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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Frank Moore to Pres. Carter, 8 pp., re:Personal matter	4/19/78	C
Memo	Esther to Pres. Carter, 1 pg., re:Personal matter	4/20/78	C
Memo	Frank Moore to Pres. Carter, 8 pp., re:Personal matter	4/19/78	C
Memo	Hamilton Jordan to Pres. Carter, 12 pp., re:Recommendations	4/19/78	C

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential
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THE PRESIDENT'S SCHEDULE

Thursday - April 20, 1978

- 8:00 Dr. Zbigniew Brzezinski - The Oval Office.
- 8:30 Meeting with Congressmen Al Ullman, Joe D.
(45 min.) Waggoner, and Dan Rostenkowski. (Mr. Frank
Moore) - The Oval Office.
- 9:30 Meeting with Congressional Group on Civil
(30 min.) Service Reform. (Mr. Frank Moore).
The Cabinet Room.
- 10:30 Mr. Jody Powell - The Oval Office.
- 11:30 Senator Dale Bumpers. (Mr. Frank Moore).
(10 min.) The Oval Office.
- 1:45 Mr. David Rockefeller. (Dr. Zbigniew Brzezinski).
(15 min.) The Oval Office.
- 2:00 Meeting with Business Leaders on Inflation.
(30 min.) (Mr. Stuart Eizenstat) - The Cabinet Room.
- 2:30 Secretary Michael Blumenthal. (Mr. Jack Watson).
(15 min.) The Oval Office.

THE WHITE HOUSE
WASHINGTON

April 19, 1978

Mr. President:

Attached is a memorandum from Secretary Kreps discussing the suggested procedure for your meeting on inflation policy with business leaders. The purpose of the meeting is to secure strong business support for the inflation program, and it is our hope that you will focus the discussion on what the business leaders can do in general and with respect to the actions of their particular firms to help decelerate the rate of inflation. We hope that you will be able to spend about 45 minutes at the meeting. I would suggest that you ask Secretary Blumenthal and Ambassador Strauss to join in the press briefing.

Stu Eizenstat

Attachment



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

April 19, 1978

"FYI"

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Meeting With Business Leaders

In your speech on inflation you announced that you would meet with a group of business leaders to discuss actions they could take to reduce the rate of inflation. From that meeting we will be seeking a public commitment of support for your anti-inflation policies and the deceleration effort, as well as suggestions on what the private sector can do to fight inflation. The meeting is scheduled for 2:00 p.m. on the afternoon of April 20, and a list of the business leaders is attached.

There is always a tendency for such groups to want to concentrate on what others, particularly the government, can do, rather than focusing on what the private sector can contribute. Therefore, I urge you to emphasize the national importance of everyone cooperating in the fight against inflation and to direct the discussion with some brief remarks:

- indicating that the actions you announced are only a first step and there is more that government will do in future months to lead the effort;
- stating that you would like to receive over the next few weeks their suggestions as to additional government actions that could be taken; but stressing that the purpose of this meeting is to discuss actions that they could take in their individual firms and as leaders of the business community; finally,
- it would seem appropriate to ask them what their firms could do to help fight inflation. In particular, you might call on Reg Jones, Tom Murphy, Irving Shapiro, Henry Ford, and David Rockefeller. Other business leaders will, of course, comment as well.



We have asked the business leaders to be prepared to respond with suggestions on what they can do. How positive they will be depends to some extent on the cost/price situation of their firms. Some food firms, for example, are not willing to pledge themselves to deceleration this year -- even though they accept the principle -- because of rapidly rising wholesale meat prices. Certain auto firms, on the other hand, feel they have a good chance of achieving deceleration this year. Some of the contributions we have urged them to make are as follows:

- o We would like them at least to indicate their general support for the objectives and basic approach of your anti-inflation efforts. All the business leaders invited have indicated they could do this.
- o To the extent each firm can, we would like them to characterize their position on deceleration as "a willingness to make every effort to moderate their cost and price increases and barring unforeseen circumstances, an observance of the deceleration target with respect to their own price increases." We expect about three-fourths of the business leaders will support a statement similar to this.
- o We would like them to make as strong a statement as possible on moderating executive pay, but our informal discussions have indicated no consensus on this issue. We could find little support for a freeze of executive pay in the private sector. We have suggested that at the very least, private executive pay should see a greater deceleration than that of lower income groups. Many business leaders have pointed out that executive pay in their firm is set by an independent board; however, almost all of them have indicated they will study the matter to see what positive suggestions they can make at the Thursday meeting.
- o I suggest that you close the meeting by telling the business leaders you want to continue to work with them in fighting inflation. Ask them to go back to their staffs, make a further analysis of what they can do to help, identify problems they face in the inflation area, and send this additional material to the Council on Wage and Price Stability.

It is not possible to say precisely how much consensus will emerge, but we believe there is a good chance for a number of positive statements by the business leaders following the meeting. We have scheduled a brief press debriefing following the meeting where:

- I would summarize the nature of the meeting for the press and call on a business leader to make a statement in behalf of the business group;
- Tom Murphy, Reg Jones, or Irving Shapiro would make such a statement, stressing the support for your general anti-inflation policies and summarizing suggestions about what the business leaders felt they could do to help fight inflation.

Although they will not play an active role during the meeting, the following government participants will be present:

Vice President Mondale
Juanita Kreps
Stu Eizenstat
Bob Strauss
Jim McIntyre
Mike Blumenthal
Charlie Schultze
Barry Bosworth
Sidney Harman
Jerry Jasinowski


Juanita M. Kreps

Attachment

Attendees

Robert A. Beck, Prudential Insurance

James L. Ferguson, General Foods

Henry Ford II, Ford Motor Co.

Lewis W. Foy, Bethlehem Steel

Clifton C. Garvin, Exxon

Robert S. Hatfield, Continental Group

Jesse Hill, Jr., Atlanta Life

Reginald H. Jones, General Electric

William A. Marquard, American Standard

Thomas A. Murphy, General Motors

Henry G. Parks, Jr., Park Sausage

Peter G. Peterson, Lehman Brothers

Charles J. Pilliod, Jr., Goodyear Tire and Rubber

David Rockefeller, Chase Manhattan

Irving S. Shapiro, DuPont

William S. Sneath, Union Carbide

WATSON ATTACHMENT

THE WHITE HOUSE
WASHINGTON

April 13, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*

SUBJECT: Cabinet Follow-up to Your Anti-Inflation Statement

I have received responses from the Cabinet and other agencies to your request for an outline of actions that they could take to support your anti-inflation efforts. We have reviewed those responses with CEA, OMB and the Council on Wage and Price Stability.

The most substantive list of actions was received from HEW. Several of the actions proposed by Secretary Califano should have a significant impact of medical care costs. These include:

- increased review of requests for Medicaid fee increases,
- promoting the use of lower cost generic drugs,
- increased promotion of Health Maintenance Organizations as a lower cost form of health care,
- expanded use of second opinions in surgical cases, and
- the encouragement of greater efforts to hold down the growth in health insurance premiums and hospital costs.

Secretary Califano announced these actions at a press conference on Wednesday.

Mid E Sales - arms

NYC = short & long term

Trees Sec not focal point
on econ matters

Tri-lateral

APR - 1978

1978

Last fall, Secretary Harris established a Housing Cost Task Force with representatives of the private sector. She indicates that the report of that group will be available in May. It is evident from her memorandum that several of the recommendations would contribute significantly to lower housing prices if they are implemented. The major proposals she mentions are:

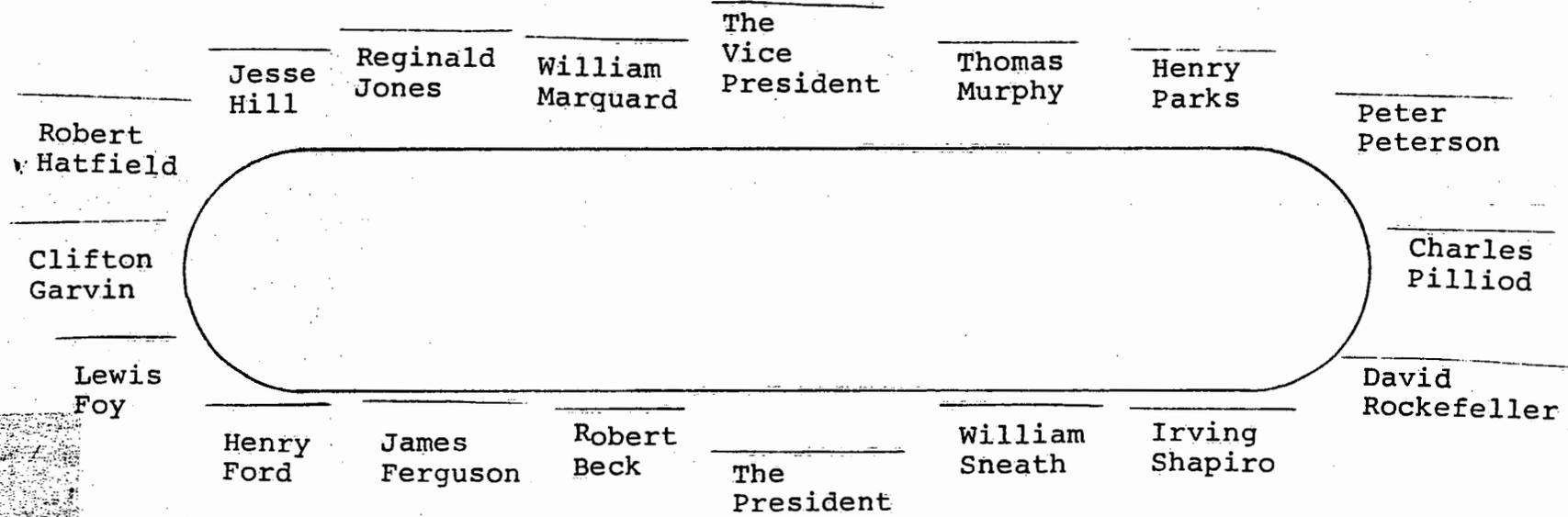
- streamlining the processing of government permits to reduce costs and delays,
- promoting model building codes for adoption by local areas, and
- reducing financing costs by developing new financing techniques.

The Council on Wage and Price Stability will work with HUD to implement these proposals and will use the task force report as a basis for a thorough review of actions that can be taken to reduce all components of the costs of housing, including construction materials, land development costs, and financing.

The responses from other agencies tended to emphasize ongoing projects, some of which were rather loosely related to inflation. However, several agencies indicated that they were expanding their efforts to overhaul their regulatory procedures in line with your executive order on regulation, and that they were streamlining and simplifying their procedures for environmental impact analyses as requested in your environmental message last year.

OMB is reviewing the individual proposals that the agencies indicated they could undertake. We will get back to them with respect to those proposals that seem worthwhile. As appropriate, our responses to the agencies will include suggestions for specific additional actions they could take that were not included in their reports. Because of the brief time they had to prepare their submissions, we are suggesting that they continue to review their activities in looking for further measures that might contribute to reducing inflationary pressures.

2:00 meeting
seating chart



PRESIDENT JIMMY CARTER
THURSDAY, APRIL 20, 1978

TODAY,

ONE YEAR AGO, I SPOKE TO THE CONGRESS AND TO THE AMERICAN
PEOPLE ABOUT THE NEED FOR A NATIONAL ENERGY PLAN.

I SAID, ^{*THEN*} THAT THIS WAS THE GRAVEST DOMESTIC CHALLENGE OUR
NATION WOULD FACE IN OUR LIFETIME, AND THAT SOLVING IT WOULD TAKE
COOPERATION AND SACRIFICE FROM ALL OUR PEOPLE.

I ALSO SAID THAT THE PROPOSALS IN MY PLAN WOULD BE COMPLICATED
AND SOMETIMES UNPOPULAR, AND THAT NO SOLUTION WOULD BE QUICK -- BUT THAT
WE HAD NO ALTERNATIVE BUT TO BEGIN, *AND TO ACT WITHOUT DELAY.*

NONE OF THAT HAS CHANGED IN THIS LAST YEAR.

ALL THAT HAS CHANGED IS THAT WE HAVE WASTED ^{*TWELVE*} ONE PRECIOUS ^{*MONTHS*} YEAR
OF TIME.

DURING THIS PAST YEAR WE HAVE SPENT \$45 BILLION FOR OIL FROM OTHER NATIONS -- AN AVERAGE OF NEARLY \$1,000 FOR EVERY FAMILY IN THE UNITED STATES.

BECAUSE OF THESE MAMMOTH IMPORTS, OUR TRADE DEFICIT HAS SOARED, AND THE VALUE OF THE DOLLAR HAS FALLEN.

THESE DEVELOPMENTS HAVE CAUSED PART OF THE INFLATION AND THE UNEMPLOYMENT PROBLEMS WE ARE STRUGGLING TO CONTROL AT HOME.

AND PEOPLE

BECAUSE OF OUR DELAY, GOVERNMENTS, ALL AROUND THE WORLD ARE ASKING WHEN WE WILL SUMMON THE WILL TO PASS AN ENERGY PLAN, AS EVERY OTHER INDUSTRIALIZED NATION ALREADY HAS DONE.

THERE HAVE BEEN SOME PROMISING DEVELOPMENTS IN THIS LAST YEAR.

NEW OIL FROM ALASKA HAS GIVEN US A TEMPORARY REPRIEVE FROM BUYING OIL FROM FOREIGN COUNTRIES,BUT, UNLESS WE ACT ON ENERGY LEGISLATION AND HOLD DOWN WASTE, THAT REPRIEVE WILL ONLY LAST ABOUT 18 MONTHS.

THE AMERICAN PEOPLE HAVE ALREADY BEGUN TO RESPOND BY INSULATING
THEIR HOMES, SWITCHING TO MORE LIGHTWEIGHT CARS, AND BY MAKING OTHER
ADJUSTMENTS THAT WILL BE REQUIRED FOR PERMANENT SOLUTIONS TO OUR
ENERGY PROBLEMS.

WE ARE MORE AWARE OF THE NEED TO CONSERVE ENERGY THAN WE WERE
ONE YEAR AGO.

ALL OF THIS HAS HAPPENED WITHOUT LEGISLATION, BUT WE CANNOT
AFFORD TO WAIT ANY LONGER.

TENTATIVELY

ALTHOUGH NO FINAL ACTION HAS BEEN TAKEN, THE CONGRESS HAS AGREED
ON THREE OF THE FIVE ISSUES THAT ARE BEFORE THE CONFERENCE COMMITTEES,

I RECOGNIZE THAT THE REMAINING ISSUES ARE DIFFICULT --
ESPECIALLY THE CONTROVERSY OVER NATURAL GAS PRICING, WHICH HAS GONE ON
FOR NEARLY 30 YEARS.

now

BUT IT IS TIME TO BRING THAT DEBATE TO AN END.

WE MUST HAVE ENERGY LEGISLATION WITHOUT FURTHER DELAY,
AND I CALL ON THE CONGRESS TO FULFILL ITS DUTY TO THE AMERICAN PEOPLE.

WHERE LEGISLATION REQUIRES FIRMNESS, I WILL CONTINUE TO BE
FIRM;....WHERE IT REQUIRES COMPROMISE, I WILL MAKE REASONABLE
COMPROMISES;....AND WHERE IT REQUIRES A CLEAR EXPRESSION OF THE
NATION'S INTEREST, I WILL SPEAK FOR THAT INTEREST, ABOVE THE SPECIAL
INTERESTS THAT HAVE HINDERED OUR PROGRESS SO FAR.

THE AMERICAN PEOPLE EXPECT THESE SAME QUALITIES
FROM THE CONGRESS.

#

THE WHITE HOUSE
WASHINGTON

April 20, 1978

Frank Moore

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

Rick Hutcheson

RE: JIM WRIGHT'S STATEMENT -
NEP

THE WHITE HOUSE
WASHINGTON

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

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

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

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

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

THE WHITE HOUSE
WASHINGTON

April 20, 1978

TO: Rick Hutcheson

FROM: Frank Moore

For the President's information.

*Better than
mine
J*

Hold for Shivers AM

Fy1

*to: the president
Vodj*

IT'S TIME TO ACT ON ENERGY

Today is April 20. One year ago tonight, President Carter called our nation's energy problem and the need for a response "the moral equivalent of war."

Since that time, the problem has grown worse. We are importing more oil, not less. Our nation's troubles have been exacerbated by what the public, at home and abroad, perceive as hesitancy and vacillation on the part of Congress.

On August 5, the House passed a comprehensive energy bill. On October 5, the Senate completed action on its version.

In the long meanwhile -- for almost seven months -- House and Senate conferees have been haggling over details.

Our delay in coming forward with a positive and forthright program is hurting the United States and all of its citizens.

Our continuing reliance upon foreign imports, with no clear-cut plan to free ourselves from that dependence, has created a huge balance of payments deficit and significantly eroded the value of the dollar on world markets.

In 1973, when the Arab oil embargo should have shocked us out of our lethargy and into action, this country imported \$7 billion worth of foreign petroleum.

Four years later, in 1977, we imported \$45 billion worth -- six times the dollar drain!

Every foreign leader whom I have met in the past six months has asked "What is Congress going to do about the energy problem?"

Our hesitancy and inaction on energy is the biggest contributory cause to inflation, to the decline in the dollar, to the trade deficit and to the erosion of respect throughout the world for the United States and our ability to come to grips with our problems.

The failure of Congress thus far to enact a meaningful response to the energy threat is a witch's brew of several ingredients -- regional rivalries, the conflict of domestic pressure groups, an "all or nothing" insistence by some in the Congress upon ideological dogma at the expense of results, and a general unwillingness to bite the bullet and do what must be done.

The energy problem that besets our nation will grow slowly and inexorably worse until this Congress acts to set us on a corrective course.

This is not a Democratic problem, and it is not a Republican problem. It is not a problem of consuming states vs. producing states. It is a problem for the nation! We are all in it together.

In a matter so infinitely complex, no member and no economic interest group can have its own way entirely. While each insists upon so doing, the nation suffers.

Today I call upon every member of the conference to redouble his efforts to find a solution. The nation deserves a solution, and we in Congress are the only ones who can provide it.

I call upon every member of the conference to subordinate the petty concerns of personality conflicts and the desire to create the energy bill in his own image and to bring to both House and Senate a bill which we can pass and give reassurance to the world that the United States still has the self-discipline to settle its disputes and solve its problems.

Too much time has passed already. A year has gone by since the President's message. The nation and the world await our action.

THE WHITE HOUSE
WASHINGTON

①
/

April 20, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *F.M.M.*

The Finance Committee yesterday considered the oil import fee resolution sponsored by Senators Dole, Moynihan and others. This resolution expresses the sense of the Congress that no import fees should be imposed because of their inflationary impact, high consumer costs, and small impact on the amount of imports. The resolution also states that such fees would clearly signal to OPEC that the United States is willing to pay more for imported crude. Obviously, Dole is sponsoring the resolution for political purposes. Moynihan and the other New England Senators are concerned about the impact which fees would have on the Northeast.

The committee recessed until Thursday, April 27, and no vote was taken. Both Secretary Blumenthal and Chairman Bill Miller made calls to Democratic members of the Committee. White House Congressional Liaison talked with a number of Republican members. Our major arguments were:

- (1) That such a resolution, even though only expressing the sense of the Congress and thus having no binding effect, would be a clear indication to the world that our government was not prepared to deal with the oil import problem and serious erosion of the dollar could result, and;
- (2) That the resolution appears to attempt foreclosure of an option we have to deal with the import problem.

As you recall, the Senate-passed version of the energy tax bill contains a provision (sponsored in Committee by Senator Dole) to strip you of the power to impose import fees. The pending resolution would have no legislative impact. Its primary danger lies in its potential impact on the dollar.

2060
THE WHITE HOUSE
WASHINGTON

April 20, 1978

Zbig Brzezinski

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

Rick Hutcheson

cc: Frank Moore

RE: CONGRESSIONAL CORRESPONDENCE

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

2259

J

INFORMATION

April 19, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *ZB.*
SUBJECT: Congressional Correspondence

Given the importance of the issue, I have checked the timing of responses to your Congressional correspondence channeled through the NSC. At Tab A you will find a breakdown of responses to the 88 Congressional letters handled by the NSC between January 10, 1978 and April 10, 1978.

I am writing a memorandum to the Department and Agency heads with which NSC deals requesting them to answer your mail immediately and in any case no later than seven days after receiving the letter. I am also asking a member of my staff to be responsible for getting answers from the agencies on time or refer to me for approval requests for delays. I am also tightening up NSC's handling of interim responses.

good

FOR THE PERIOD JANUARY 10, 1978 TO APRIL 10, 1978

88 Congressional letters addressed to the President were referred to the NSC for handling by the White House Congressional Office. The disposition of these letters is as follows:

NSC

<u>Direct Handling</u>	38
<u>On Time (within 7 days)</u>	34
<u>Overdue</u>	4
<u>Interim</u>	51 (two were both interim and final; one interim was skipped)
<u>On Time (within 3 days)</u>	24
<u>Overdue</u>	
<u>Within 7 days</u>	17
<u>Over 7 days</u>	10
<u>Agencies</u>	36
<u>On Time (within 7 days)</u>	5
<u>Overdue</u>	
<u>Within 2 weeks</u>	15
<u>2 weeks to a month</u>	10
<u>Over a month</u>	16
(One unaccounted for)	
<u>Returned to Moore for final handling</u>	14 - no way of knowing dispatch date

11:30 AM

THE WHITE HOUSE

WASHINGTON

April 20, 1978

C
/

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *F.M./pd*

Secretary Andrus has just advised me that he spoke with Senator Bumpers earlier this morning and that Bumpers has agreed to be out front on the Alaska lands issue in the Senate.

During your 11:30 a.m. meeting with the Senator you might want to thank him for agreeing to help us fight this battle.

THE WHITE HOUSE
WASHINGTON

April 19, 1978

MEETING WITH SENATOR DALE BUMPERS

*Alaska
lands*

Thursday, April 20, 1978
11:30 a.m. (10 minutes)
The Oval Office

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

I. PURPOSE

To discuss the closing of Blytheville AFB and the proposed move of the district office of the Federal Home Loan Bank Board from Little Rock to Dallas.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: Senator Bumpers serves on the Committee on Appropriations, the Committee on Armed Services, and the Committee on Energy and Natural Resources. The Senator's wife is named Betty.

On March 11, 1976, the Air Force announced a proposal to reduce Loring AFB, Maine, to a Forward Operating Base. During the subsequent studies of this proposal, the closure of Blytheville AFB, Arkansas, was selected as an alternative to the proposed reduction of Loring AFB, and was identified as such in the Draft Environmental Impact Statement.

The Air Force has experienced a series of delays in completing the studies and evaluation of this proposed action. The Final Environmental Impact Statement was filed on November 1, 1977. A new assessment, announced by you early this year, of the Loring action in relation to the Strategic Air Command structure is now underway. Blytheville remains an alternative in this study.

There have been rumors to the effect that the district office of the Federal Home Loan Bank Board is going to be moved from Little Rock to Dallas.

B. Participants: The President
Senator Dale Bumpers (D-Ark)
Frank Moore

C. Press Plan: White House Photo.

III.

TALKING POINTS

1. It is impossible to discuss Blytheville without discussing Loring -- which is something you do not want to do. You should not make any commitments.
2. It is our understanding that McKinney is not going to take the possible move of the district office of the Federal Home Loan Bank Board up on the agenda.

2076

THE WHITE HOUSE
WASHINGTON

April 20, 1978

Secretary Schlesinger
Frank Moore

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

Rick Hutcheson

cc: Stu Eizenstat

RE: CALL TO JOHN DINGELL --
NATURAL GAS

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



Department of Energy
Washington, D.C. 20585

*Bad attitude -
Changed to
somewhat
better*

*Market ordering
- Incremental pricing
of users
State owned
lands
Stripper wells*

J

April 20, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JIM SCHLESINGER

SUBJECT: TALKING POINTS ON NATURAL GAS CALL TO JOHN DINGELL

By 9:30

Based on your discussions of the last several days, I understand you are now getting down to the final critical tradeoffs.

You have carried the major burden since this fight started to insure an equitable resolution of this issue.

It is important to remember how far the Senate coalition has come from the Senate passed bill. Without your herorics on the floor and in Committee, that would not have been possible.

Now we all must face the decision of whether they can be moved any further. At this point, bargaining with the Senate coalition cannot be conducted under the conventional rules. The Republicans have gone very far at great political risk. They have more than done their duty in the effort to get a bill.

If they leave the effort now, it will be a Democratic failure, and a national loss.

Seven years of continued regulation that ends the two market disparity and puts gas into the interstate system has got to be better for the nation as a whole than a continuation of the current deteriorating situation.

Weighed against this national and international need for a bill, the final differences must be overcome.

If you and I were going to write a bill, it wouldn't look like what is now emerging. But we both have responsibilities as national leaders and Democratic leaders to get the best possible settlement.

Trading a strong incremental pricing provision for some deregulation, with a very real opportunity for reimposition of controls if the market is out of line, is a reasonable trade that can produce a good bill - a bill that would not be possible without your efforts.

It won't be what we want, but as national leaders I think we have to reconize this opportunity to produce the reasonable energy program that the country and the world so sorely need.

John, the nation needs this bill and I need your help.
For the country, for me, and for the Democratic Party
we must succeed in this effort.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

WASHINGTON, D.C. 20460

APR 20 1978

OFFICE OF THE
ADMINISTRATOR

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

Dear Mr. President:

The subject of the inflationary impact of EPA's programs may come up in your 2 p.m. meeting today since Bob Strauss named environmental regulations as one of the first three targets of the anti-inflation fight. I hope these comments are helpful in putting this issue in perspective.

- . EPA regulations currently add about 0.3 - 0.4% annually to the Consumer Price Index (CPI), according to estimates by Chase Econometrics Associates, Inc., a leading macroeconomic forecasting firm.
- . However, environmental spending is not inflationary as long as benefits exceed costs. Price indices like the CPI ignore the improvements to public health, reduced property damage, increased crop yields, etc., that result from pollution control spending. If these improvements were considered, cost-beneficial environmental spending would not increase the CPI.
- . We believe the benefits of our regulations substantially exceed the costs, though the benefits are extremely difficult to measure in dollar terms. The National Academy of Sciences reviewed our air program and found that the costs were warranted by the benefits.
- . Public opinion surveys consistently show that the public is willing to accept higher product costs as a result of pollution control.

- . Nonetheless, Doug and I are committed to eliminating unwarranted costs that could unnecessarily increase product prices or government spending. For example,
- we will soon be revising some of the 1984 Best Available Technology (BAT) standards for water pollution control which we have found not to be cost-effective under the criteria of the 1977 Clean Water Act
 - we are asking the Solicitor General to appeal the recent Asarco decision to the Supreme Court because it would not allow some expanded or modified facilities to meet emission standards at the lowest possible cost
 - we are reviewing the marginal costs of pollutant removal for all future regulatory proposals to be sure that we adopt the least costly approaches to clean-up that are statutorily allowed.

We are also examining some other initiatives we might take to reduce the regulatory costs of our program, some of them stemming from the Solomon Steel Task Force. Doug and I will report to you and Bob Strauss as we progress on these.

We think it is vitally important that the inflation fight focus on the real opportunities to reduce unnecessary cost and price increases and not serve as a foil for regulatees to subvert programs that are not inflationary in a true sense and which are desired by the American public.

Respectfully,



Barbara Blum
Deputy Administrator

THE WHITE HOUSE

WASHINGTON

Meeting With
Secretary Michael Blumenthal
Thursday - April 20, 1978
2:30 P.M. (15 minutes)

From: Tim Kraft

1. PURPOSE

During a telephone conversation with Secretary Blumenthal, you agreed to see him this week. You asked that the appointment be announced on the public schedule.

The Secretary wishes to discuss his forthcoming trips to Vienna, Brussels, and Mexico.

In Vienna, he will attend a meeting of the Asian Development Bank; in Brussels, he will meet with EC leaders and give a speech; and in Mexico he will attend a meeting of the International Monetary Conference Interim Committee.

11. PARTICIPANTS/PRESS PLAN

Participants: Secretary Blumenthal and the President

Press Plan: Meeting to be announced; White House
Photographer

THE WHITE HOUSE
WASHINGTON

April 20, 1978

Stu Eizenstat
Jim McIntyre

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

Rick Hatcheson

ADMINISTRATIVELY CONFIDENTIAL

THE WHITE HOUSE
WASHINGTON

*Admin
copy*

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

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

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

THE WHITE HOUSE
WASHINGTON

April 19, 1978

*Stu Jim
handle
J*

MEMORANDUM FOR: THE PRESIDENT
FROM: JIM McINTYRE *wec (w)*
STU EIZENSTAT *Stu*
SUBJECT: Esther Peterson

As you know, Esther has agreed to remain as your Special Assistant for Consumer Affairs provided that she can be supplied with additional staff resources (one position in the mid-\$30,000's and one in the \$47,000 range). Esther now has a staff of eight persons supplied by HEW's Office of Consumer Affairs (OCA). After discussions with Joe Califano and his staff, we have concluded that OCA can afford to supply two currently vacant positions in order to meet Esther's needs.

However, Secretary Califano has expressed concern about the present structure (inherited from the previous Administration), in which OCA houses both staff reporting to Esther and staff functioning under a Director who reports to the HEW Secretary. The Secretary believes that either he should be given full control over the Office or that the entire Office should be transferred either to the Executive Office of the President or to another agency with government-wide jurisdiction such as GSA. He has told us that he may submit a memorandum to you on this subject.

Esther and we agree that, given the defeat of the Consumer Agency Bill, decisions are needed regarding the role and location of HEW's Office of Consumer Affairs. We have agreed to undertake a study, together with Esther and HEW, with a projected completion date of early July.

In the meantime, Secretary Califano will agree with the transfer of the additional two slots but only if this is requested by OMB.

If you agree, we propose:

- to request the transfers
- to work closely with HEW and Esther on a study of the future of OCA, with a due date of early July.

We must inform Esther of our decision by this evening or early tomorrow morning. She will lose retirement benefits by remaining on the federal payroll after today, and must notify Treasury by noon tomorrow.

_____ Agree

_____ Disagree

2090

THE WHITE HOUSE
WASHINGTON

4-20-78

To Bob Strauss

Talk to Ed

Muskie re:

Environment vs

inflation

J. C.

Bus leader
4-20-78

THE WHITE HOUSE
WASHINGTON

Reg Jones

- a) Joint effort -
Presidential leadership
- b) Negative press predictable
- c) No W/P controls
- d) Farm bill - Wages 20-
- e) Tax cuts - hold @ 125B
- f) Regulatory costs

-
- a) Wages/salaries
60% CoCA coverage
3% productivity increases
only get 1 1/2%
 - b) Nuclear agreement good
 - c) Some can hold exec
pay for 12 mos
 - d) Return on investment
dropped lately

THE WHITE HOUSE
WASHINGTON

- e) Moratorium on new regulations
- f) Increase exports
US % world trade dropping
- g) Ex-Im (J Moore) good
- h) MTN -

Food - regulatory

Autos → 1985 ↓ 15-20 B extra
Labor 60%

Environment in Steel

Insurance - Health - no fault
HMO's

Public Service
reform
4-20-78

THE WHITE HOUSE
WASHINGTON

Gladys

Done for employees, not to them
Protection - in regulations (?)

Pat

Public vs fed employees
Comprehensiveness frightens

Ford

Compromise?
Statutory collective bargaining rights
Unions can block bill

Lehman

Management needs tools

Mo

Committee - opportunity for greatness
Markup in 2 weeks out
by end of May
Will help

Herb

Committee move to care
Protect against politicalization

THE WHITE HOUSE
WASHINGTON

Govt employee unorganized
& insecure

Hearings not representative

Solarz Legis has some political probles
in W House, partisanship,
Unions can prevent quorum
Codify exec order. col bargaining

Hafel Can face veteran question
Collective bargaining - don't
go too far

Garcia Minorities - reform necessary
figures "economically low"

THE WHITE HOUSE
WASHINGTON
April 20, 1978

Stu Eizenstat

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

Rick Hutcheson

cc: Jim McIntyre

STATUS REPORT ON THE AIRCRAFT NOISE
REDUCTION FINANCING LEGISLATION

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
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		WATSON
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		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
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	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



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

APR 17 1978

*Sta-Comment-
I want to hold
to maximum de-reg-
ulation and minimum
budget cost, and am
willing to fight it out
in Congress -*

J.C.

MEMORANDUM FOR THE PRESIDENT

FROM: JAMES T. MCINTYRE *Jim*

SUBJECT: Status Report on the Aircraft Noise Reduction
Financing Legislation

The purpose of this memorandum is to provide you with a review of, and seek your reactions to, the current status and content of H.R. 8729, an aircraft noise reduction financing bill introduced by House Aviation Subcommittee Chairman Glenn Anderson. The bill has been reported out of the House Public Works and Transportation Committee and is now pending before the House Ways and Means Committee.

Administration Position on Aircraft Noise Reduction Legislation

During your meeting in early May 1977 with administration officials, you agreed to support an environmental surcharge on passenger tickets and air freight waybills so that airlines would have a source of funds to establish individual escrow accounts. The surcharge is to be levied without changing the overall tax rate paid by passengers and shippers: the current 8 percent passenger ticket tax and 5 percent air freight waybill tax would be reduced by 2 percent. The 2 percent environmental surcharge would then be placed upon tickets and waybills. You asked that this environmental surcharge be voluntary (i.e., airlines with quiet fleets would not be required to impose the surcharge).

At this same meeting you decided to oppose provisions of the bill which (1) would create a land acquisition program wherein \$150-250 million annually in Federal funds would be made available to purchase land impacted by aircraft noise, and (2) would increase by \$265-310 million in 1979/80 the funds authorized for airport grants and related programs.

Emerging Linkage Between Airline Regulatory Reform and Aircraft Noise Reduction Legislation

In an effort to gain Administration support of the major provisions of his aircraft noise reduction financing bill, Congressman Anderson has said repeatedly that his interest and support of airline regulatory reform will depend on Administration support of his aircraft noise bill, the main features of which are discussed below. This effort to link regulatory reform legislation and aircraft noise reduction financing legislation raises some concerns that we want to bring to your attention.

Budgetary Impact of Aircraft Noise Reduction Legislation

Your decisions of early May 1977 implied a modest budgetary impact. The redirection of 2 percent of the current 8 percent passenger and 5 percent waybill taxes into airline escrow accounts would reduce government receipts by \$335-340 million annually (thus increasing the deficit by a similar amount).

Congressman Anderson's aircraft noise reduction bill, as it is currently structured, will have a substantially higher impact on future budgets. Our estimates of this impact are as follows:

Noise Bill (H.R. 8729)	(\$ in millions)	
	<u>1979</u>	<u>1980</u>
<u>Administration supports:</u>		
. Environmental surcharge for quieting aircraft noise.....	335	340
<u>Administration opposes:</u>		
. Noise impacted land acquisition..	165	250
. Increased airport grants and related activities	<u>260</u>	<u>310</u>
Total Impact	760	900

To date Congressman Anderson has shown little willingness to modify his legislative proposals to accommodate our budgetary concerns.

Related Tax Issues

Subsequent to your decision to support the redirecting of a portion of the current aviation taxes into environmental escrow accounts, an issue has surfaced on how taxation rules should apply to the potential revenues collected in these accounts. The most recent version of the aircraft noise bill would exempt airlines from treating the environmental surcharge revenue as gross income for taxing purposes.

The House Ways and Means Committee recently rejected the tax exemption approach of the noise surcharge provisions in favor of a plan which calls for:

- the imposition of a 2 percent excise tax on airline passenger and air freight revenues replacing 2 percent of the current tax;
- a pass-through action by the airlines of the excise tax to passengers and shippers;
- the excise tax to be paid to the Treasury Department (thereby bypassing the Airport/Airway Trust Fund);
- airlines receiving tax credits or rebates from Treasury for expenses in retrofitting, re-engining, or replacing noisy aircraft;
- a taxation approach in that, to the extent that the excise tax is refunded due to the tax credit that is provided, corporations would not be permitted to deduct the excise tax in determining taxable income;
- airlines receiving normal investment tax credits and depreciation allowances for the aircraft noise reduction expenditures.

During the House Ways and Means mark-up, Treasury officials stated that the Administration would have no objection to this plan.

Congressman Anderson has expressed concern that if the airlines are not provided some type of special taxation relief, such as is contained in his bill, he believes the current plan supported by House Ways and Means Committee will result in inadequate financing assistance for the airlines. (See Attachment A).

Budgetary Impact of Combined Noise-Regulatory Reform Legislation

If both bills remain largely unchanged and are linked, the budgetary impact will be \$781 million in 1979 and \$932 million in 1980, \$446 million and \$592 million more than you approved in May 1977.

	(\$ in millions)	
	<u>1979</u>	<u>1980</u>
-- <u>Noise Bill Budget Impact</u> (see page 2)	760	900
-- <u>Airline Regulatory Reform</u>		
. Changes in old subsidy program for local air service carriers	14	18
. Creation of a new subsidy program for commuter carrier service to small communities	5	11
. Increase in CAB Salary and Expenses due to regulatory reform (CBO estimate of 10 percent to 15 percent increase in staffing)	<u>2</u>	<u>3</u>
Total*	781	932

* In view of the speculative scope of their implementation, this amount does not include the potential liability of two provisions of the airline regulatory reform bills, (1) a proposed aircraft loan guarantee program to be made available to an estimated 110 carriers with limitation of \$75 million per carrier and (2) a labor protection provision (which the Congressional Budget Office estimates would cost \$3 million if a local service carrier incurred a 20 percent workforce reduction and \$30 million if a trunk carrier incurred a 20 percent workforce reduction).

Progress Toward Aviation Regulatory Reform

The Administration--particularly through the efforts of Chairman Kahn and the CAB--is making notable progress toward our goal of creating a more competitive airline industry that responds

to the service and price needs of the traveling and shipping public. Steps taken to date by this Administration are a clear signal that we are seeking an industry that has easier entry and exit into individual markets and the freedom to offer lower prices once in those markets.

In the international area, through your decisions in certain cases, we have begun to crack the hold the international cartel has on prices. We are aggressively promoting our views in bilateral negotiations on the need to rely more on competition. We have started a trend that--while still in the early stages--could lead to a more competitive international aviation environment, even without further statutory changes.

In the domestic area, the air cargo industry has been effectively deregulated by statute. On the passenger side, the Civil Aeronautics Board has been, and is moving toward allowing more competition--tentatively at first, but more confidently and quickly since the arrival of Chairman Kahn and his new staff.

- The Board has been approving with regularity most discount fares proposed for domestic service. These discount fares have spread rapidly from carrier to carrier and market to market.
- In the long run, the Board seeks to extend price competition to normal economy and first class fares by allowing market-by-market price variations responding to demand and supply characteristics.
- In the area of market entry, the Board has established a new policy that explicitly considers an applicant carrier's willingness to provide low-cost, low-fare service as an element in deciding whether or not to award or renew an award of route authority.
- To expedite important, potentially pro-competitive cases, the Board has created a priority list of 10 proceedings on which they will move as fast as the law allows.

Aviation Regulatory Reform Legislation

In spite of this progress, Chairman Kahn and most others still believe some statutory changes are necessary to continue to make permanent the transition toward a more competitive airline industry. At a minimum we need for effective and lasting reform:

- (1) A new pro-competitive statement of policy by Congress,
- (2) Broader general exemption authority enabling the Board to exclude more portions of the industry from regulatory constraints by administrative action, and
- (3) Relief from some of the awkward and time-consuming procedures that have become an impediment to reform-minded changes.

The regulatory reform bills being considered in Congress have several provisions which are unnecessary for regulatory reform and create either undesirable spending programs or bad precedent for other legislation such as:

- the extension and expansion of an aircraft loan guarantee program;
- provisions to protect airline employees in the event of cutbacks and layoffs caused by more competition;
- revisions in an existing subsidy program to local service carriers which have the effect of increasing the subsidy; and
- the creation of a new subsidy program which goes farther than necessary to guarantee air service to small-communities now receiving service from certificated air carriers.

We may be able to avoid these undesirable provisions if we are willing to compromise on some of the statutory changes which are desirable but not absolutely necessary with this particular Board to achieving a more competitive industry, such as:

- statutory provisions allowing fare flexibility, which can be accomplished by administrative action at the Board;
- automatic entry provisions which in current form have a limited effect and are a confusing additional regulatory program;
- reversing the burden of proof so that opponents of applications for route authority have to show that a new competitor would not be in the public interest (this provision may be necessary if the new policy statement does not go far enough); and

- statutory language making willingness to offer low fares an express consideration in route awards when it may be implied from the new policy statement or legislative history.

As quid pro quos for accepting a more modest but still effective regulatory reform bill, we could insist on the elimination of costly and undesirable provisions.

Reactions

- Please furnish additional information on those subjects about which I've made notations on the memorandum.
- Provide me with a copy of our current negotiating strategy on these bills along with agency views.
- See me regarding our position on aircraft noise reduction financing legislation.
- Other _____.

Attachment

Attachment A

During your March 8th meeting with Congressman Anderson, we understand that he presented the airline industry's concerns about the House Ways and Means action on the taxation of noise abatement credits.

The Air Transport Association (ATA) believes that without special taxation deferral rules for the airline industry, air carriers will receive insufficient Federal assistance (\$1.6 billion rather than \$2.1 billion) to allow them to undertake large aircraft replacement programs so that aircraft noise reduction rules will be met. Furthermore ATA points out that financing an aircraft replacement program will mean more aerospace jobs and increased fuel conservation. We would like to make three points regarding these assertions:

- . The airline industry, encouraged by the CAB to lower fares, was very profitable in 1977 and the 1978 outlook is also bright. Federal assistance levels should be of less importance than in past years.
- . Treasury believes that special tax treatment for air carriers would lead other industries to expect similar privileges.
- . The efforts to create programs to reduce aircraft noise have been overtaken by advocacies of nonenvironmental objectives (i.e. Federal endorsement of massive aircraft replacement programs to produce more aerospace jobs, to conserve fuel through new engine technologies, and to foreclose the success of European aircraft programs).

ID 782020

THE WHITE HOUSE

WASHINGTON

DATE: 18 APR 78

FOR ACTION:

INFO ONLY: THE VICE PRESIDENT STU EIZENSTAT
 FRANK MOORE (LES FRANCIS) JACK WATSON
 CHARLIE SCHULTZE

SUBJECT: MCINTYRE MEMO RE STATUS REPORT ON AIRCRAFT NOISE
 FINANCING LEGISLATION

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

ACTION REQUESTED: FOR YOUR INFORMATION

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

PLEASE NOTE OTHER COMMENTS BELOW:

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

April 20, 1978

*ok e me.
Let Rosalynn
decide
J*

TO: The President
FROM: Tim Kraft
RE: Request for White House Reception

BACKGROUND

The United Service Organizations (USO), of which you serve as honorary chairperson, is having a major fund-raising effort in Washington the evening of Thursday, May 25. It will be a salute to Bob Hope on his 75th birthday at the Kennedy Center. It is being taped by NBC for broadcast on May 29.

You were invited to be a special guest at the salute, but we had to regret in that you are committed to the Cook County dinner in Chicago that evening. Mrs. Carter will probably attend the gala in response to Mrs. Al Ullman's invitation.

RECEPTION REQUEST

USO, with Jerry Rafshoon's strong endorsement, has requested a White House reception for the entertainers and the \$5,000 USO donors for the afternoon of May 24. Rafshoon recognizes that you and Bob Hope have had differences in politics, but he feels the nationwide and worldwide publicity of Hope and his work with USO would be a positive event for you.

Approve reception _____

Disapprove reception _____

*copy sent to
Arlene Pastore
4/24/78*