

4/22/78

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Memo	Eizenstat & McIntyre to Pres. Carter, 9 pp., re:Consumer Product Safety Comm.	4/22/78	C

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THE WHITE HOUSE
WASHINGTON

April 22, 1978

Attorney General Griffin Bell
Hamilton Jordan

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

Rick Hutcheson

cc: Jack Watson
Jim Gammill

RE: JIM PARHAM

THE WHITE HOUSE
WASHINGTON

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

ACTION
FYI

cc Ball

	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

Electronically Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

April 20, 1978

cc Ham
Griffin
J.C.
Parham is
excellent
man -

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON

Jack

I recommend that you consider appointing Jim Parham as the Administrator of LEAA. As you know, he has a rich and widely-varied experience in juvenile justice, social services and corrections. His knowledge of state and local government and of the whole array of federal programs makes him extraordinarily well-qualified to do something really effective with LEAA. Moreover, his instincts and overall conceptual approach to what needs to be done in this area are, in my opinion, virtually coincident with yours.

I think it is extremely important for someone from outside the agency to be appointed to head it at this juncture in its evolution, and I cannot think of anyone more qualified to do it than Jim.

2115

THE WHITE HOUSE
WASHINGTON

April 22, 1978

The Vice President
Stu Eizenstat
Jim McIntyre
Charlie Schultze

The attached was returned in the Prsident's
outbox today and is forwarded to you for
appropriate handling. Stu - please notify
Sec. Bergland.

Rick Hutcheson

cc: Frank Moore

FARM LEGISLATION

THE WHITE HOUSE
WASHINGTON

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STU - PLE NOTIFY SEC BERGLAND

ACTION	FYI	
/		MONDALE
		COSTANZA
/		EIZENSTAT
		JORDAN
		LIPSHUTZ
/		MOORE
		POWELL
		WATSON
/		McINTYRE
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	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

4/21/78

Mr. President:

Frank Moore concurs with
the Vice President et al.

Rick

THE WHITE HOUSE
WASHINGTON

C
✓

April 21, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: THE VICE PRESIDENT *[Handwritten initials]*
BOB BERGLAND
STU EIZENSTAT *Stu*
JIM McINTYRE *wbc How*
CHARLIE SCHULTZE *CS*
SUBJECT: Farm Policy Legislation

The Congress is again considering some form of farm legislation that would affect 1978 and subsequent-year crops. The Senate Agriculture Committee voted to report two such bills this week -- one sponsored by Senator Dole and the other by Senator Clark. In addition, Congressman Foley has a draft bill (copy attached) for which he has asked Administration support.

The Clark Bill (S. 2912)

This is a four year bill that increases the loan rates and target prices from those in the 1977 Act, as noted below. This bill exceeds both our budgetary and inflation guidelines. For 1978 alone, it could increase deficiency payments by up to \$1 billion dollars above our proposals and would increase loan outlays as well. The loan rate increases mean corresponding increases in the release points of our grain reserves, increasing the inflation potential and adversely affecting the now-recovering livestock sector. Should this bill be enacted, your advisers would unanimously recommend that it be vetoed. *I agree*

Commodity	Current Program		S. 2912	
	Loan Level	Target Price	Loan Level	Target Price
Wheat (\$/bu.)	2.25	3.00	2.50	3.40
Corn (\$/bu.)	2.00	2.10	2.20	2.30
Cotton (¢/lb.)	0.44	0.52	0.44*	0.60
Soybeans (\$/bu.)	4.50	--	4.50	--

*Now fixed by formula -- this could be increased at Secretarial discretion.

The Dole Bill

This bill provides for an increase in only the 1978 wheat target price to \$3.40 -- precisely what we indicated would be acceptable to the Administration.

The Foley Bill

The "Foley Bill" (not yet formally introduced) would give the Secretary discretionary authority to increase the target price to compensate producers for program participation in any year (1978-81) in which there are set-asides. This bill will enable increasing the 1978 wheat target to \$3.40, as we have already agreed -- and would not require any other increases.

Strategy

After appraising the situation, we are unanimous in recommending that we support the Foley Bill as part of a legislative strategy.

- o With our support of the bill, we will try to persuade Chairmen Foley and Talmadge to join in opposing passage of other legislation (the Clark Bill). However, we have no assurance our support of the Foley Bill will preclude passage of the Clark Bill.
- o Should the Clark Bill pass and be vetoed, our support of the Foley Bill will place us in a much stronger position for sustaining the veto.
- o Even without our support of the Foley Bill, it will likely be enacted and we would have gained nothing. Since it provides only discretionary authority, and therefore has no identifiable budget or inflation impact, it would be very difficult to justify a veto. To do so would be tantamount to admitting that we thought we could not administer it responsibly.

We must point out, however, that:

- o Acceptance of the Foley Bill is not costless; it in fact provides for more than just an increase in the wheat target to \$3.40 - it provides discretionary authority which will bring added initial pressure on us in future years for set-asides and increased target prices, hence, increased budget outlays.

o We have as yet no assurance that the bill will emerge from the Congress in its present form. Because of its discretionary nature, it is difficult to know where to draw the line on what is no longer acceptable. However, we have agreed that any meaningful change in the language from the present form will be unacceptable -- a unanimous recommendation to veto.

To summarize, we recommend support of the Foley Bill which we hope will succeed in precluding passage of other legislation or, if unsuccessful, will considerably enhance our chances for sustaining a veto in the Congress. We cannot recommend opposition to the Foley bill because its discretionary nature means it can have adverse impacts only if we misuse the authority.

If you agree with this course, Secretary Bergland will convey our position to Chairmen Foley and Talmadge on Monday.

DECISION

Agree
 Disagree

But no add-ons
J

ATTACHMENT

A BILL

To amend section 1001 of the Food and Agriculture Act of 1977,
1977, P.L. 95-113.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1001 of the Food and Agriculture Act of 1977, P.L. 95-113, is amended by inserting the letter "(a)" before the first sentence of that section and by adding a new subsection (b) which reads as follows:

"(b) Notwithstanding any other provision of law, whenever a set-aside is in effect for one or more of the 1978 through 1981 crops of wheat, feed grains, upland cotton, and rice, the Secretary is authorized to increase the established price for any such commodity by such amount as he determines appropriate to compensate producers for participation in any such set-aside. In determining any such increase, the Secretary shall take into account changes in the cost of production resulting from participation in the set-aside involved. The Secretary shall adjust any such increase to reflect, in whole or in part, any land diversion payments on the crop for which such increase is determined."

April 20, 1978

THE WHITE HOUSE
WASHINGTON

April 22, 1978

Ambassador Strauss

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

Rick Hutcheson

cc: Stu Eizenstat
Bob Linder

THE WHITE HOUSE
WASHINGTON

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	SCHLESINGER
	SCHNEIDERS
/	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

4/21/78

Mr. President:

Eizenstat, Schultze, McIntyre, Brzezinski and Congressional Liaison concur with Strauss.

A comment from Eizenstat, and a dissenting opinion from USITC Chairman Minchew, are attached.

ONE SIGNATURE NEEDED, if you accept the Strauss recommendation.

Rick

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For Preservation Purposes

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

Ok, but the
"determination" is
too verbose -
(Let it go as
written) J

MEMORANDUM FOR THE PRESIDENT

FROM : Robert S. Strauss

SUBJECT : Recommended Presidential Action on a Cease and
Desist Order Concerning Certain Welded Stainless
Steel Pipe and Tube Under Section 337 of the
Tariff Act of 1930, As Amended

Before April 24, 1978, you must decide whether to allow a cease and desist order issued by the United States International Trade Commission to become final. The cease and desist order was issued following an investigation of alleged below cost sales of Japanese welded stainless steel pipe and tube in the United States. Representatives of the interagency Trade Policy Committee unanimously recommend that you disapprove the order, though for differing reasons.

Section 337 of the Tariff Act of 1930, as amended, authorizes the United States International Trade Commission to order remedies for unfair practices in import trade. Under that authority the Commission has ordered certain manufacturers, exporters, and importers of Japanese welded stainless steel pipe and tube to cease and desist from selling at prices below the average variable cost of production without commercial justification. Section 337 has been commonly used to protect U.S. patented articles against infringing imports. It has never before been successfully invoked on the basis of an alleged "restraint of trade."

This case is significant because the unfair practices found by the Commission amount to dumping as that term is used in the Antidumping Act and interpreted by the Treasury Department. Section 337 requires the Commission to notify the Secretary of the Treasury whenever it has reason to believe that a case comes within the purview of the Antidumping Act. In this case, the Commission did so notify Treasury but did not suspend its consideration of the case. The result was two simultaneous investigations of the same matter.

Section 337 authorizes the President to disapprove the ordered remedy for unspecified "policy reasons" by informing the Commission of such disapproval within 60 days of receipt of the Commission's determination. There is no provision for Congressional override of the President's action in Section 337 cases.

Representatives of the agencies comprising the Trade Policy Committee (the Special Trade Representative, the Attorney General, and the Secretaries of Agriculture, Commerce, Defense, Interior, Labor, State, and Treasury) unanimously recommend that the President exercise Option II below and take action to disapprove the determination on this case. It is the view of the majority that the cease and desist order should be disapproved because it is not in the national economic interest, particularly our international economic relations, and because approval would set a precedent for future duplicative investigations and would not significantly benefit the domestic industry or its employees.

The attached draft Presidential determination reflects the views of the Departments of Justice, State, Treasury and this Office. The Department of Labor favors issuance of a determination which clearly states that this disapproval is not in any way to be viewed as a precedent for future cases, but was a result of the lack of any domestic benefit for an order in this case. While the Commerce Department favors disapproval for most of the reasons stated in the draft Presidential Determination, it would recommend deleting any statement implying that the Commission should have deferred to the Treasury Department pending an antidumping investigation.

The Presidential options are:

Decision

Presidential Action Required

Option I.
Accept USITC decision

None, the cease and desist order automatically becomes final after the 60-day period (April 24, 1978)

Option II.
Reject USITC decision
(recommended option)

President informs U.S. International Trade Commission of rejection of their determination. Attached is a recommended draft Presidential determination.

Recommendation: Option II. (Rejection of USITC decision.)

Approve

Disapprove

Discuss with me

Attachment

THE WHITE HOUSE
WASHINGTON

To Chairman Daniel Minchew

Pursuant to Section 337(g)(2) of the Tariff Act of 1930, as amended, I have decided to disapprove of the Commission's determination concerning Certain Welded Stainless Steel Pipe and Tube, Investigation No. 337-TA-29. Enclosed is a copy of my determination.

Sincerely,

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

The Honorable Daniel Minchew
Chairman
United States International
Trade Commission
Washington, D.C. 20436

Disapproval of the Determination of the United States International Trade Commission in the Matter of: Certain Welded Stainless Steel Pipe and Tube, Investigation No. 337-TA-29

The United States International Trade Commission, acting under Section 337 of the Tariff Act of 1930, as amended, has ordered certain manufacturers, exporters, and importers of Japanese welded stainless steel pipe and tube to cease and desist from selling such products for consumption in the United States at prices below the average variable cost of production without commercial justification.

Under Section 337(g) of the Tariff Act of 1930, as amended, the President may, for policy reasons, disapprove a determination of the United States International Trade Commission issued under Section 337(f) by notifying the Commission of such disapproval within 60 days after receiving the determination of the Commission. I have today determined for policy reasons to disapprove the Commission's determination concerning "Certain Welded Stainless Steel Pipe and Tube, Investigation No. 337-TA-29," and have so notified the Commission.

The following major policy considerations entered into my decision to disapprove the Commission's determination:

1. The detrimental effect of the imposition of the remedy on the national economic interest;
2. The detrimental effect of the imposition of the remedy on the international economic relations of the United States;
3. The need to avoid duplication and conflicts in the administration of the unfair trade practice laws of the United States;
4. The probable lack of any significant benefit to U.S. producers or consumers to counterbalance the above considerations.

In this case, the Commission found a tendency to restrain trade and commerce in the United States on the ground that sales below the average variable costs of production tended to reduce the domestic market share of other foreign competitors. The Commission did not base its finding on injury to the domestic welded stainless steel pipe and tube industry. The Commission cited a factual determination that total import penetration into the domestic market had increased only from 12.2% in 1972 to 12.7% in 1976. The

primary effect of approving the cease and desist order would therefore likely be limited to a shifting among foreign suppliers of their share of the present level of imports into the domestic market. This result would provide little or no benefit to the United States welded stainless steel pipe and tube industry or its employees. Nor would it significantly promote competition in the domestic industry.

Sales below cost of welded stainless steel pipe and tube have been the subject of two antidumping investigations by the Department of the Treasury, one in 1972, and another which proceeded simultaneously with the Commission's Section 337 investigation. As a result of its more recent investigation, which involved six producers accounting for approximately 85% of Japanese imports into the United States, the Treasury Department found that four firms had sales at more than minimal margins below fair value. Sales from those four firms have been referred to the Commission for an injury determination under the Antidumping Act. The Treasury Department's determination under the Antidumping Act therefore provides adequate protection against unfair trade practices described in this petition. In fact, the cease and desist order's prohibition of unjustified sales below the variable cost of production provides a more difficult standard for petitioners to satisfy than that contained in the Antidumping Act of 1921, as amended, which prohibits injurious sales below the total cost of production.

In this case, the Commission did not suspend its investigation after notifying the Secretary of the Treasury of the potential applicability of the Antidumping Act to the same subject matter. This resulted in overlapping investigations and determinations. As a result of this duplication, the imposition of the cease and desist order would be viewed by our trading partners as a precedent and a departure from internationally agreed procedures for dealing with below cost sales. Such a result would be an irritant in relations between the United States and those governments whose firms are being subjected to duplicative investigations, often at considerable expense to the parties and governments concerned. If allowed to stand, the cease and desist order would be viewed by foreign governments as undesirable harassment of their producers and as an unjustified burden on international trade. It would invite retaliation against United States exports, would complicate our current efforts to negotiate revisions of the international trading rules, and would thus be detrimental to the national economic interest and to the international economic relations of the United States.

It is this Administration's policy to administer the unfair trade practice statutes of the United States expeditiously and fairly. Unnecessary duplications and conflicts in the administration of those laws result in confusion and the inefficient use of both private and governmental resources. Unfair trade practice laws should be administered so as to provide reasonable certainty to private parties as to which forum they should devote their resources in bringing their petition. To do otherwise is to impose an unreasonable burden upon the parties, both complainants and respondents.

In this case, the detrimental effect on the national economic interest, on the international economic relations of the United States, and on the sound administration of unfair trade practice laws that would result from approval of the determination is not counterbalanced by any likely substantial benefits to the industry, its employees, or to competition in the United States. Therefore, the present use of Section 337 where other remedies are specifically provided for by law and are in fact utilized is not justified.

For the policy reasons stated above, the Commission's determination in Investigation No. 337-TA-29 is disapproved.

THE WHITE HOUSE

WASHINGTON

April 21, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT:

Strauss Memo re Stainless Steel Pipe and Tube
under Section 337 of Tariff Act

I concur in the opinion of the interagency committee, but would suggest that you read the memoranda of April 13 and 21 from Chairman Minchew of the United States International Trade Commission. (attached)

The issue here is whether another vehicle and forum should be made available for anti-dumping complaints beyond those that already exist. Section 337 has never before been used for anti-dumping relief. If you approve of the Commission's action it would get the Commission into an area the Treasury Department has been handling and therefore might complicate the resolution of anti-dumping actions by providing duplicative remedies.

I have talked to Chairman Minchew and he makes a strong argument that by allowing the Commission to handle these cases, he can keep many difficult political cases away from your desk; he mentioned semi-conductors and specialty steel as examples coming up in the future. However, it is not clear to me that this really would relieve you of tough political choices since a review by the President is prescribed within 60 days of the Commission's determination under Section 337.

A last issue, on which there is some split within the Trade Policy Committee, is whether the language should remain in the draft transmittal closing the door on future Section 337 determinations, as duplicative of Treasury authority. Justice, State, Treasury and STR feel that the issue should be addressed now, rather than to send an unclear signal about whether future anti-dumping actions can be brought under Section 337. Labor and Commerce would prefer to limit the

denial to the facts of this case -- no domestic benefit from the proposed order. While I have no strong views in this regard, you probably should go ahead and address the issue directly in the terms suggested by the draft transmittal. If you feel that you have insufficient information or if you would like to leave the issue open for the future, you can ask that the transmittal be redrafted to eliminate the language.

CHAIRMAN.



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, D. C. 20436

April 21, 1978

MEMORANDUM

To: The President

From: Daniel Minchew *Daniel Minchew*

Re: Stainless Steel Pipe and Tube, a Section 337 Case.

Legal arguments can be made for either acceptance or rejection of the USITC's cease and desist order. From the long-term trade policy aspect the arguments for approval or no action (the same as approval) are much stronger.

Recommendation

I recommend strongly that you take no action. This would allow the order of the USITC that certain Japanese firms cease and desist from engaging in certain unfair trade practices to stand.

Discussion

(1) You have made a number of statements, including your last State of the Union Message, in which you have encouraged free trade, but also vigorous action to assure that international trade is conducted on a fair basis. To overturn the USITC's cease and desist order would put in doubt the strength of your commitment to these previous positions. On the other hand allowing the cease and desist order to stand is a positive delivery on your previous commitments as well as a signal to our trading partners that your Administration will be vigorous in its attempts to assure that international trade is conducted on a fair basis.

(2) The cease and desist order shows that the unfair trade provisions of the Trade Act of 1974 can work, and in this instance, fortunately, work in a pro-competitive, pro-consumer way. As much as anything, the order assures that there will be the

To: . . . The President
From: Daniel Minchew

Page Two
April 21, 1978

largest number of competitors, both foreign and domestic, remaining in the stainless steel pipe and tube industry, and this has obvious consumer benefits which will not exist if the unfair pricing practices of the Japanese are allowed to force both American and European suppliers out of the market.

(3) In political terms, section 337 actions are much less costly for the Administration than are escape clause actions, such as the footwear and television cases have been. Everything possible should be done to encourage more 337 actions and fewer escape clause actions. Yet, disapproval of the present case will, in my opinion, encourage people who are just now beginning to consider section 337 as a viable alternative to go back to the old and, for the Administration, more costly escape clause route. For example, a number of industries are presently awaiting your action on this rather minor case to determine which relief alternative they will pursue. Thinking in terms of mid-1979 and 1980, the Administration should seek to avoid difficult decisions in fabricated steel and semiconductors. In my opinion, a disapproval will more likely result in escape clause petitions rather than 337 petitions for those industries.

(4) Disapproval will impair significantly the future use of this statute. In the instant case the Japanese respondents refused to cooperate with the U. S. investigators, and the failure to respond to a legally constituted proceeding of the U. S. Government should not be allowed to become an effective defense against domestic industries trying to protect themselves against possible foreign unfair trade practices.

(5) There is Congressional interest in assuring that the Trade Act work against unfair trade practices -- in this particular case because of its significance as the first major case to come to full term under this provision. For example, a number of Senators have written to you, including a very strong letter from Senators Long, Talmadge, Ribicoff, Bentsen and Moynihan.

(6) The Commissioners of the USITC, largely at my urging, have given strong encouragement to domestic and international interests to settle their differences under the provisions of section 337, before the trade problems become matters of international political significance. In fact, several potentially difficult political choices for the Administration have been averted because parties bringing action under section 337 have settled their differences. The Administration should support this approach because it is the very best way to settle these differences before they ever reach high governmental levels. In the next few years if we do not have more settlement of problems before they reach the very highest political levels, trade problems will start consuming even more of the Administration's time. In short, approval will increase

To: The President
From: Daniel Minchew

Page Three
April 21, 1978

the chances of more settlements in the future of, perhaps, much more difficult cases. Disapproval will undermine at least three years of efforts on my part to get actions settled before they reach the Presidential or the government-to-government level.

Alternative Recommendation

If you decide to disapprove the USITC cease and desist order, I hope that significant language will be included in your statement to minimize the discouraging effect that such a disapproval will have on many industries that are contemplating bringing 337 actions instead of the more traditional, and for the Administration, more costly escape clause actions.

cc: Messrs. Hamilton Jordan
Stuart Eizenstat
Frank Moore
Robert Strauss

THE WHITE HOUSE
WASHINGTON

April 22, 1978

Stu Eizenstat

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

Rick Hutcheson

HEALTH ISSUES

ADMINISTRATIVELY
CONFIDENTIAL

THE WHITE HOUSE
WASHINGTON

to state
only

9:40 AM

THE WHITE HOUSE

WASHINGTON

April 20, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
JOE ONEK

SUBJECT: April 21 Meeting on Health
Issues

I. NHI UPDATE

Senator Kennedy transmitted and Secretary Califano has circulated a new version of the Kennedy/labor proposal. The proposal continues to contain three problem areas:

A. Cost. The proposal continues to call for first dollar coverage (no co-payments or deductibles). The proposal attempts to minimize on-budget expenditures by mandating that employers provide this extensive coverage. But the burden on employers -- especially small employers -- will need to be mitigated by tax credits, thereby increasing on-budget expenditures.

Even the most modest comprehensive plan will increase federal expenditures by at least \$30 billion; the Kennedy/labor proposal would cost significantly more. The business community and much of Congress and the press will complain vehemently about the inflationary impact of this proposal.

B. Role of Private Insurance Companies. The Kennedy/labor proposal continues to provide program administration through two nationwide consortia of insurance companies which have little more than a quasi-public intermediary role. Thus, the private insurance industry and its allies in the business and provider communities will strongly oppose the program.

C. Prospective Budget. The proposal still advocates combatting health cost increases through a "national health budget" to be allocated by state and region. This approach is highly regulatory -- Washington telling each state and local area how much it can spend on health care. The

mechanism would take years to implement and probably would not work effectively even in the long term.

In sum, we continue to be uncertain that Kennedy/labor will agree to a plan which we approve in substance and which has a realistic chance of enactment. Despite polls indicating public support for the concept of NHI, we do not believe that most Americans, who already have good health insurance, will support either a radical restructuring of the present system or dramatically increased expenditures for the poor and elderly. We run a risk of severe criticism on both budget and inflation grounds.

We will continue to work closely with Senator Kennedy and labor to attempt to achieve consensus. But if labor believes that they have a veto over our NHI package and that you are irrevocably committed to sending up a plan this session, they may not be willing to compromise. Therefore, following your study of the PRM Decision Memorandum on NHI principles, a careful decision on our approach to labor should be made.

II. OTHER NHI MEETINGS

Now that you have met with Senator Kennedy and labor we recommend that you meet with other Congressional leaders and interest groups. We think it is particularly important that you speak to Senators Long and Talmadge since they are "rivals" of Kennedy in the Senate on health issues and have jurisdiction over NHI. We could also arrange a single meeting for you with the leading provider and insurance groups. Congressman Ullman should be invited soon after the Senators.

DECISION

Set up meeting with Senators Long and Talmadge, and later with Ullman.

Approve

Disapprove

Set up meeting with provider and insurance groups

Approve

Disapprove

III. PREVENTIVE HEALTH AND NHI

In this meeting, Secretary Califano will present his plans for preventive health, including programs aimed at

"killers and cripplers." While this is useful, we believe that greater emphasis should also be placed on non-medical aspects of health such as better life styles, healthier workplaces, a cleaner environment and safer highways. The high visibility of NHI will give you an unparalleled opportunity to educate the American people on this score. In addition, it makes political sense to present broad prevention initiatives at the same time as NHI, since these initiatives may help reduce criticism of the small size of our NHI package by labor and others.

HEW, OSHA, EPA, and the National Highway Traffic Safety Administration have discussed with us the possibility of developing small but significant preventive health initiatives for the FY '80 budget cycle. For example, there appears to be a crucial need to train more toxicologists and related professionals to deal with the mushrooming problem of toxic substances. Similarly, there seems to be widespread consensus that the federal government needs greater research capability in the toxic substances area, and that relatively small expenditures could provide that capability.

DECISION

Explore ~~small~~ preventive health initiatives for the FY '80 budget cycle in conjunction with NHI.

Approve

Disapprove

BOURNE ATTACHMENT

THE WHITE HOUSE

WASHINGTON

April 20, 1978

MEMORANDUM TO THE PRESIDENT

FROM: PETER BOURNE ^{P.B.}

SUBJECT: HEALTH STRATEGY - NATIONAL HEALTH INSURANCE,
AND KILLERS AND CRIPPLERS

I. Purpose

To follow up on your suggestion that we meet to discuss a National "Killers and Cripples" program and the relationship to our strategy for National Health Insurance. We want also to brief you on the status of the International Health Initiative.

II. Participants, Background, Press

a. Participants

Stuart Eizenstat
Joseph Califano
Peter Bourne
Joe Onek
Charles O'Keefe

b. Background

Following your meeting with Mary Lasker, you had asked me to look at the possibility of initiating a National "Killers and Cripples" program. HEW in conjunction with the Institute of Medicine has completed a study on prevention and is preparing a series of recommendations for a National program. Questions have been raised as to the timing of such a program, how it could be coordinated with our strategy on National Health Insurance, and how we could maximize your role in launching a major effort to have the American people act to improve their own health.

I have discussed this with Joe Califano, and we are in agreement that there should be a major Presidential event in the next 60 days addressing "The Health of America". In that speech you would talk about the general problems of health, stressing the importance of prevention in advancing health and reducing medical costs, and you would urge individuals to take a series of specific steps to promote their own health. You

would state that HEW is preparing a Surgeon General's Report on Prevention and that they would be preparing a major legislative program for next year.

c) Press - None

III. Talking Points

- The desirability of a major speech and its general content.
- Timing of such a speech in relation to the announcement of the National Health Insurance principles. The prevention speech must either take place in May - sufficiently ahead of the National Health Insurance principles so that the speech is not obliterated by their announcement - or in mid to late June.
- Potential initiatives to be contained in HEW legislative program on prevention and timing of their announcement.
- Three minutes at the end of the meeting should be devoted to a summary of the status of the International Health Initiative and related announcements.

PGB:ss

Attachment

POSSIBLE PRESIDENTIAL FORUMS FOR PREVENTION SPEECH IN
NEXT SIXTY DAYS

1. The National Journal Conference on "The Carter Administration, Congress, and Health Policy" at the Mayflower Hotel in Washington on May 22 and 23.
2. The Annual Meeting of the American Health Planners Association in Las Vegas on June 4 through 7.
3. The Annual Meeting of the American Medical Association in St. Louis on June 17 through 21.
4. The Annual Meeting of the National Parent-Teacher Association in Atlanta on June 11 through 14.
5. Institute of Medicine Conference on Adolescent Health in Washington on June 26 and 27.

THE WHITE HOUSE
WASHINGTON

April 22, 1978

Frank Moore

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

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

April 21, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE

F.M. Moore

SUBJECT:

ATTACHED MEMORANDUM ON GREECE/TURKEY

With your approval, we will proceed to implement the attached recommendations on Greece/Turkey.

APPROVE _____

✓

DISAPPROVE _____

F

Electronically Copy Made
for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

April 21, 1978

ok
J

MEMORANDUM FOR THE PRESIDENT

FROM: BILL CABLE *Bill*
SUBJECT: Greece/Turkey

This is the legislative strategy Lee Hamilton suggests that we implement immediately.

- **You should call the Speaker and ask that Admiral Turner and Dr. Brzezinski brief him on the lifting of the arms embargo.
- **Dr. Brzezinski, Adm. Turner, and Sec. Brown should brief John Rhodes as well.
- **By EARLY NEXT WEEK State must prepare a point by point rebuttal of the press statements and testimony given by pro-Greek witnesses before the International Relations Committee. Two documents must be submitted--a summary response and a detailed point-by-point response.
- **A breakfast should be scheduled with the following HIRC members: Zablocki, Hamilton, Solarz, Meyner, Ireland, Fraser, Pease, Beilenson, Fowler, Danielson, Cavanaugh, Derwinski, Findley, Buchanan, Whalen, Winn, and Gilman. Accompanying the group should be Dr. Brzezinski, Adm. Turner, Sec. Brown, and Sec. Vance.
- **Encourage Andy Young to work personally with the Congressional Black Caucus.
- **State should begin a series of one-on-one breakfasts with members of the HIRC.
- **The White House staff should begin to work on Wyche Fowler.
- **Matt Nimitz (State) would be effective working with Gilman and Beilenson.
- **Warren Christopher and Clark Clifford should work with Fraser.
- **Sec. Brown should work with Ireland, Danielson, and de la Garza.
- **It would be extremely useful if Kissinger could make calls to Broomfield and Gilman.
- **The Vice President and Clark Clifford should begin to work on those liberals who aren't all out pro Greek.

ID 782111

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

WASHINGTON

DATE: 22 APR 78

FOR ACTION:

INFO ONLY: HAMILTON JORDAN

ZBIG BRZEZINSKI

SUBJECT: MOORE MEMO RE ATTACHED MEMO ON GREECE TURKEY

+++++

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

+ BY: +

+++++

ACTION REQUESTED:

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

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE

WASHINGTON

April 22, 1978

**Stu Eizenstat
Frank Moore
Jim McIntyre**

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

**Stu - please communicate the President's
decision and stipulations to Brown, Marshall
and Campbell.**

Rick Hutcheson

**cc: The Vice President
Hamilton Jordan**

**LABOR-MANAGEMENT ISSUE - CIVIL SERVICE
REFORM**

THE WHITE HOUSE
WASHINGTON

*include
staff
comments*

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

*SM - PLS communicate Pres's
decision + stipulations to Brown,*

ACTION	FYI		
/		MONDALE	ENROLLED BILL
		COSTANZA <i>Campbell</i>	AGENCY REPORT
/		EIZENSTAT	CAB DECISION
/		JORDAN	EXECUTIVE ORDER
		LIPSHUTZ <i>Marshall</i>	Comments due to
/		MOORE	Carp/Huron within
		POWELL	48 hours; due to
		WATSON	Staff Secretary
/		McINTYRE	next day
		SCHULTZE	

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

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

THE WHITE HOUSE

WASHINGTON

April 20, 1978

C
/

MEMORANDUM FOR THE PRESIDENT

FROM: HAROLD BROWN
ALAN CAMPBELL
STUART EIZENSTAT
JIM McINTYRE
RAY MARSHALL

*Stu
Jim*

SUBJECT: Civil Service Reform - Labor-Management Issue

In your March 2 Message to the Congress on Civil Service Reform, you made two commitments regarding the legal structure of labor-management relations in the Federal sector. First, in the civil service reorganization plan, you proposed to establish a Federal Labor Relations Authority (FLRA) to administer the labor-management program, replacing the administrative structure created by Executive Order 11491. Second, you committed the Administration to develop a labor-management section to add to the proposed civil service reform legislation; the Message left undefined the contents of this promised legislative proposal, except that you specified that it would include authorization for the establishment through collective bargaining of grievance/ arbitration procedures to substitute for the appeals procedures prescribed by the Civil Service Reform Act.

The two specific proposals we have offered in the Message could significantly strengthen the role of the unions. The FLRA could in individual decisions, over time, broaden the scope of bargaining, and the expanded grievance procedures could allow the unions to challenge more management decisions and bring them to arbitration. At the same time, we believe that these changes represent sound public policy initiatives. The independent authority in essence carries forward a structure which has worked well under E.O. 11491. Arbitration has generally been shown in the private sector to be a relatively flexible and efficient way of resolving employee grievances.

As you know, our commitment on this issue was designed to secure active support for the civil service reform package

from the AFL-CIO and the American Federation of Government Employees, and from their supporters in Congress, especially on the House Post Office and Civil Service Committee.

We are now at a point where we must define the specifics of our position on the labor-management section for the bill, and your guidance is needed.

1. Current Law - Executive Order 11491

The Executive Order which currently governs Federal labor-management relations was first promulgated by President Kennedy in 1962 and has been carried forward, with several modifications, by each succeeding President. It contains the following key features:

- a. An administrative structure consisting of the Assistant Secretary of the Labor Department for Labor-Management Relations overseen by a Federal Labor Relations Council. This structure will be replaced by the FLRA if the reorganization plan is adopted after it goes to the Hill sometime before the end of April.
- b. Specification of unfair labor practices, in most respects similar to the comparable provisions of the National Labor Relations Act governing the private sector, which the Assistant Secretary and FLRC are empowered to remedy.
- c. Strict boundaries specifying broad areas which may not be the subject of collective bargaining--e.g., Civil Service Commission requirements, substantive agency policies and regulations, and the decision authority of managers to hire, fire, promote, assign, and direct employees. Other areas may be bargained in the sole discretion of management--an agency's mission, budget, organizational structure, etc.
- d. Prohibition against agency shop arrangements.
- e. Provision for arbitration of disputes other than "adverse actions" (demotions, dismissals, suspensions, etc.) which are appealable through the Civil Service Commission's appeals procedures.

Executive Order 11491 contains no provision for establishing any consultative or negotiating mechanism on government-wide

personnel policy issues (such as pay). Such consultation is conducted through other means (e.g., Federal Employees Pay Council and the Prevailing Rate Advisory Committee). And, because it is an Executive Order, labor-management relations is in the hands of the President and Executive Branch--not the Congress.

2. The Union Proposal--H.R. 9094

The unions' bill, co-sponsored by Post Office and Civil Service Committee members Clay and Ford, contains two provisions which we are already committed to support-- a Federal Labor Relations Authority to administer the labor relations program, and arbitration procedures to substitute for the appeals process in adverse actions. The balance of the provisions of H.R. 9094 cover the same ground as E.O. 11491, but some provisions would expand union power significantly beyond it. In particular:

- a. The bill requires agency shop arrangements for non-union members in bargaining units.
- b. The bill contains no provisions defining management rights which are beyond the scope of bargaining, and it expressly permits bargaining about agency regulations.
- c. The bill establishes a mechanism for nationwide collective bargaining to establish Federal pay levels, replacing the comparability system.
- d. The bill prohibits "illegal" strikes and work stoppages--an ambiguous formulation which might be interpreted as less than absolute.

3. Political Background

Internal union support for developing a joint civil service/labor management reform package was adversely affected by our inclusion of a 5.5% cap on Federal pay in the anti-inflation program; however, Ken Blaylock, AFGE President, and Tom Donahue, an assistant to George Meany, have maintained enough internal support to continue negotiating with us to see if a final bargain can be struck on the contents of a labor-management section for the bill. As you know, Post Office and Civil Service Committee members Ford, Clay, and Solarz are talking with Federal employee unions at our request to help determine whether agreement can be reached.

It has to be recognized that the AFL-CIO support is qualified (they will continue to object to features of the bill), the independent unions continue to lobby strongly against the bill and the union membership is widely apprehensive.

Though some of the momentum created by your introductory National Press Club speech has slipped, support for the civil service package still appears strong in the Senate Governmental Affairs Committee and among the membership of both Houses generally. Support from business and public interest groups and in editorials has been very encouraging. However, there is a substantial risk that the House Post Office and Civil Service Committee will delay action until 1979. Most Democrats and some Republicans on the Committee are responsive to large numbers of Federal employees in their districts and to Federal employee unions, which have (except for the AFGE leadership) publicly opposed our proposals. If action on the bill is delayed into the 96th Congress, prospects for enactment could be seriously harmed, since it may be difficult to hold public attention and sustain momentum for the program.

To overcome resistance on the Committee, and get the bill to the House floor (where prospects for favorable action are better), we need action on several fronts:

- Fast action from the Senate Governmental Affairs Committee to demonstrate the strength of the issue and to prod the House Committee;
- Active and visible Presidential involvement in the issue, which you have provided in this week's contacts with the Committee;
- An active Committee leadership role for Mo Udall;
- Peer pressure from other House members interested in getting an opportunity to vote for civil service reform before the fall elections.

In addition to the above approaches, agreement on a labor-management section with the major unions and their supporters on the Committee could make a decisive difference, by giving them a strong, positive incentive to pass the legislation in this Congress, although they will fight to modify some key features.

As noted above, to seek such an agreement, we have two basic options. These will be discussed below.

4. Optional Negotiating Positions for a Labor-Management Section

Option 1 -- "Arbitration Only"

The minimum position we could take, consistent with a narrow interpretation of your March 2 message, would be to propose a labor-management section which goes only so far as to provide for grievance/arbitration procedures to substitute for the appeals procedure in the proposed Merit Systems Protection Board (currently the Civil Service Commission).

Pros:

1. This minimum option would authorize no changes that would be even potentially detrimental to managerial prerogatives.
2. This option would, in the event the Post Office and Civil Service Committee reported a bill containing unacceptable labor provisions, leave us free on the House floor and in the Senate to fight for a minimum "arbitration only" position, with the possible result that a bill might pass both Houses which stopped short of translating the Executive Order into law.
3. This option would help retain strong support for civil service reform from the Chamber of Commerce, Business Roundtable, Committee for Economic Development and similar management-oriented groups.

Cons:

1. There is a substantial risk, especially in the wake of the pay cap announcement, that this minimal offer would be viewed as a bad-faith gesture by the unions, especially the independent unions which have criticized Blaylock's cooperative posture to date. All unions and their supporters would then probably turn their backs on us and wage an all-out fight against the reform bill, thus severely complicating the effort to secure House Committee action on the bill this year.

2. Even if negotiations were not terminated, the time consumed in reaching an agreement might be too much to permit Committee or House action this session.

Option 2 -- "Executive Order into Law"

A second option would be to include in our proposal, in addition to an arbitration section, legislation designed to place Executive Order 11491 into law, but going no further.

Pros:

1. Support for legislation modeled on the Executive Order would not commit the Administration to any impairment of existing protections for management and for individual employees against what some consider excessive union power.
2. This proposal would stand a reasonable chance of securing agreement, and support for substantial portions of the civil service package, from major unions, or at least the largest union, the AFGE, and from committee members.
3. Even if agreement on a labor-management section could not be reached, this option would be viewed as a good-faith offer, and would create a better atmosphere on the Committee. (This result might lead to report of a civil service/labor-management bill which we could attempt to amend on the House floor or in conference with a good chance of success.)

Cons:

1. By starting negotiations with a position tracking the Executive Order, we might have difficulty resisting demands to weaken our position to reach an agreement. (This danger can be minimized by a proposal that strengthens management protections compared to the Executive Order; the danger will also be minimized by the strength of conservative sentiment on the House floor and in the Senate.)
2. A statute translating the Executive Order into law surrenders much of the President's control over Federal labor relations, and it might be amended in future years in ways which weaken management and

individual rights protections. (Again, however, this concern must be viewed in light of the strength of conservative sentiment outside the Post Office and Civil Service Committee. Moreover, if the Executive Order is retained as the legal basis for Federal labor relations, future Presidents might be no less inclined to liberalize its provisions than would be Congress.)

3. This proposal would lessen conservative support for the reform bill, and provide new ground for partisan Republican attacks on the bill and the reorganization plan.

Whichever option we select to initiate negotiations, there is a substantial chance that we will not be able to reach agreement with the unions and their supporters. If negotiations fail, two alternative scenarios could nevertheless produce a reported bill and floor action this year:

- a. We could acquiesce in inclusion of an unacceptable labor title in the bill, with the understanding that we would fight to amend it on the floor.
- b. We could fight in the Committee against unacceptable labor-management provisions, and seek to persuade a coalition of "conservative" members to report the bill this year.

Neither of the above two alternative scenarios is attractive or seem nearly as likely to produce 1978 action as an agreement with the unions and Representatives Ford, Clay, and Solarz. As noted, Option 2 -- "Translating the Executive Order into Law" -- appears far more likely to secure such an agreement. Hence, we recommend that you authorize going forward with an offer to support a labor-management section which places the Executive Order into law, while strengthening the management protections prescribed in the current text of the Order.

Agency Positions

Secretary Brown, whose Department has the majority of the employees represented by unions, would support Option 2, but only on the clear understanding that the Administration will

actively and strongly resist any attempts in the Congress to change the labor-management provisions in ways that would further restrict management flexibility, and if assurances can be obtained from the AFGE and AFL-CIO that they will continue to support the reform legislation. OMB and DPS agree. In Secretary Brown's view, you should veto the legislation if Congress goes beyond putting the Executive Order into law.

Chairman Campbell wishes to emphasize that "the unions will probably argue that your March 2 commitment goes beyond Option 1 and with some justice, since in your message you said, 'I have also directed members of my Administration to develop a Labor-Management Relations legislation proposal by working with the appropriate Congressional Committees, Federal employees and their representatives.' Later in the message you say this will "... improve the collective bargaining process as an integral part of the personnel system for Federal workers."

Decision

- _____ Option 1 -- "Arbitration Only" Labor-Management proposal
- ✓ _____ Option 2 -- "Executive Order into Law" proposal (Recommended)

oh - but
a) no further
b) Prior agreement from
majority of committee to
get package recommended for
floor action - get as strong
a rule as possible -

J

STAFF COMMENTS

Watson: concurs with Option #2, with the stipulations proposed by Secretary Brown.

Pettigrew: concurs with Option #2. "Selecting Option #1 would seriously damage future relationships with organized labor. If Option #2 is unacceptable to you, then some other alternative should be developed."

Butler: concurs with Option #2.

Congressional Liaison: concurs with Option #2, because this is probably the only way of getting sufficient leadership in the House Post Office & Civil Service Committee to force favorable action this year. However, this option will undoubtedly trigger conservative opposition, within Congress and outside.

If you choose Option #2, CL recommends that you tell the unions and congressional supporters of collective bargaining that:

- this is as far as you will go on the issue; *ok*
- you expect their active support on civil service reform as a result; and *ok*
- if labor-management provisions going beyond the Executive Order are adopted by the Committee, or if they do not provide continuing support in Congress, we will not stand by them on the House floor or in conference (where the provisions will probably be unpopular). *ok*

CL also recommends that our proposal be announced in a way which stresses that putting the Executive Order into legislation is a major step, not just a symbolic gesture. On issues of this magnitude, legislated authority to bargain collectively is better public policy than an Executive Order because it encourages continued congressional scrutiny, and encourages a stable system of labor-management relations, less subject to political pressures. *True*

CL believes Republicans will not try and stop the bill in the House Committee, but will fight the labor provision on the floor.

Eizenstat agrees with Congressional Liaison on these points.

THE WHITE HOUSE

WASHINGTON

Date:

21 April 1978

MEMORANDUM

FOR ACTION:

Hamilton Jordan
Jody Powell
Richard Pettigrew *attached*
Frank Moore (Les Francis) *attached*
Jack Watson *attached*

FOR INFORMATION:

782085

The Vice President

*READ REVISION
CLOSING*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Civil Service Reform - Labor-Management Issue

**YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:**

TIME: 3:00 PM

DAY: Today

DATE: April 21, 1978

ACTION REQUESTED:

Your comments

IMMEDIATE TURNAROUND IS REQUESTED

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

Date:

21 April 1978

MEMORANDUM

FOR ACTION:

Hamilton Jordan
Jody Powell
Richard Pettigrew
Frank Moore (Les Francis)
Jack Watson

FOR INFORMATION:

782085

The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Civil Service Reform - Labor-Management Issue

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 3:00 PM

DAY: Today

DATE: April 21, 1978

ACTION REQUESTED:

Your comments

Other:

IMMEDIATE TURNAROUND IS REQUESTED

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

Date: 21 April 1978

FOR ACTION:
 Hamilton Jordan
 Jody Powell
 Richard Pettigrew
 Frank Moore (Les Francis)
 Jack Watson

FOR INFORMATION: 782085

1978 APR 21 AM 9 42
The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Civil Service Reform - Labor-Management Issue

YOUR RESPONSE MUST BE DELIVERED
 TO THE STAFF SECRETARY BY:
 TIME: 3:00 PM
 DAY: Today
 DATE: April 21, 1978

ACTION REQUESTED:

Other: Your comments IMMEDIATE TURNAROUND IS REQUESTED

STAFF RESPONSE:

I concur. No comment.
Please note other comments below:

I agree with option 2 + with the stipulations proposed by Harold Brown -

J. Watson

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

THE WHITE HOUSE

WASHINGTON

April 21, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: RICHARD PETTIGREW *Rich*

SUBJECT: Civil Service Reform - Labor-Management
Issue

I concur with recommended Option 2. I think it is imperative that that offer be made.

Option 1, on the other hand, is not a politically viable option now. It undermines Blalock of AFGE and Donahue of AFL-CIO who have specifically relied on your representation that we would develop a labor relations component in the bill in announcing their support.

Selecting Option 1 now would seriously damage future relationships with organized labor. If Option 2 is unacceptable to you, then some other alternative should be developed.

REVISED

4/21/78

CONGRESSIONAL LIAISON COMMENTS ON:

Civil Service Reform - Labor-Management Issue

Congressional Liaison concurs with the recommended "Option 2", primarily because it may very well be the only way of generating sufficient leadership in the House Post Office and Civil Service Committee to force favorable action on our Civil Service reform proposal this year.

We believe, however, that inclusion of the recommended option in our legislation will no doubt trigger conservative opposition, within Congress and outside.

If you decide to accept the recommendation, we urge that:

1. The unions and Congressional supporters of collective bargaining be told that: (a) it is as far as you are willing to go on the issue; placing the Executive Order into law, possibly with minor adjustments; and, (b) that you expect their active support on civil service reform as a result. If labor-management provisions going beyond the Executive Order are adopted by the Committee, or if they do not provide continuing support for the Hill, we will not stand by them on the House floor or in conference (where they will probably be unpopular).
2. Our proposal be carefully packaged in an announcement that stresses that putting the Executive Order into legislation is a major step, not just a symbolic gesture and that, on an issue of this magnitude, legislated authority to bargain collectively is better public policy than an Executive Order because it ensures continued Congressional scrutiny and it encourages a stable system of labor/management relations, one which is less subject to temporary political pressures.

Our assessment is that Republicans in the House P. O. & C.S. committee will not try to stop our Bill in committee on the labor issue, but will fight the provision on the floor.

Stu Eizenstat agrees with these views.

THE WHITE HOUSE
WASHINGTON

April 22, 1978

Zbig Brzezinski

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

Rick Hutcheson
cc: Tim Kraft

RE: PLENARY MEETING OF TRILATERAL
COMMISSION

JUNE MEETING EVENT
WITH PRESIDENT CARTER
AT WHITE HOUSE

*Jb19
see me*

Options in Order of Preference

1. Dinner on June 12 (in which case, we would switch Secretary Vance to lunch that day).
2. Lunch on June 12 (in which case, Secretary Blumenthal would lead off trade discussion somewhat later in afternoon).
3. Either breakfast on June 13 or discussion at 5:00 or 5:30 on June 12, just after our trade discussion.
4. Breakfast on June 12.
5. Discussion in mid-afternoon on June 12.

(We assume the President ought not to be asked to do something on a Sunday.)

*Jb19 - Check out - Tim
6/12 lunch - at Hotel
J*

3/22/78

PLENARY MEETING OF
THE TRILATERAL COMMISSION

June 10-13, 1978

L'Enfant Plaza Hotel
Washington, D.C.

As per
your request.

Conference Chairman: David Rockefeller

Saturday, June 10

18:00 - 19:30 Meeting of North American Group

Sunday, June 11

9:30 - 12:15 Brief Welcoming Statements from the Three
Regional Chairmen

Seminar on Developments in the United States:
The Domestic Setting of American Foreign Policy-Making

Speakers: John B. Anderson, Chairman of the House
Republican Conference;
Anthony Solomon, U.S. Under Secretary of the Treasury
for Monetary Affairs;
Third Speaker to be arranged.

12:30 - 14:30 Luncheon

Speaker: Leading Japanese

14:45 - 15:45 Seminar on Developments in Canada

Speaker:

15:45 - 16:45 Seminar on Developments in Japan

Speaker:

16:45 - 17:45 Seminar on Developments in Western Europe

Speaker: Michel Crozier,
Centre de Sociologie des Organisations, Paris

19:30 Cocktails

20:00 Dinner

Speaker: Klaus von Dohnanyi, Minister of State, Foreign
Office, Federal Republic of Germany

Monday, June 12

- 9:30 - 12:15 Presentation and Discussion of Draft Report of Trilateral Task Force on Labor-Management Relations:
Continuity and Change in the Industrial Relations Systems in Western Europe, North America and Japan
Authors: Benjamin Roberts (principal), London School of Economics;
George C. Lodge, Harvard Business School;
Hideaki Okamoto, Hosei University
- 12:30 - 13:45 Luncheon (no speaker planned)
- 14:00 - 17:30 Topical Session: Trilateral Approach to Trade Problems
Speakers: W. Michael Blumenthal, U.S. Secretary of the Treasury
Nobuhiko Ushiba, Japanese Minister for External Economic Affairs
Etienne Davignon, Member of Commission of European Communities with Special Responsibility for Internal Market and Industrial Affairs
- 19:30 Cocktails
- 20:00 Dinner
Speaker: Cyrus R. Vance, U.S. Secretary of State

Tuesday, June 13

- 9:30 - 12:15 Presentation and Discussion of Draft Report of Trilateral Energy Task Force
Energy: Managing the Transition
Authors: John C. Sawhill (principal) President, New York University
Hanns W. Maull, European Secretary, Trilateral Commission
Keichi Oshima, University of Tokyo
- 12:30 - 14:30 Luncheon
Speaker: Harold Brown, U.S. Secretary of Defense
- 14:45 - 16:00 Continuation of Discussion of Energy Report
- 16:00 - 16:30 Report on Implementation of Food Task Force Proposal Presented to October, 1977 Bonn Meeting
- 16:30 - 17:30 Future of the Commission
- 19:30 Cocktails
- 20:00 Dinner (to be arranged -- we hope at some point to meet with President Carter)

THE WHITE HOUSE
WASHINGTON

April 22, 1978

C
/

TO: The President

FROM: Tim Kraft *TK*
Fran Voor *fran*

RE: Western Trip - Update on Issues

We have had several meetings with staff, Western Task Force, Secretaries Schlesinger, Andrus & Bergland, and Congressional Hill staffs regarding the issues to be addressed by you during the Western Trip. We thought it best to keep you informed as to plans.

Wednesday, May 3

This is Sun Day, as you know.

A substantive statement of approximately 10-minutes in length reiterating your commitment to the potential of solar energy, along with possibly announcing further research commitments in this area, is being prepared for the Solar Energy Research Institute's event in Golden.

(There will be no other issue addressed this day so as not to complicate the day or take away from press focus: two days prior to your arrival in Colorado, we hope to have ready for joint announcement by Haskell, Hart and Lamm our Energy Impact Assistance package. This should be on your desk now or in the immediate days ahead.)

Thursday, May 4

Prior to departing Denver, we will bring together a group of governmental, environmental and community leaders to give you an opportunity to announce an inter-departmental program to deal with Denver's Pollution problem. The Congressional delegation identifies this as the hottest issue/problem and are delighted with the prospect of your being able to say something positive along this line.

The luncheon speech in Los Angeles will focus on the broad principles of Justice in America. You will have a meeting Monday afternoon with Bell, Stuart, and OMB during which time the outline of the speech they have in mind will be discussed.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

On the way to the Los Angeles Airport, we are planning a one-block walk in WATTS. (not yet announced). WATTS has made remarkable recovery since the riots, has the highest rate of black home ownership in the country, and this gives you not only an opportunity to be visible with the people of Los Angeles but also gives you an opportunity to emphasize that your Urban Policy is not just for the cities of the northeast (a criticism to which we've been subjected.)

The evening in Portland, Oregon, will be highlighted by your Regional News Conference - this will probably be carried live nationally. We are planning your opening statement to focus on Civil Service Reform.

Friday, May 5

Before leaving Portland, we are getting together Mayors and County officials (a relatively small number to have a dialogue with you) from the three States of the Pacific Northwest (Oregon, Washington & Idaho). While no major press statement will be made, the point we'll make is that you recognize it's difficult for them to travel to Washington, you haven't forgotten them, you want to give them an opportunity to visit with you personally on whatever's on their mind.

In Spokane, your remarks at the Riverfront Park Dedication (outdoor, large crowd event) will be general in nature, stressing your concern for the quality of life in America, congratulatory of their efforts with a paragraph or two on how our Urban Policy encourages this type of development. (This Park received much EDA money.)

At the town meeting, your opening remarks are planned to focus on inflation issues & the economy.

NOTE: We plan to ask Secretary Schlesinger to travel with us to Colorado: Secretaries Bergland and Andrus the entire route.

THE WHITE HOUSE

WASHINGTON

22 April 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

RICK HUTCHESON *RH*

SUBJECT:

Status of Presidential Requests

BRZEZINSKI:

1. (4/21) (and Powell, Moore) Move on a strong Cambodian statement -- Done. *done*

VICE PRESIDENT:

1. (4/17) Please call Marian Edelman and Coretta King regarding the Head Start Program in the Department of Education -- In Progress.

FIRST LADY:

1. (4/19) Invite Don Reynolds, Publisher, LAS VEGAS REVIEW-JOURNAL to a State banquet -- Message Conveyed. *done*

CHARLES WARREN:

1. (4/12) Work with Jim Fallows on the Solar Energy Speech -- In Progress, (for Western trip).

EIZENSTAT:

1. (4/21) (and McIntyre) Expedite Pension Commission -- Done. *?*
2. (4/21) Comment; The President wants to hold to maximum deregulation and minimum budget cost, and is willing to fight it out with Congress -- In Progress.

KRAFT:

1. (4/10) Work out a time for the President to see Giscard -- Not to be scheduled, (per Brzezinski and Kraft).

2. (4/21) (Voorde) Please send nice regrets to W.W. Gaston (of the Farm Credit Banks of Columbia) who invited the President to address their National Directors Conference in Atlanta -- Message Conveyed. *done*

STRAUSS:

1. (4/20) Talk to Ed Muskie regarding the environment vs. inflation -- In Progress.

MOORE:

1. (4/6) (and the Vice President) Check with Pat Harris on the Tennessee Director concerning the Knoxville UDAG grant -- In Progress, (Frank has talked with Pat Harris on the UDAG grant. Application has been resubmitted. Sasser meets with the President on Wednesday to discuss this).
2. (4/6) See Jim Gammill regarding Malcolm Reese. Comply with Sen. Nunn's request that Reese serve at either SBA or Federal Home Loan Bank Board in Atlanta or Washington -- In Progress (with FHLBB).
3. (4/12) Get a reply from McIntyre concerning the letter from Sen. Williams about the VA hospital in Camden, N.J. -- In Progress, (McIntyre has responded; Congressional Liaison is reviewing; expected 4/24).
4. (4/14) Set up a meeting for Dee Huddleston and Administration officials regarding intelligence charter -- Scheduled for 4/26.



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

APR 21 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. McIntyre, Jr. *Jim*
Director

SUBJECT: Executive Branch position on the establishment
of an Institute for Human Rights and Fundamental
Freedoms

Issue

Should the executive branch support enactment of H.R. 11326 and S. 2994, bills "To establish an Institute for Human Rights and Fundamental Freedoms to promote respect for and observance of human rights and fundamental freedoms in foreign countries?"

Background

On Tuesday, April 25, Warren Christopher plans to testify before a House International Relations subcommittee in favor of these bills, with some modifications. I understand that some time ago you discussed the matter with Zbig and Cy and agreed with Cy's negative viewpoint. We understand that Cy now believes he can support a modified institute. I believe, however, that the creation of such an institute would be inadvisable for a number of reasons.

The bills would establish an agency to carry out programs to promote international respect for human rights by providing assistance to nongovernmental organizations and individuals for:

- o sponsoring conferences on human rights in foreign countries,
- o publishing and disseminating books and artistic works in foreign countries which have been suppressed for political reasons,
- o supporting victims (and the families of victims) of political persecution by foreign governments, and
- o assisting in the legal defense of human rights in foreign countries.

State supports the creation of the Institute as an affirmation of American commitment to human rights and as a means of institutionalizing human rights as a factor in our foreign policy and of supporting private organizations that have been active in the field. State recognizes the possibility that the Institute might be seen as an arm of the U.S. Government designed for interference in internal affairs of foreign countries and recommends certain changes to enhance its disassociation from the government:

- (1) denying the Institute franking privileges and access to government information, services, and employees;
- (2) prohibiting the Institute from having permanent offices abroad;
- (3) authorizing grants only to non-governmental organizations abroad, and not individuals, and for generic, not specific purposes.

Despite these recommended amendments to the bills, I have serious reservations:

(1) An "independent" human rights agency unduly risks undertaking activities contradictory to U.S. foreign policy. The agency could not be disassociated from the U.S. Government which will create, finance, and staff it. Creditable independence from Presidential policy is unlikely to be attained by the modifications State suggests.

(2) Support for the creation of another agency without careful consideration by your reorganization staff would contravene your policy to reduce Federal agencies. There has been no opportunity to study current human rights activities of agencies nor to determine how the proposed Institute activities may relate. (Some of the activities of the Institute appear to duplicate activities of the State Department and the International Communication Agency.) (A government corporation is a particularly inappropriate form of organization for non-revenue producing activities.)

(3) State has not estimated Institute costs. They will be additive to current budget planning figures.

(4) Your Administration has made a clear, positive record on support of human rights. If more effort is deemed advisable, the State Department could take the lead with other agencies in developing further initiatives, if you so direct.

For these reasons, OMB recommends that the Administration not support these bills.

Time has not allowed seeking the views of all appropriate agencies.
As you know, Zbig strongly supports the establishment of the Institute.

Options

1. Support enactment of these bills with modification as proposed by the State Department.
2. Oppose enactment for the reasons cited. (OMB recommendation)



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for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

4-22-78

To Sam
Frank

I'm particularly
eager to see reelected
this year Senators
who voted for the
Treaties. Give me an
individual assessment
of what we can do
to help them -

J

THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

April 22, 1978

Frank
J

MEMORANDUM FOR THE PRESIDENT

FROM:

STU EIZENSTAT
FRANK MOORE
JIM SCHLESINGER

She
J

SUBJECT: Telephone Calls to Senators and Congressmen
on Natural Gas Agreement

Attached are a list of telephone calls and talking points, along the lines of our discussion this morning, to attempt to solidify support behind the natural gas agreement.

It is particularly critical that Bennett Johnston be brought along. We think that Senator Long will be influential in this matter and is currently putting pressure on Johnston to oppose the agreement. In this regard, it is particularly important to try to cement Senators McClure, Hatfield and Domenici since they will be critical if Bennett Johnston leaves the reservation.

On the House side, in addition to the thank you calls and calls of encouragement to those indicated, it will be particularly important to get the support of at least two of the four liberals -- Vanik, Rangel, Reuss and Corman. Each of these is a good Democrat and your call may be particularly helpful.

The calls to the Majority Leader in the Senate and The Speaker are important because we need to have their continuing involvement and the prestige of their office in urging their conferees to support the agreement.

We must not let this tentative accord fall apart.

SENATORS

CONGRESSMEN

> STAGGERS, Harley O. (D-W VA)
> JACKSON, Henry (D-Wash)

- Mr. Chairman, you were magnificent.
- Without you, this miraculous compromise -- supported now by Charlie Wilson and John Dingell -- would not be possible.
- I just want to thank you, and offer my full support in the difficult fight that lies ahead.
- We both know there are those from both extremes who will try and derail this effort.
- Under your leadership, I am confident we can prevail.

THE WHITE HOUSE
WASHINGTON

Speaker :

*Turkey arms embargo
briefing*

Tax reform

Energy conference

HOUSE

- * Vanik, Charles A. (D-Ohio)
- * Reuss, Henry (D-Wis) ✓
- * Rangel, Charles (D-NY) ✓
- * Corman, James C. (D-Calif) ✓
- Staggers, Harley O. (D-W.Va) ✓
- Ashley, Thomas L. (D-Ohio)
- Dingell, John D. (D-Mich)
- Eckhardt, Bob (D-Tex) ✓
- Wilson, Charles (D-Tex) ✓
- Sharp, Philip R. (D-Ind)
- Rogers, Paul (D-Fla) ✓
- Anderson, John (R-Ill)
- O'Neill, Thomas (D-Mass)

* Indicates highest priorities.

- VANIK, Charles A. (D-Ohio)
> REUSS, Henry (D-Wis) - *working on it now - trying to help*
> RANGEL, Charles (D-NY) *will help* *go on 4 points*
> CORMAN, James C. (D-Calif) *will try*

-- I want to ask you to give very careful consideration to the tentative natural gas compromise that has emerged.

-- This is a difficult issue. The coming days are going to see much emotion and pressure on all sides -- but I hope you will listen carefully to the assessment of this compromise by energy experts like John Dingell and Bob Eckhardt.

-- It is a good compromise.

- o It provides seven more years of certain regulation, with a Congressional right to reimpose at a later time if necessary.
- o It costs no more than the existing regulatory program under which almost no new gas is flowing into the gas starved interstate system.
- o It controls the intrastate market and creates for the first time a national market for natural gas.
- o It provides for a strong and mandatory incremental pricing provision to protect the residential consumer from rising prices by first passing them through to the least desirable industrial boiler fuel users.

-- It is not the bill you or I would have written by ourselves. But the nation sorely needs to bring order to our natural gas markets and more importantly enact an energy bill. This is a reasonable compromise that will move us in that direction.

-- I need your help in the effort to enact this bill. If it fails, it will be the country and the Democratic majority who will bear the burden of that failure.

-- As national leaders and Democrats, I hope we can work together to finally produce a national energy policy, and this gas compromise is a critical link in that effort.

ANDERSON, John (R-Ill)

- I want to thank you for your participation in the deliberations that have lead to the tentative natural gas agreement.
- It is not what either of us may have preferred, but it is a good compromise that achieves many of your goals:
 - Date certain deregulation of:
 - o new gas
 - o intrastate gas
 - o incentive gas
 - o high cost gas
 - Accelerating and certain prices for old gas.
 - A valuable and generous new gas definition.
- There are those from both extremes who will try and derail this effort.
- I hope we can count on your support and help in the fight that lies ahead. Too much is at stake for this issue to degenerate into partisanship at this point.
- It is a time, as Senators Domenici, McClure and Hatfield have shown, that calls for your kind of help and statesmanship.

ASHLEY, Thomas L. (D-Ohio)

- Lud, you've done a marvelous job.
- Without you, this miraculous compromise -- supported now by Charlie Wilson and John Dingell -- would not be possible.
- I just want to thank you, and offer my full support in the difficult fight that lies ahead.
- We both know there are those from both extremes who will try and derail this effort.
- With your continuing leadership and support, I am confident we can prevail.

DINGELL, John D. (D-Michigan)

ECKHARDT, Bob (D-Texas)

WILSON, Charles (D-Texas) - *Schlesinger - good job*

- I want to thank you for your extra-special efforts in pulling this compromise together. I know it wasn't easy, and I appreciate your commitment and sacrifice.
- Without you, this compromise would not be possible.
- I just want to thank you, and offer my full support in the difficult fight that lies ahead.
- We both know there are those from both extremes who will try and derail this effort.
- Your efforts are going to be critical in lining up the support needed to move this compromise through the conference and the floor. I want to work closely with you in that effort.

SHARP, Philip R. (D-Indiana)

ROGERS, Paul (D-Florida) *Schlesinger did good job*

- I want to thank you for your very special effort in pulling this compromise together. Your moderating influence was critical in keeping the effort on track.
- I just want to thank you, and offer my full support in the difficult fight that lies ahead.
- We both know there are those from both extremes who will try and derail this effort.
- Your efforts are going to be critical in lining up the support needed to move this compromise through the conference and the floor. I want to work closely with you in that effort.

THE SPEAKER

- Thanks to your efforts, I think we have taken a major step forward in reaching this natural gas accord.
- I know the coming fight will not be easy, with those from both extremes trying to derail our efforts.
- Today I am calling Reuss, Vanik, Rangel and Corman, and want to work closely with you and Lud in the days ahead.