, 1978

MEMORANDUM FOR THE PRESIDENT

THROUGH: Rick Hutcheson

FROM: Brock Adams

Two handwritten signatures are present. The one on the left is "Brock Adams" and the one on the right is "Rick Hutcheson".

SUBJECT: Significant Issues Pending at the Department of
Transportation

Aviation Regulatory Reform/Aircraft Noise Legislation - I talked with the Chairman of the House Public Works Committee, Bizz Johnson, and the Subcommittee Chairman, Glenn Anderson, about moving the aviation bills through the House. I have also worked with Senator Cannon on moving similar legislation to the Senate floor. Thursday, April 13, I called members of the Ways and Means Committee and was able to gain clearance of the Aircraft Noise Bill which was then referred to the Rules Committee. Chairmen Anderson and Johnson are pleased and indicate they will be able to clear the Aviation Regulatory Reform Bill this week for House floor action. I am continuing to work with management and labor officials in the aviation industry to maintain support for your initiatives.

First Year Report on 200-Mile Fishing Limit - The United States' credibility of intent and capability to strictly enforce the 200-mile fishing limit has been proven this year. Over 2,000 foreign and domestic fishing vessel boardings and inspections were conducted by the U. S. Coast Guard to verify fishing permits - resulting in 441 citations, 240 civil penalty actions, and fines of \$800,000 and the forfeiture of 16 tons of illegally caught fish. There has been a 23 percent reduction in the number of foreign fishing vessels present in U. S. waters, compared to the 12-month period preceding the new law. The enforcement statistics indicate a foreign acceptance of the new U. S. fishery conservation effort.

Midwest Rail Problems - The Department's Federal Railroad Administration (FRA) has determined that the Rock Island Railroad (which operates through 13 Midwest states) will not be able to reverse its continuing operating losses and, therefore, we will need to impose strict conditions on Federal assistance to this rail line. This may have the impact of increasing creditor pressure to liquidate the railroad. I have approved \$32 million in loan guarantees for equipment purchases and rehabilitation and two alternative funding levels for trustee certificates for track improvements to the line from Davenport, Iowa to Kansas City (\$50 million at a high security position, \$15M at a lower position for a more limited

period). FRA has also presented the Rock Island with an option to form a new corporation, jointly owned with one or two other railroads, to purchase the Davenport-Kansas City line and perhaps adjoining lines, and rehabilitate those properties with Federal assistance. This proposal is closely related to our continuing efforts to accomplish private-sector restructuring of rail service in the Midwest.



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

April 14, 1978

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

SUBJECT: Weekly Report of Major Departmental Activities

Condominium Legislation Introduced. The proposed Condominium Act of 1978 was introduced yesterday in both the Senate and House. In accordance with your request, Members of Congress from Florida were included as sponsors: Senators Chiles and Stone; Congressmen Lehman, Rogers, Pepper, and Fascell.

HUD Budget Marks Clear With Projected \$1 Billion Reduction. In their first Budget Resolution the Senate Budget Committee approved budget marks for housing and community development substantially as recommended, but cut our \$1.5 billion request for the GNMA tandem mortgage purchase program to \$500 million. Since the House deleted the full \$1.5 billion, the final HUD mark is likely to reflect a budget authority reduction of at least \$1 billion.

Senate Budget Committee Acts on Urban Policy Initiatives. In contrast to the House Budget Committee's approval of full funding for the urban policy initiatives, the Senate Budget Committee took a "pick and choose" approach. The Committee failed to approve budget authority for National Development Bank interest subsidies, but provided authority for the HUD Urban Development Action Grant program and EDA's Title IX program. The Committee also approved \$1 billion for soft public works and the same amount for targeted countercyclical aid. No provision was made for the targeted employment tax credit and the investment tax credit, although failure to act on these items, as on the Bank, was without prejudice to reconsideration later in the year.

Action Grants for Small Cities. Small cities may now apply for Urban Development Action Grants under new HUD regulations defining eligibility. A total of \$100 million is available for those communities under 50,000 population that are not central cities of Standard Metropolitan Statistical Areas. The first round of funding for these communities opens May 1.

Block Grant Status Report. Our field offices have received 519 FY 1978 Community Development Block Grant entitlement applications; 114 have been approved.

Reporting Burden Reduction Succeeds. Efforts to reach a public reporting reduction goal of 540,000 hours have already resulted in an actual cutback during FY 1978 of more than 1.2 million hours.

Pat

Patricia Roberts Harris

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

April 14, 1978

C
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MEMORANDUM FOR THE PRESIDENT

From: Robert S. Strauss

Subject: Weekly Summary

On Monday, I met in Geneva with EC Vice President Haferkamp and Minister Ushiba of Japan, along with a number of other representatives of key participants in the multilateral trade talks. Our purpose was to take stock of where we are and to press these negotiations home to a political resolution by mid-July. I return with a feeling of some optimism. Earlier I met with the British and the Danes.

It is not that we don't have quite a way to go before we can get agreements in the key areas of interest to us: increasing opportunities for our agricultural exports, bringing down foreign barriers to our industrial exports (such as tariffs and government procurement practices), and agreeing to an international discipline on subsidies. But the attitude on the part of our major trading partners, and in particular, the Europeans, for the first time could not be more constructive. This is something that this Administration has built up in your talks with foreign heads of state and in my discussions with my counterparts.

As I said to you earlier today, the meetings with the developing countries were constructive as well, and there is real possibility of these countries coming along and becoming a part of the trading system rather than just engaging in rhetoric for home consumption.

We are also making some progress on steel. Alan Wolff went on to Brussels on Tuesday and held talks with the Japanese and with the European Commission (led by Commissioner Davignon). Hopefully, we will bring some international cooperation into this troubled area of trade.

With my new duties, I am very fortunate to have Alan Wolff in Washington and Al McDonald in Geneva to keep our trade business moving forward.



April 14, 1978

REPORT TO THE PRESIDENT

"FYI"

During my Blair House meeting with President Ceausescu this week we discussed proposals for extending MFN tariff treatment on a multi-year basis, U.S. export control policy, and the financing of U.S. exports to Romania. We agreed U.S.-Romania economic relations were rapidly expanding and committed ourselves to continuing this development.

Following your anti-inflation statement Secretary Kreps has established an Export Policy Task Force Executive Committee, headed by Assistant Secretary Weil, which will proceed promptly with the drafting of policy recommendations. The Committee will hold its first meeting on Monday.

On Thursday the Department completed its third (New York, Boston, St. Louis) footwear export promotion seminar as part of the Administration's overall assistance program for the U.S. footwear industry. Our market research efforts have identified substantial export market opportunities for American-made footwear, particularly in Western Europe (current U.S. footwear exports to these markets are less than 1% of our domestic production). In addition to identifying these opportunities, the seminars covered in detail the "mechanics" of exporting -- an unfamiliar subject for most of the attendees. The industry response has been most encouraging; U.S. trade missions are already planned for France, England, and Sweden.

Following Jack Watson's press conference with Mayor Koch on the South Bronx rehabilitation project, the Economic Development Administration was able to announce the approval of business loans to two trade-impacted firms in the area, directly supporting over 200 jobs. We will continue to work closely with Jack on this project.

Local Public Works (LPW) Program Update: LPW expenditures continue to run ahead of schedule, indicating that the FY 79 goal of \$2.3 billion will likely be exceeded. Ninety-seven percent of all Round II projects are now under construction, with participation by minority firms continuing at an estimated level of 16 percent.

In preparation for the 1980 census, the Census Bureau is now conducting its major "dress rehearsal" census in the Richmond, Virginia, area. We are especially encouraged by the public cooperation being achieved. In the inner-city section two-thirds of the householders have mailed back their questionnaires since the April 4 "Census Day" -- a higher rate than anticipated on the basis of prior tests. Households which do not send back forms will be visited by census enumerators.


Sidney Hayman
Acting Secretary



April 14, 1978

MEMORANDUM FOR THE PRESIDENT

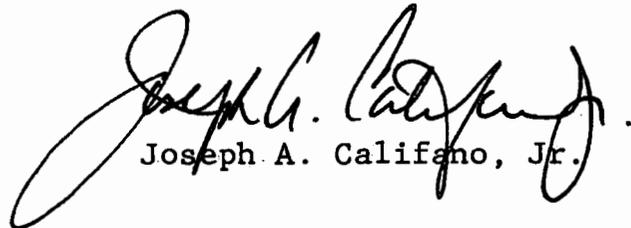
SUBJECT: Weekly Report on HEW Activities

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

- Anti-Inflation Measures in Health Care. In support of your anti-inflation program, I announced on Wednesday a series of steps to hold down prices in the health industry. These include:
 - Issuing regulations that will limit Medicare payments for laboratory tests and for medical equipment to the lowest price that is widely available for the same quality in a particular community, instead of paying on the basis of average charges or even higher ones.
 - Introducing into Medicare new and tighter computer screening techniques, like those used by the IRS, to flag health care services that should be audited to determine if they were medically necessary.
 - Acceleration of our "second opinion" program which is designed to reduce unnecessary surgery -- including a major consumer information campaign in June.
 - Revision of Medicare regulations to encourage non-profit hospitals to pool their resources and to share services.
 - Increasing competitive bidding in Medicare.
 - Writing the Governors and asking them to take a number of steps, including all action necessary to promote the substitution of generic prescription drugs for more expensive brand name drugs. FDA and HEW's General Counsel will develop a model generic drug law and provide it to the States.
- Hospital Cost Containment. As you know, we are at a very delicate stage in maneuvering Hospital Cost Containment through the Congress. If we can work out a compromise with the AFL-CIO on the wage pass-through issue, then we have a decent chance of getting bills out of the House

Commerce Committee within the next month. The UAW is now working actively for a Cost Containment bill. Senators Kennedy and Talmadge have agreed to get a Cost Containment proposal on the floor of the Senate this year, although the terms of any compromise still have to be worked out.

- Prevention. I will speak on Thursday to the chief State health officers, and will stress the importance of prevention. I will discuss the initiatives which the Administration has already undertaken with State cooperation -- immunization (both for influenza and childhood diseases), smoking, hypertension -- and important State-run initiatives which are in the legislative stage: teenage pregnancy and the Child Health Assessment Program. I will note that you want to develop a national prevention strategy and indicate that, as one step in that process, the Surgeon General is preparing a report on prevention. You and I are meeting next Friday to discuss the steps we should take in developing a national strategy.


Joseph A. Califano, Jr.



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

April 14, 1978

The Administrator

MEMORANDUM TO THE PRESIDENT

FROM: DOUGLAS M. COSTLE

This week there were no actions of sufficient significance to call to your attention.

A handwritten signature in black ink, appearing to read "Douglas M. Costle".

THE WHITE HOUSE

WASHINGTON
April 18, 1978

Zbig Brzezinski

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

Please forward a copy to C. Duncan.

Rick Hutcheson

cc: The Vice President
Hamilton Jordan

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12356, SEC. 3.4(b)
WHITE HOUSE GUIDELINES, FEB. 24, 1983
BY Jay NARS, DATE 5/18/90

~~CONFIDENTIAL~~

cc: Charles
Q

THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

April 14, 1978

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Significant Actions, Secretary and Deputy Secretary of Defense
(April 8 - 14, 1978)

Harold left for Europe Tuesday, where he will meet with various Defense Ministers and heads of government, and attend the NATO Nuclear Planning Group meeting in Denmark on April 18-19. He will return Wednesday.

Meetings with Joint Chiefs and NSC: Harold and I recommend that you schedule a luncheon meeting with the Joint Chiefs in the near future, in order to hear their views on the Defense budget and programs. Soon thereafter, if you approve, you would chair a meeting of the NSC to consider the Defense Consolidated Guidance of which you received a summary on March 10.

ok

Israeli Use of Cluster Bomb Units: On Tuesday, Dave McGiffert advised Israeli Ambassador Simcha Dinitz that a full accounting is expected on the use of CBUs in Lebanon by Israeli forces. With the concurrence of the Department of State, the Ambassador was also informed that additional sales of CBUs to Israel will not be approved until we are fully satisfied that new procedures have been implemented that will preclude such incidents. Ambassador Dinitz promised to provide an early reply.

get full accounting and firm written commitment for future

Hearings on Theater Nuclear Forces: Dave McGiffert testified on Tuesday before the Senate Armed Services Subcommittee on R&D on theater nuclear weapons programs. This was the first such hearing since your decision to defer ER production--surprisingly Senator McIntyre did not press the ER issue at all, preferring instead to build the policy background for evaluating the overall weapons programs in support of theater nuclear forces.

Hearings on Shipbuilding: Harold testified on Monday before the Bennett Seapower Subcommittee in the House and on Tuesday before the Senate Armed Services Committee on our shipbuilding program. On the House side, Charley Bennett's Subcommittee is intent on increasing the size of our program, and while the committee listened to our rationale, we doubt any views were changed. We can expect a nuclear carrier and probably a nuclear Aegis cruiser coming out of that committee. On the Senate side, the views are not held so strongly and we have a better, albeit slim, chance of their agreeing to a program more in line with our recommendation.

Classified by Sec Def
SUBJECT TO GENERAL DECLASSIFICATION SCHEDULE
EXECUTIVE ORDER 11652. AUTOMATICALLY DOWNGRADED
AT TWO YEAR INTERVALS. DECLASSIFIED ON 31Dec84

~~CONFIDENTIAL~~

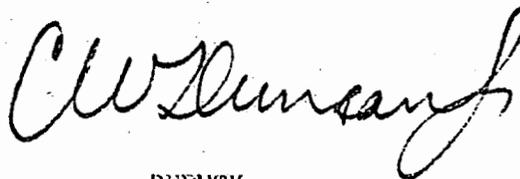
July 5/18/90

DDI Def Cont Nr. 1-1107

Panama Canal Treaty Speeches: In response to a request from Ham Jordan's office, Secretary of the Navy Graham Claytor spoke today on the Panama Canal Treaty before two groups in Georgia--200 Chamber of Commerce members in Augusta and 300 Lions Club members in Savannah.

U.S.S. Saratoga: The Navy today announced that the aircraft carrier U.S.S. Saratoga (CV-60) would enter the U.S. Naval Shipyard, Philadelphia, in late 1980 to undergo a Service Life Extension Program (SLEP) modernization. It is estimated that the shipyard will increase its civilian workforce significantly during the next 2½ years in preparation for Saratoga's arrival.

National Capital Region Realignment Actions: The Military Departments announced this week their plans to realign and reduce their headquarters staff and other activities in the National Capital Region (NCR). A total of 3389 headquarters staff positions have been identified for elimination or transfer to field activities: 1307 Army; 722 Navy/Marine Corps; and 1360 Air Force. Of these, approximately 800 positions are to be abolished.



DEPUTY