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	ARAGON
	BOURNE
	BUTLER
	H. CARTER
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	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE
WASHINGTON

May 1, 1978

Frank Moore

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

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

WEEKLY LEGISLATIVE REPORT

ADMINISTRATIVELY
CONFIDENTIAL

THE WHITE HOUSE
WASHINGTON

*Frank
J*

April 30, 1978

ADMINISTRATIVELY CONFIDENTIAL

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

DOMESTIC POLICY ISSUES

1. ENERGY

Natural Gas: Staff and the negotiating conference team are having trouble putting the compromise down on paper. The toughest issue is the agricultural exemption (important to Senators Johnston and Ford) in the incremental pricing provision. The full conference is not likely to convene until this difficulty is worked out. DOE is working on the problem.

-- We still have a very long way to go on the House side when and if the full conference approves the compromise. As a further indication of general frustration with not breaking out the 3 approved bills and of opposition to the natural gas compromise, the House Energy and Power Subcommittee voted (8-1) on Thursday not to report out the DOE FY 1979 Authorization bill. The vote was meant to express displeasure with the Secretary of Energy and with certain conferees meeting in secret sessions. Dingell says his subcommittee may not report out the bill until the natural gas conference is worked out. House liberals, led by Moffett, are already working the floor to oppose the conference report.

-- On the Senate side, Chairman Jackson is becoming more and more frustrated about House reaction to the compromise. He still retains good humor, but his staff has expressed some bitterness. It is safe to say that the Chairman is not as concerned about Senator Johnston's position as we are. He believes we can get energy legislation without Senator Johnston -- a view we do not share.

Energy Taxes: On Thursday, the Finance Committee approved (11 to 6) Senator Dole's sense of Congress resolution that you not impose oil import restrictions. While this resolution is not binding, when it gets to the Senate floor we will have to get 34 votes to demonstrate that we can sustain a veto of any attempt to take away your authority in this area.

-- The Committee vote was as follows:

For Dole

Ribicoff
Byrd, Va.
Hathaway
Matsunaga
Moynihan
Curtis
Hansen
Dole
Roth
Laxalt
Danforth

Against Dole

Long
Talmadge
Haskell
Gravel
Nelson
Bentsen

2. TAX REFORM/REDUCTION

-- The Joint Tax Committee staff is working out a tax reform/cut package that includes elimination of itemized deductions for personal property, sales tax, gas tax and some other portions of our individual simplifications which would total to about \$4.6 BILLION in revenue increases. The staff does not plan to include any of the proposed DISC, deferral, or much beyond clubs, lodges and yachts in the travel and entertainment area. Major issues left to be decided are the net size of the tax reduction (likely to be in the \$15-20 BILLION range) and what to do about Social Security. Current plans call for a separate Social Security bill which would provide a \$5 BILLION reduction in rates for individuals and employers. This bill would move together with the tax bill.

3. CIVIL SERVICE REFORM & REORGANIZATION

-- As a results of sessions last week, you have now met with 14 Democrats and all 8 Republicans on the House Post Office and Civil Service Committee; the only Democrats with whom you have not met are: Wilson (Calif.) Myers (Pa.) and White (Tex.). From information we have gathered in conversations, only Wilson appears to have actively resisted meeting with you.

-- Your meetings, and personal conversations between member of P.O.&C.S. and Cabinet officers, have paid off. The committee is definitely feeling the heat. Our strategy now will be to generate some further pressure from within the House generally, to put the committee members in a squeeze between us and their peers.

-- Congressmen Ford, Clay, and Solarz have been attempting to draft their own "committee print" which would be a strong pro-labor measure. If they are successful, it would mean a difficult mark-up, with us trying to improve the measure almost line by line. Chairman Nix and Chief Counsel, Dave Minton have vowed to fight the Ford-Clay-Solarz ploy by using our proposal as the vehicle for mark-up. If Nix, Minton and the moderates hang tough, we will be in fairly good shape.

-- Chairman Nix is campaigning virtually full-time in anticipation of his May 16 primary; he probably will be there through the election (if he loses, speculation is that he'll just stay there). With Nix's consent, Minton is trying to enlist Mo Udall to lead the fight for reform, to chair committee sessions, and move things along.

dk -- Secretary Andrus reported a very productive conversation with Udall in which the Congressman indicated a willingness to take over for us. I think a phone call from you to Udall in which you ask him "point-blank" to take the lead would set the deal in concrete. It is vital that Udall understand our concern regarding the Ford/Clay/Solarz strategy on a "committee print".

sk -- Congressman Joe Fisher (who does not serve on P.O.&C.S., but whose suburban Virginia district contains a large number of federal employees), has been generally supportive of civil service reform. We have asked him to make a statement specifically endorsing our proposal, an action he is now considering; a call from you might be the final prod necessary. An endorsement by Fisher will help mute Harris' and Spellman's concerns and serve to encourage others who have sizeable federal constituencies.

-- Gladys Spellman conducted her first hearing at an agency (HEW) on Friday; Harris, Heftel and Rousselot also participated. Jule Sugarman represented the Administration. The hearing was well-attended and orderly. However, as was to be expected, there was a great deal of negative comment. While most of the criticisms were directed at the present system, apprehension about our proposals was clearly evident. Four additional agency hearings are scheduled for the coming weeks.

-- AFGE and AFL-CIO's Public Employee Dept. testified before the Senate Governmental Affairs Committee on Thursday. As they agreed to do previously, their testimony was generally supportive of our reform initiative. They, of course, expressed some specific concerns and disagreements. The testimony was more supportive than originally planned because of your meeting with Blaylock and Donahue.

-- The Senate committee is scheduled to complete its hearings on the legislation next week and is tentatively planning mark-up near the end of May.

-- As I mentioned Thursday, Ribicoff is resisting our intention to send up the reorganization plan on or about May 1. He claims we are "pushing and working (them) too hard." (Senators Danforth and Mathias have pushed him about this. WH CL plan to see these Senators during the week.) We have not yet decided when to send the plan. The task force is considering various options and strategies in this regard. On the one hand, we do not want to alienate Ribicoff and the committee by appearing too insensitive or uncooperative, but neither do we want them to be dictating our strategy; we also want the plan to be moving so as to put some leverage behind the legislation. A decision on this will be made early in the week.

sk -- It will be necessary for you to meet soon with Ribicoff, Percy, Sasser and, perhaps, Javits to: 1) bring them up-to-date on the work you have done with the House P.O.&C.S. Committee; 2) reemphasize the importance of this measure in 1978;

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3) get agreement on a time frame for the legislation and the plan; 4) insure that the Senate's institutional pride is not offended because of the attention we - and you - have been paying to the House.

4. HOSPITAL COST CONTAINMENT

-- Secretary Califano and his staff met with Chairmen Rostenkowski and Rogers to discuss the legislation. HEW is still attempting to work out some kind of compromise with the AFL-CIO on the wage pass-through issue. The UAW, however, is supporting the bill, but it too hopes that a compromise can be worked out. HEW's initial proposal for a compromise was rejected, but negotiations have renewed. The bill is expected to be taken up in the full Commerce Committee after May 15 and in full Ways and Means somewhat thereafter. On the Senate side, HEW will continue negotiations with Senator Talmadge.

5. AIRLINE REGULATORY REFORM

?
Sounds
very
bad

-- Markup in the House Subcommittee will occur either Thursday or the next Tuesday. The Levitas compromise will have a strong policy statement, a study on automatic entry, a good unused authority and a presumption in favor of a new entry. The House, unlike the Senate, has no strong advocates for the bill, so a consensus compromise that will make it to the floor where we can attempt to strengthen it is our best bet. If we can get a bill out of the House, we will fight in conference to get a version as close to ours as possible.

6. LABOR REFORM

-- Labor's count on cloture in the Senate is 52 firm on the first vote, six more who will support cloture on the second and third vote and 3 more who are shakey supporters, for a total of 61 - one more than is needed. This is a very soft count in our opinion, but we are close enough now that Senator Byrd must give it a try.

-- He may call the bill up next week, depending on the arms sale schedule. There is substantial concern among pro - Israeli Senators that a labor reform filibuster could cut up many of the days the Senate has to consider arms sales.

-- We are working closely with organized labor and the Labor Department on this vote. We are optimistic about eventually getting cloture. Labor has pulled out every stop. This is their Panama.

7. APPROPRIATIONS

State/Justice/Commerce: At its markup last Wednesday, this Subcommittee recommended a net decrease of approximately \$50 million from your total request of \$8,589 million. However, the Subcommittee deferred action on \$80.6 million for unauthorized EDA programs. When this action is considered, an overall increase of approximately \$30 million is apparent. The Subcommittee also provided \$3 million to fund the Renegotiation Board until March 31, 1979. Commerce advises that the Subcommittee severely cut appropriations for their anti-boycott program and that a strategy for reversing this action is being organized.

Treasury/Postal Service: At its markup last Tuesday, the subcommittee recommended a total decrease of \$17.4 million to the total request of \$8,940 million. Changes included: 1) the request for 26 additional positions for the Office of the Treasury Secretary was denied; 2) the request of \$2.6 million for the Domestic Policy Staff was decreased by \$650 thousand-- no changes were made to the requests for the White House office, the Executive Mansion, or the unanticipated needs funds; 3) Treasury advises that the Subcommittee included a rider prohibiting the use of any funds to implement to gun registration regulations.

Labor-HEW: House subcommittee mark-up is scheduled for next Thursday. Preliminary indications are that the subcommittee will recommend a bill which is \$200-300 million over the budget request. However, since the subcommittee plans to cut estimates for some uncontrollable welfare programs, the bill will actually contain approximately \$500 million in discretionary program increases above our request. This amount is less than the House \$1.4 BILLION discretionary increase from last year; however, our FY 1979 education budget is somewhat more generous than last year's version.

-- Increases are expected by the subcommittee to the following programs: health research (NIH), health manpower capitation grants, education grants to make facilities more accessible to the handicapped, and others. Mary Lasker and Ann Landers have been lobbying forcefully for more cancer funding.

-- According to the staff, the only Member showing some interest in decreasing the spending in this bill so far has been Chairman Mahon. HEW advises that Secretary Califano and his staff have met with many Members of the Subcommittee to urge them not to increase the budget, and these efforts may pay some dividends.

Public Works: House subcommittee mark-up on this bill is scheduled for next Wednesday. According to the staff, 75% of the House Members have requested that the subcommittee approve specific program increases..

-- In the water policy area, pressure exists to fund 35 new water policy construction starts and numerous study proposals without providing full funding. The subcommittee may restore funding for the Merrimac and Yatesville projects, both terminated last year, and may also fund restudies of project alternatives for three other of the terminated nine projects.

-- In the energy supply area, the staff indicated that middle-level Department of Energy personnel have been pressuring the authorizing committees (which for energy comprises almost half the House) to support program increases which have not been approved by you. The authorizing committees, in turn, have been asking the Appropriations Committee to fund many of these unrequested programs. This process will culminate in some large increases to energy supply spending, with special emphasis on solar energy.

-- No Member of the House has suggested any cuts in the Public Works bill yet. OMB advises both the budget offices at Energy and the Corps of Engineers have been helpful in reporting to the Committee that they cannot use much of the additional funds supported by some Members.

HUD-Independent Agencies: Subcommittee mark-up on this bill will occur next Wednesday in the House. In total, the bill will be under our requested level, though the mix of programs will shift somewhat.

-- In the veterans' area, increases are expected for medical care (including restoration of about 50% of the bed cut) and for research (about \$5 million). The outlook for eliminating the Camden VA hospital is not favorable.

-- Other increases are expected in EPA programs, with the largest in the Section 175 transportation planning program. For the NASA chapter, the chances are better than 50/50 for funding the fifth shuttle orbiter, NSF funding is expected to be reduced somewhat.

8. BUDGET RESOLUTION

-- House floor action on the resolution is scheduled to begin next Tuesday. The first attempt at enacting a resolution may fail, since some of the proposed amendments to increase the resolution may alienate conservatives, and some of the proposed transfer and cut amendments may enrage liberals.

-- Initially, Chairman Giaino recommended that the Administration not participate in the House passage of the budget resolution. However, the Speaker has asked that we work with him to oppose floor amendments which would increase the budget, such as those in the veterans and defense areas.

-- A listing of some of the expected amendments follows:

1. A Roberts amendment (sponsored by the Veterans Affairs Committee) to add \$1.0B in BA and \$800M in outlays for unspecified entitlement authority for veterans' programs. This would be in addition to the significant increases in veteran's spending already recommended by the Budget Committee.
2. A Stratton amendment to add \$2.4B in BA for Defense increases supported by the Armed Services Committee.
3. A Luken amendment to include the tuition tax credit. This amendment is expected to win.
4. A Fisher amendment to cut spending either across the board or selectively.
5. A Volkmer amendment to reduce all discretionary BA by 2%.
6. A Mattox amendment to eliminate funding for Congressional and top-level pay increases. (The Committee will try to avoid a roll call vote here.)
7. A Spellman amendment to delete the savings which would accrue from the enactment of wage board reform legislation.

9. AGRICULTURAL ISSUES

Farm Legislation: USDA reports that Senate-House conferees on the defeated "Emergency Farm Bill of 1978" met again Wednesday. This time they approved discretionary language which gives the Secretary the authority to adjust target and loan rates on wheat, feed grains and upland cotton whenever a set-aside or land diversion program is in effect, with the Secretary's commitment to raise the target price on wheat to \$3.40 and no more. The bill also changes the formula for determining cotton loan levels but set a minimum level of 48 cents per pound. USDA analysts are trying to determine if it would increase outlays.

Sugar: USDA reports that in the absence of any Administration initiative, Senator Church with 25 cosponsors, this week introduced a new domestic sugar program. Several of the cosponsors are members of the Senate Finance Committee, to which the bill was referred. Drafted largely by the industry, the bill establishes a price objective of 17 cents per pound which would be achieved through import fees and quotas. There would be no payments to producers and no control and fees would be suspended if the domestic price exceeds the price objective by 20 percent for 20 market days. Rep. E. de la Garza plans to introduce similar legislation in the House, but hopes to draft the bill so that its referral is to the House Agriculture Committee rather than the Ways and Means Committee.

*Possible
trouble
&
veto*

10. URBAN POLICY

-- Of the 16 separate legislative items, about 10 pieces have not yet been submitted to the Hill including the Development Bank proposal which will have dim prospects in the Banking Committees. However, all the pieces should be up by the end of next week.

-- The Supplemental Fiscal Assistance/Revenue Sharing proposal, already submitted to Congress, will cause the greatest controversy. DPS staff believes that Senator Long's Finance Committee and Jack Brooks' Government Operations Committee will ultimately provide about \$1 Billion, but the House, in particular, is leaning towards a general revenue sharing plan without the Administration's targeted program approach.

-- WHCL will be meeting with Chairman Reuss early next week to discuss the urban policy situation on the Hill.

11. ALASKA LAND

-- When the Speaker and Majority Leader Byrd met last week to work on priorities for the remainder of the session, Senator Byrd indicated that he fears a fight from Alaskan Senators. Jackson wants to move and is pushing Byrd. Udall remains strongly committed to this important environmental issue. You will have more details on this situation prior to Tuesday's Leadership breakfast.

*Let's
push*

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12. USER CHARGE/LOCKS AND DAMS 26

-- The reaction to Secretary Adams' letter is still uncertain. Stevenson and Domenici are working both sides of the aisle trying to get votes for their compromise. At the very least the Secretary's firm statement of your position will make the job easier.

-- The vote will be Wednesday or Thursday. We will be working with our Senate allies to beat the Long amendment. We must be careful not to express your approval of the entire Waterways bill just because we get a victory on the Locks and Dams 26/ User Charge issue. Judging from the other amendments filed, this bill could be a disaster if the Senate gets careless.

13. LOBBY REFORM

-- Senator Muskie has become a problem as the Senate begins consideration of the House - passed bill. Claiming to be defenders of the First Amendment, two Muskie staffers are now pressing for less stringent registration and reporting requirements. Muskie is not normally active on the Government Operations Committee, but his staffers are trying to stir him to action on this issue.

-- We are certain that some compromise will be necessary to get the bill out of committee. Senator Kennedy will seek to strengthen it on the Senate floor. The prospects are still good for eventual passage of a reasonably tough lobby bill.

14. NO FAULT

-- The no-fault bill is having difficulty clearing the Senate Commerce Committee. Senators Riegle and Durkin are the two stumbling blocks. Both think the bill is too generous to the insurance companies and does not provide adequate consumer protection. Senator Durkin has a number of amendments which are not acceptable to many of the other Senators who now support the Committee's bill. The vote, if taken, would be 8-7 against the bill, with Durkin and Riegle undecided

J agree
-- Durkin knows a lot about this subject because of his background as state insurance commissioner. We are trying to convince him that the Senate floor is a more politically visible place for him to press for his amendments than is the committee, so he should vote to let the bill out. Riegle will follow Durkin's lead.

FOREIGN POLICY AND DEFENSE ISSUES

1. MIDDLE EAST ARMS

-- The pendulum seems to have swung in our direction as we get out from under the procedural issue of the "package". In the letter to Senators Byrd and Church the Senate is being assured that it will have full opportunity to discuss each of the cases on its merits. Byrd and Church are pleased with the peace offering and we can now get down to the merits of the case. Other member of the SFRC however, see the letter as a "cute" method of getting around the "all or

nothing" problem without backing off the concept.

-- Press coverage has been almost entirely positive in those journals most read in Washington.

-- The HIRC plans hearings on May 9 and 10 and tentatively a vote on May 11. The SFRC, although it protested that it had no time to deal with it until May 15, will probably try to squeeze in another session to consider and possibly vote on the package prior to the HIRC vote. Failing that, the SFRC will plan to act during the week of May 15.

2. SECURITY ASSISTANCE

-- The HIRC markup of the bill will resume on Tuesday. The key issues still pending before the Committee are Greece and Turkey. Korea, and a series of amendments proposed by Congressman Fraser to strengthen the human rights provisions of the law. State is in the process of negotiation with Fraser in an effort to avoid additions to existing human rights amendments.

Greece/Turkey Package: The HIRC markup on our proposals for Greece, Turkey and Cyprus will take place on Wednesday. A vote in the full Committee is expected that afternoon. State's current estimate is that we are still one or two votes short of an absolute HIRC majority for the Administration program. These few votes are within grasp from a list of wavering Democratic Congressman, including Collins (D-Ill.), Bonker (D-Wash.) Beilenson (D-Calif.), Cavanaugh (D-Neb.), Studs (D-Mass.), and Fowler (D-Ga.). We will work with State early next week on these legislators.

-- The Senate will begin consideration of the Administration's proposals on May 2. Deputy Secretary Christopher will be the lead-off Administration witness to be followed by Secretary of Defense Brown, General Jones and Clark Clifford. Subcommittee markup will begin two days later and the full Senate Foreign Relations Committee will take up the Greek-Turkish-Cyprus issue during the week of May 8. Friendly Senate staffers tell State CL that we are far from a majority on the SFRC and State is busily drafting non-substantive amendments to the Administration proposals in an effort to win additional Committee support. The outlook on the Senate floor is somewhat brighter; we think fifty votes can be found for the program if we indicate that this is a high priority item.

Korea: Chairman Zablocki believes he has sufficient votes to carry the Korea equipment transfer and as of Friday, he intends to include it. DOD advises that Senator Glenn also intends to introduce the transfer authority legislation during Senate Committee markup of the security assistance bill. In a related Korea development, DOD is working to have Sam Stratton's amendment to the Defense Authorization bill dropped either on the floor or in conference. The amendment states that no ground combat units can be withdrawn from Korea until Congress enacts legislation authorizing retention of equipment in Korea belonging to each unit to be withdrawn and that the strength of ground combat units in Korea shall not be reduced below 26,000 until a peace settlement is reached ending the state of war on the Korean peninsula. In another development, Rep. Bruce Caputo intends to offer an amendment next year to the Budget Resolution to cut \$56 million for the Korea Food for Peace Program. Prospects for its defeat seem good, but

it will depend on how the budget resolution will play on the House floor.

3. DEFENSE AUTHORIZATION

-- The annual debate on defense spending began in earnest this past week. DOD reports that the House Armed Services Committee completed markup on the authorization bill but since a quorum was not present, the final vote has been delayed until Tuesday morning. The markup is approximately \$2.48 BILLION above our request. Some program highlights: added a nuclear carrier and a nuclear strike cruiser; 12 F-14s; 4 F-18s; 16 C-130s and 40 A-7s. They deleted all but long lead funds from the Trident request and deleted the entire request (\$105 million) for B-1 R&D. Also added was a provision sponsored by Rep. Tribble (R-Va.) which attempts to slow down and perhaps kill the decision to overhaul the Saratoga in the Philadelphia Navy Yard. Senator Byrd of Virginia plans to have a similar provision put in during the Senate markup.

-- The Senate Armed Services Committee began its markup on Wednesday and should complete action by the middle of next week. DOD advises that there is strong sentiment in the Senate Committee for putting a "mandatory" provision in the authorization bill requiring the production of the enhanced radiation weapons. Although he personally favors production, Senator Stennis has indicated to DOD that he will strongly oppose any action which attempts to "mandate" you to produce the weapon.

4. INDUSTRIAL FASTENERS

-- STR advises that during the successful 21-16 vote last week, Chairman Ullman lent behind the scenes support by letting his staff help on the issue and that on the majority side, Waggoner, Gibbons, Jones, and Mikva (at some political risk) were most effective. On the minority side, Conable, Archer, and Frenzel were helpful. The good vote in Committee puts us in better shape for the floor vote (tentatively scheduled for Thursday), but we have a big selling job ahead. Staff from STR, WHCL, NSC, State, Commerce and Treasury have been working on the issue.

MISCELLANEOUS

-- Many Senators are grouching about the number of tough legislative issues they feel we are forcing them to act on this year. Several resent our sending the arms package, Greek-Turkish initiatives, and Labor Law Reform hard on the heels of the Panama Treaties votes. Some will use their pro-treaty votes as excuses to vote against us on other tough issues.

-- Commerce advises that Congressman Cederberg (R-Mich.), who has been in Congress for 25 years, has said that it is sad that the institution of the Presidency has been eroded. He believes that Congress has taken too many of a President's prerogatives and that we can't have 535 Commanders-in-Chief or Secretaries of State. He says everyone in Congress is elected a Democrat or Republican but when they get to Washington, they are all Independents. He believes the Presidency is no worse off in its inability to be effective in Congress than is the Speaker, the Senate Majority Leader, or committee chairmen.

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*Prepare
rough
letter
from me
to all Cabinet*

-- OMB staff recommend that you contact the heads of VA, HEW, Energy, the Corps of Engineers, NASA, and other agencies to encourage their personal participation in holding the budget close to the Administration's recommendations while the appropriations bills are in subcommittee markup.

-- The House Foreign Operations Appropriations Subcommittee markup is scheduled for May 9. All agencies have agreed to hold firm on their budget requests and fight aid restrictions while simultaneously acknowledging that the Long Subcommittee will not approve our total requests.

-- Following the West Virginia tower disaster, DOL contacted the offices of Senators Byrd and Randolph, and Congressman Mollohan. Assistant Secretary Bingham, who was in West Virginia on Friday, is making personal calls to these Members. DOL advises that the OSHA compliance officers as well as Dr. Bingham are conducting an investigation.

-- The Outer Continental Shelf conference is scheduled to begin next week. Commerce, Interior, and OMB staffs have made clear the Administration's positions on a number of items in disagreement.

-- Congressman Roe will be managing the Surface Transportation bill while Jim Howard recovers from his heart attack.

-- ACTION is facing several difficult legislative issues on a number of fronts, including the House International Development Subcommittee's interest in reshaping the Peace Corp as an independent foundation, congressional criticism of the Retired Senior Volunteer Program cutback, and efforts to move the authorization of the Urban Volunteer Program through Congress. We are helping Sam Brown where we can on these issues.

FLOOR ACTIVITIES, WEEK OF MAY 1

House

Monday -- 3 suspensions:

- 1) Pacific Fisheries Development Authorization. According to OMB, the Administration has no objection to proposed technical changes in the bill, but would prefer authorization of such sums as may be necessary for each of FY 1979 through FY 1983 (the bill authorizes \$6 million for each year).
 - 2) Humphrey Fellowship Trust Fund at the Smithsonian's Woodrow Wilson Center. The Administration supports the \$1 million trust fund authorization.
 - 3) Extending Federal Reserve Direct Purchase Authority. The Administration supports the bill.
- Civil Rights of Institutionalized Persons. The Administration supports the bill.

Tuesday -- 2 suspensions:

- 1) SBA Solar Energy Resources Loan Program. According to OMB, the Administration opposes the bill because, among other reasons, the bill is contrary to current SBA efforts to streamline numerous loan authorities, it provides less stringent requirements for determining whether or not a loan can be reasonably repaid, and it duplicates some DOE programs.
 - 2) Water Rights for Ak-Chin Indians. Rescheduled.
- Assassinations Committee Contempt Citation for Claude Powell.
- First Budget Resolution. General debate only.

Wednesday -- Budget Resolution. The House will attempt to conclude, but action could run over to Thursday.

Thursday -- Conf. Rpt. to the Emergency Agriculture Act.

- Industrial Fasteners Override.
- National Labor Relations Act Amendments for Medical Employees.
- Supplemental Appropriations for SBA Disaster Loans.

Senate

-- The Senate is scheduled to take up the Farm Credit legislation and the Waterway User Charges bill. Other action is uncertain.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

May 1, 1978

2

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: THE PRESIDENT
FROM: HUGH CARTER *HC*
SUBJECT: Security Violations
(Per Your Request)

Attached for your information are the security violations
for the month of April, 1978.

THE WHITE HOUSE

WASHINGTON

May 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: FRANK MOORE
FROM: HUGH CARTER 
SUBJECT: Security Violations

The President has asked that I make you aware of the following security violations:

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
4/1	Robert Beckel	Confidential material found on desk
4/10	Dan Tate	Confidential material found on desk
4/16	Les Francis	Confidential material found on desk
4/21	Frank Moore	Confidential material found on desk

cc: The President

THE WHITE HOUSE

WASHINGTON

May 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: STU EIZENSTAT
FROM: HUGH CARTER *HC*
SUBJECT: Security Violations

The President has asked that I make you aware of the following security violations:

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
4/5	Kitty Schirmer	Safe containing Secret and Confidential material found open
4/24	Stu Eizenstat	Confidential document found in folder on top of desk

cc: The President

THE WHITE HOUSE

WASHINGTON

May 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: THE VICE PRESIDENT
FROM: HUGH CARTER *HC*
SUBJECT: Security Violations

The President has asked that I make you aware of the following security violations:

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
4/13	Donna Blume	Secret material in filing box
4/14	Carla Perantoni	Safe containing confidential material found open
4/22	Billy Owens	Secret document found on desk

cc: The President

THE WHITE HOUSE

WASHINGTON

May 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: ZBIG BRZEZINSKI
FROM: HUGH CARTER *HC*
SUBJECT: Security Violations

The President has asked that I make you aware of the following security violations:

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
4/3/	Margaret White	Confidential documents found on table top

cc: The President

THE WHITE HOUSE

WASHINGTON

May 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

CHARLES SCHULTZE

FROM:

HUGH CARTER *HC*

SUBJECT:

Security Violations

The President has asked that I make you aware of the following security violations:

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
4/6	Peter Gould	Safe containing Sensitive material found open
4/7	Pat Lee	Safe containing Sensitive material found open
4/14	Martha Parry	Confidential document found by desk
4/26	Lyle Gramley	Safe containing Secret and Confidential material found open

cc: The President

THE WHITE HOUSE

WASHINGTON

May 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

TIM KRAFT

FROM:

HUGH CARTER *HC*

SUBJECT:

Security Violation

The President has asked that I make you aware of the following security violations:

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
4/24	Tim Kraft	<u>Secret and Confidential document</u> found in drawer

cc: The President

THE WHITE HOUSE

WASHINGTON

May 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: BOB LIPSHUTZ
FROM: HUGH CARTER *HC*
SUBJECT: Security Violations

The President has asked that I make you aware of the following security violations:

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
4/21	Bob Lipshutz	Secret and Confidential documents found on desk
4/24	Bob Lipshutz	Confidential document found on desk

cc: The President

THE WHITE HOUSE
WASHINGTON

May 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: HAMILTON JORDAN
FROM: HUGH CARTER *HC*
SUBJECT: Security Violation

The President has asked that I make you aware of the following security violations:

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
4/27	Becky Hendrix	Confidential document found on typewriter

cc: The President

THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

May 1, 1978

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MEMORANDUM FOR THE PRESIDENT

FROM: Bob Lipshutz *BL*

Should any comments or questions arise at today's reception celebrating Israel's 30th anniversary, attached is a copy of the statement which you made in observance of Passover.

FOR IMMEDIATE RELEASE

APRIL 21, 1978

Office of the White House Press Secretary

THE WHITE HOUSE

PASSOVER STATEMENT BY THE PRESIDENT

In Jewish tradition and practice, tonight is the night that is different from all other nights: the beginning of Passover, the Festival of Freedom.

Passover commemorates a particular struggle in a particular time and place. But its meaning is universal. It is a reminder to all of us -- Jews and non-Jews alike -- that the struggle for freedom and against oppression must forever be renewed.

Little more than a generation ago, the Holocaust -- perhaps the cruelest chapter in the long history of man's inhumanity to man -- took the lives of six million men, women, and children. And 35 years ago today, in the streets of the Warsaw Ghetto, Jewish fighters rose up in arms against their Nazi oppressors. We must never forget the reality and meaning of the Holocaust -- or of the heroic resistance against it.

On behalf of the American people, I have committed myself and my Administration to the cause of human rights. That commitment will remain firm.

In Jewish homes all over the world -- in Israel, in Eastern and Western Europe, in the Soviet Union, in Latin America, and here in the United States -- families and friends will gather tonight for the ceremony of the Seder. As they do, I greet them and assure them that the love of freedom they celebrate is shared by all the people of the United States.

#

2274

THE WHITE HOUSE
WASHINGTON

May 1, 1978

Secretary Schlesinger

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

Rick Hutcheson

POST ARTICLE

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
✓	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

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	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
✓	SCHLESINGER
	STRAUSS
	VANCE

Oil Plan Would Aid East At Expense of Rest of U.S.

By T. R. Reid
Washington Post Staff Writer

The Carter administration is preparing a complex set of changes in federal energy regulations that could lower heat and power prices for East Coast consumers by as much as half a billion dollars a year at the expense of the rest of the country.

The changes would increase price subsidies for Eastern refiners and oil importers. The increased subsidy would be paid directly by refiners elsewhere, and presumably passed on to those refiners' customers.

Energy Secretary James R. Schlesinger promised a group of senators and staff aides from Eastern states last week that the changes would be proposed "quickly"—perhaps this week.

Before the projected changes in oil regulations can take place, the Energy Department must publish the proposals in the Federal Register and hold public hearings. Then, barring congressional veto, they would go into effect.

East Coast members of Congress, including House Speaker Thomas P. (Tip) O'Neill Jr. (D-Mass.), have been pressuring the administration for months to change the subsidy rules. Schlesinger, in turn, has been working to win Eastern support for the administration's beleaguered energy legislation.

Thus some members and lobbyists were quick to see Schlesinger's new commitment as a deal to win votes for the energy bills. As further evidence of political motivation, they noted that Schlesinger had also discussed with Rep. John Dingell, a Michigan Democrat who is influential on energy matters, an addition to the new rules that would give similar price subsidies to Michigan oil importers.

An official at the Energy Department said the timing of Schlesinger's promise was not political. "We had to do this because the New England refiners have to know soon what price



JAMES R. SCHLESINGER
... changes to be proposed "quickly"

they'll pay for oil next winter," said the official, who said department regulations require that he remain anonymous.

If Schlesinger did hope for political gain from his promise to the Eastern legislators, he also incurred political loss, because some members from other regions were furious about the proposed changes.

Among them was Sen. J. Bennett Johnston (D-La.), a leading spokesman for domestic oil producers. "They want Johnston's help on their energy bill," said an aide to the senator. "But this isn't going to make him more likely to work with Schlesinger on anything."

Johnston told Schlesinger Thursday night that the proposed rules changes, which would make it cheaper for the East Coast to buy imported oil, would

See OIL, A3, Col. 1

To Schlesinger
Please explain
Some on hill
are angry

J

Oil Plan Would Aid East at Expense of Rest of U.S.

OIL, From A1

undermine the administration's efforts to enhance domestic production.

Analysts at the Energy Department disputed that, but they admitted that no one is sure what the precise impact of the new rules would be.

The changes Schlesinger has promised would affect the government's "entitlements" program, a pricing mechanism that is generally conceded to be unusually complicated, even in the complex world of energy regulation.

"Entitlements" were created to deal with price disparities created by the government's oil pricing rules.

Under federal regulations, domestic oil is considerably cheaper than imported oil. Since the East uses much more imported oil than the rest of the country, Eastern consumers have been paying more for oil than consumers in other regions.

The "entitlements" regulations force refiners using the cheaper domestic oil to pay subsidies ("entitlements") to refiners, utilities, and industries in the East to offset the higher price of imported fuel.

These subsidies have held down the price of oil used in the East, although prices are still about \$1.40 higher for each barrel of fuel. At the same time, the subsidies have created a disincentive for domestic refiners to ship oil to East Coast markets. That has increased the East's dependence on imports.

The changes Schlesinger promised last week would more than triple the subsidy Eastern refiners now receive on each barrel of imported residual fuel oil. The subsidy would be offset somewhat by an import fee.

Schlesinger also said he would double the current subsidy for domestic residual oil shipped to East Coast markets.

Energy Department analysts say the result of all this would be a reduction in oil prices in the East and an increase in shipments of oil from the Western U.S. to the East.

If everything worked as the Energy Department plans it, the new changes would please everybody.

Easterners would get lower prices, and Western oil producers would have a profitable new market. The plan might then reduce the current glut of residual oil on the West Coast, which has been an embarrassment to administration spokesmen who keep talking about oil shortages.

But some members of Congress said Schlesinger's plan could not work. They said the new changes would not eliminate the disincentive on domestic sales to Eastern markets. And they warned that foreign oil suppliers would raise their prices to soak up the new subsidies.

If that occurred, neither West Coast producers nor East Coast consumers would gain much under the new rules. Instead, members of the Organization of Petroleum Exporting Countries would be the big winners.

Whatever the economic impact of the new rules, there was no question about one political result of Schlesinger's promise: it made a lot of East Coast members of Congress happy.

The New England Congressional Caucus praised the administration's move, saying it could save consumers from Maine to Florida about \$500 million annually in heat and power bills.

But it was not clear whether the changes would swing Eastern votes on the energy bills. Rep. Toby Moffett (D-Conn.), a strong critic of the administration's energy package, said he welcomed the new regulations but considered them "completely separate" from the pending legislation.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

May 1, 1978

*Susan -
prepare -
brief*

J

MEMORANDUM TO THE PRESIDENT

FROM: PETER BOURNE *P.B.*

SUBJECT: DRUG SEIZURE

Over the weekend the Colombian Government made the largest drug seizure ever - 574 tons of marihuana with a wholesale value of \$200 million. This is a direct result of a highly cooperative relationship which we now have with the Colombians as a result of Rosalynn's trip and the follow up visits made by myself and others.

The Drug Enforcement Administration will seek to take full credit for the seizure and it may be suggested that you send specific congratulations directly to the Administrator of DEA. Actually the State Department, especially our Ambassador in Bogota, deserves much of the credit and I recommend you send a note to both Attorney General Bell and Secretary Vance asking them to express to the appropriate people in their Departments your appreciation for the parts they played in the seizure.

I have communicated our special appreciation to the Colombian Government.

PGB:em

22 22

THE WHITE HOUSE
WASHINGTON

May 1, 1978

Charlie Schultze

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

Rick Hutcheson

ECONOMIC GROWTH IN 1978 and
1979; REDUCING THE ESTIMATES

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

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	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
✓	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

April 27, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze ^{CLS}

SUBJECT: Economic Growth in 1978 and 1979;
Reducing the Estimates

In the Budget and Economic messages this year, we forecast a GNP growth rate of 4-1/2 to 5 percent between the 4th quarter 1977 and 4th quarter 1978. The midpoint -- 4-3/4 percent -- was our best guess. A similar growth was forecast for 1979.

While the second quarter 1978 growth will be very good -- making up much of the ground lost in the first quarter -- we have had to revise down slightly our GNP growth estimates for the year as a whole. We now project 4 to 4-1/2 percent for both 1978 and 1979. Because unemployment came down faster than anticipated in the last six months, however, we have not revised our unemployment projections -- 5-3/4 percent is still our best guess for the end of 1979, even though our GNP growth forecasts are lower.

There are two reasons for the revised estimates:

1. Greater than expected inflation, principally because of meat prices and dollar depreciation, will slow the rise in real consumer income, and lower the growth in consumer purchases.
2. Higher interest rates are likely, by the latter part of the year, to reduce housing construction below our earlier estimates.

The size of the downward revisions is not large. But the view that some downward adjustment is needed is shared by virtually all the private forecasters.

(You may have seen in the paper that Bill Miller is forecasting a 4-1/2 to 5 percent growth rate. He was talking, however, about the period from the first quarter 1978 to the first quarter 1979. Given the low starting point in the first quarter of 1978 this implies a lower growth than our own revised estimates.)

Going Public with the Revision

At the request of the Summit Preparatory Group, CEA is taking the lead in preparing a paper on the world economic situation and outlook. The U.S. section of the paper will reflect these downward revisions. While I think it unlikely, this could leak, when it is communicated to our counterparts in other countries.

On Tuesday of next week, May 2, I am talking at the National Press Club. I think it would be a good idea at that time to mention our new estimates, without making them a major point of the speech. I don't have to volunteer the information at this time, but I will have to eventually. The new estimates might help marginally in strengthening the case for the tax cut, and also ease the fear that we are overdoing the stimulus. And, given the trend in private forecasts, it is difficult to maintain our earlier position.

Mike Blumenthal and Juanita Kreps agree with this recommendation. Unless you disapprove, I plan to go ahead as requested.

ok

THE WHITE HOUSE
WASHINGTON

May 1, 1978

Stu Eizenstat

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

Rick Hutcheson

DOMESTIC POLICY STAFF WEEKLY
STATUS REPORT

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
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	VICE PRESIDENT
/	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
/	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

Stu
C

THE WHITE HOUSE
WASHINGTON

April 28, 1978

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

LABOR

Coal Commission: Memo on the structure of the Commission will be sent to you by May 5th.

COMMUNICATIONS

Federal Film Making: The study we helped coordinate was released last week, along with new OMB guidelines to reduce waste.

HOUSING AND COMMUNITY DEVELOPMENT

Fanny Mae: HUD has proposed highly controversial regulations covering Fanny Mae. We are working with HUD to review final regulations.

New York City Finance Package: The absence of a city labor settlement is jeopardizing the Administration package. We are working closely with Treasury, New York parties and Banking Committees.

HEALTH

National Health Insurance: DPS staff is meeting with staff from HEW, Kennedy and Labor to gain a clearer picture of the Kennedy/Labor proposal and to discuss possible areas of disagreement.

Hospital Cost Containment: HEW is still seeking AFL-CIO support for Hospital Cost Containment legislation. If HEW fails, this effort will move to the White House. UAW is now supporting the cost containment legislation. Doug Fraser deserves thanks for his willingness to break with AFL-CIO on this issue.

ECONOMICS AND BUSINESS

Tax Reform: Working with the Vice President, Frank, Secretary Blumenthal on strategy.

Exports: Working with an Interagency Task Force headed by Commerce to consider measures to promote U.S. exports.

AGRICULTURE

Farm Bill: We are working with USDA to assess the bill reported by a Conference Committee on Wednesday. Beyond granting the Secretary discretion to raise target prices when set-asides are in effect (which we supported), the bill establishes a minimum loan rate for cotton of 48 cents per pound.

Sugar: A decision memo on this topic will come to you early next week.

Meat Import Legislation: USDA, State and STR have been taking independent and contradictory positions on this legislation. We are working with them to develop an Administration position. A decision by you might be required within the next two to three weeks.

HUMAN RESOURCES

Welfare Reform: Our discussions with the Hill on a potential welfare reform compromise are proceeding satisfactorily. Secretary Califano met this week with Congressmen Corman and Ullman as well as Senators Bellmon and Ribicoff. Ullman and the Senators were very favorable to attempting to get a bill this year along the lines of a compromise being worked on at the staff level. Corman was very positive about the direction of the staff discussions. We will be working to narrow the range of disagreements in the next ten days.

Veterans Pension: We are working with OMB and VA to hold down the cost of the pension reform bills awaiting floor action in each house. The cost of the House bill is far above our budget. We believe that the Senate bill could be very acceptable with a few modifications. We may suggest the threat of a veto if it appears that the House version will emerge as the final bill.

↑
Must all

be

non-inflationary

↓

ok

Atomic Tests: We are sending you a memorandum to obtain approval for a response to the increasingly frequent reports of cancer incidence from exposure to radiation by troops and workers.

INTEGRITY AND OPENNESS IN GOVERNMENT

Ethics in Government Act: H.R. 1, which in its Title II contains your Ethics in Government Bill, had been scheduled for House action this week, but was pulled from the calendar to give the Speaker time to rally support for the Congressional disclosure title (not in the Administration bill) and for retention of the House rule limiting outside earned income for members (also not in your bill). We are working with Frank's staff, Bob Lipshutz's staff, OMB, CSC, and Justice to attempt to reconcile differences between H.R. 1, a Judiciary Committee product (Congressman Danielson the key player), and competing provisions of the House Post Office and Civil Service Committee bill (Pat Schroeder the key player).

Lobby Law Reform: On April 26 the House passed a strong and effective lobby registration and disclosure bill, including key amendments we had backed. A separate brief status report will be forwarded to you within the next few days. Our interagency task force is now meeting with Senate staff on policy amendments, and closely coordinating with Frank's staff. Senate markup scheduled for May 10-11.

REGULATORY REFORM MATTERS

Executive Order on Improving Government Regulations: Agencies have filed their proposed staffing and scheduling plans for complying with the Order. OMB's staff is digesting this material and working with the agencies to ensure that the agencies meet the May 22 deadline for final announcement of agency plans.

CIVIL SERVICE REFORM

Civil Service Reform Initiative: Hearings continue in the House and Senate. The legislative team is visiting with committee members and meeting with a variety of interest groups. Negotiations with key House Committee members on the labor-relations section of the bill continue. Your personal meetings with House Committee members have played a critical role in moving them toward a markup. The AFL-CIO testified before the Senate Committee on April 27 and continued their support, although we have some differences with them on the legislation. We will be sending you a briefing memo outlining the details of all our proposals shortly.

ENERGY

National Energy Act (NEA): Natural Gas Conference discussions are continuing. We are still working closely with Schlesinger, Moore, Treasury, CEA and OMB.

Energy Impact Assistance: Final decision memorandum to you on April 29. Possible announcement during your Western trip being explored.

CRBR Agreement with the Congress: Continuing discussion with Representative Flowers and committee staff on strategy for consideration of Flowers Amendment on the House floor. Discussions have begun for consideration of the compromise with Senators Jackson, Church, and Johnston.

Supply Initiatives: OMB memo with our comments to you this weekend.

Sun Day: Working with DOE, OMB, CEQ, and Jim Fallows on Sun Day speech.

Uranium Mill Tailings: Funding was included in FY1979 DOE budget to clean up abandoned uranium mill sites. Worked with agencies and Senator Hart's and Representative Udall's staff to come up with proposed authorizing legislation. Clean-up will be on matching basis with States, similar to ongoing Grand Junction, Colorado, program.

NATURAL RESOURCES

Water Policy Study: Memo to you April 29. We urge that final decisions await consultation with the Governors and others, after completion of the Western trip. I have met with key members of the House and Senate on this issue in the last week.

Outer Continental Shelf: Conference scheduled to begin May 1st.

Alaska Lands: House Merchant Marine has finished marking up legislation and bill is expected to go to House floor in mid-May.

Timber Supply Study: Working with Agriculture and other interested agencies. Expedite

Deep Seabed Mining: Worked out agreement with Representatives Breaux and Murphy on handling tax package related to seabed mining.

Cache River Project: Working with Interior, Army, EPA, and Senator Bumpers' staff to resolve impasse over plan modifications to meet water quality and wildlife requirements.

Cross-Florida Barge Canal: Working with agencies, Frank Moore's staff and Senators Chiles and Stone on deauthorization legislation. You will soon be receiving Army-Agriculture recommendation for restoration of the Oklawaha River, in response to Environmental Message directive.

Federal Reserved Water Rights: Justice argued a New Mexico/Forest Service case in the Supreme Court this week. Forest Service data show that their total water rights in West are extremely modest.

African Elephants: Working with Interior on regulations to protect the threatened African elephants.

URBAN POLICY

Urban Policy: Six pieces of legislation, including Supplemental Fiscal Assistance, Section 312 Housing Rehabilitation and the Urban Volunteer Corps have been sent to Congress. Five pieces, including Labor-Intensive Public Works (where the original agreement with the unions has been restored), the Targeted Investment Credit and the Targeted Employment Credit, are in OMB and will be submitted next week. Three pieces, the Development Bank, State Incentive Grants, and Community Union Control will be submitted to OMB next week and to Congress the following week.

Drafts have been or will shortly be completed of key executive order for location of federal facilities, targeting procurement and urban impact analysis. The process of receiving agency and public comment will begin shortly.

We are working closely with Anne Wexler and Frank to coordinate agency and interest group lobbying and public education efforts. It appears that Speaker O'Neill may take the lead in relaxing the rule requiring Committees to report by May 15 to permit full consideration of our urban initiatives.

MISCELLANEOUS

Consumer Product Safety Commission: House and Senate markups have been in accord with your decision to reauthorize this agency and improve its statutory procedures.

Agenda: Working with Vice President's Executive Committee on list of highest priority legislation for this year.

11:00 AM

THE WHITE HOUSE
WASHINGTON

C

May 1, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

Jack Watson *Jack*

One brief caution about your meeting with Joe Califano this morning. As you know, HEW is continuing its intense negotiations with the State of North Carolina regarding the North Carolina higher education desegregation issue. I don't know whether Joe will mention the subject this morning, but Bob Lipshutz just came by my office to say that, because of the extreme political sensitivity of the issue, he recommended that, if the subject comes up this morning, you ask Joe to coordinate with Bob before making any final decision on the matter. Ham, Stu, Bob and I are aware of the situation and in close touch with each other on it.

Bakke

THE WHITE HOUSE
WASHINGTON

Frank

5-1-78

I called Udall
& Fisher -

They will comply -

J

THE WHITE HOUSE
WASHINGTON

5-1-78

To

As President, I want to express my deep appreciation for your successful efforts in supporting the Panama Canal treaties. Without your personal help, approval of the treaties would not have been possible.

Sincerely,
Jimmy Carter

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

FOR THE PRESIDENT AND MRS. CARTER

FROM GRETCHEN POSTON

DATE: 1 MAY 1978

SUBJECT: RECEPTION - SOUTHERN BAPTIST CONVENTION
2 May 1978

Please find attached the scenario for the function indicated
above.

cc: Rick Hutcheson
Tim Kraft
Phil Wise

Rex Scouten
Mil. Aides
Billie Shaddix
Lt. Barnes
Sgt. Oleksia
Dick Keiser
Joe Perez
Bob Mitchell

Madeline MacBean
Carol Benefield
Jane Fenderson
Rita Merthan
Mary Hoyt
Ann Anderson

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

May 1, 1978

MEMORANDUM TO: THE PRESIDENT AND MRS. CARTER

FROM: GRETCHEN POSTON *Gp*

SUBJECT: RECEPTION FOR SOUTHERN BAPTISTS CONVENTION
May 2, 1978 - 3:00-4:00 p.m.

3:00 p.m.

PRESIDENT and MRS. CARTER move to Seal
for Receiving Line in Cross Hall (200)

Guests move from Receiving Line to East Room
for Reception

3:15 p.m.

PRESIDENT and MRS. CARTER are announced into
East Room to platform on East Wall.

FOR REMARKS

At conclusion of remarks, the President and
Mrs. Carter can either depart or remain at
Reception.

4:00 p.m.

All guests depart reception.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

May 1, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: LANDON BUTLER 
SUBJECT: Photo Opportunity with J.C. Turner
DATE: Tuesday, May 2, 1978
TIME: 2:15pm (2 minutes)
LOCATION: Porch outside of Oval Office

I. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background:

J.C. Turner, President of the 300,000-member International Union of Operating Engineers, is one of your strongest supporters on the Executive Council of the AFL-CIO. He has been disturbed by Mr. Meany's failure to publicly support the Administration. Turner requested this opportunity to bring to the White House his senior vice presidents to thank you for all you have done for organized labor.

B. Participants:

J.C. Turner, President
Russell T. Conlon, Secretary-Treasurer
Hunter P. Wharton, President Emeritus
Dale Burchett, 1st Vice President
Joseph H. Seymour, 2nd Vice President
Stephen J. Leslie, 3rd Vice President
Rowland G. Hill, 4th Vice President
Robert H. Fox, 5th Vice President
Frank Hanley, 6th Vice President
Dale Marr, 7th Vice President
Richard T. Wren, 8th Vice President
David E.B. Miller, 9th Vice President
Hermard B. Jones, 10th Vice President
William F. Martin, 11th Vice President

C. Press Plan:

The White House press pool covering the Rose Garden ceremony for Small Business Award Winners also will cover the photo opportunity with J.C. Turner.

II. TALKING POINTS

1. You may wish to thank Turner for his support.
2. You might mention that you know Turner is considering becoming involved in the effort to pass tax reform legislation this year and that you would appreciate whatever assistance he could offer.

THE WHITE HOUSE
WASHINGTON

MEETING WITH SMALL BUSINESS REPRESENTATIVES

Tuesday, May 1, 1978

2:00 P.M.

Rose Garden

From: Stu Eizenstat



I. PURPOSE

- To meet with and honor the State and Territorial Small Business Winners and to present the Award to the Small Business Person of the Year.
- To highlight some Administration achievements and goals on behalf of Small Business.

II. BACKGROUND

The 52 State Winners were selected by the individual District Advisory Council and presentations were sent to the Central Office to be judged for the national winner.

III. TALKING POINTS

Format: Vernon Weaver will greet you and you will respond with remarks and upon conclusion, will present the award to the Small Business Person of the Year.

1. General Remarks

- a) As someone with experience as a small business owner and operator, I particularly appreciate small business entrepreneurs who are models for those half million new business ventures started each year in America. Your individualism, innovation, and hard work are a crucial part of the American economy.
- b) This Administration has opened the government to the small business community. Small business constituency organizations have already met with over two-thirds of the Cabinet and agency heads, hold regular meetings with the Domestic Policy Staff, and will continue the exchange of ideas about government policies and their impact on small business.
- c) You can state that just yesterday (May 1, 1978), you signed off on a Presidential Review Memorandum (PRM)

on Industrial Innovation which will create a Cabinet-level interagency review of U.S. Industrial Innovation, the extent that Federal policies have contributed to its decline, and an assessment of what steps government can take to improve the situation. There has recently been a decline in the kinds of industrial innovation needed to insure both economic expansion of our industrial sector and continued U.S. technological superiority. One example is the fact that in 1969, 204 new publicly financed small companies were started. In 1975, (1st 6 months), none were started.

- d) We have taken a number of steps to aid small business:
- 1) Regular bank guaranteed lending program at SBA is up 40% from a level in FY'76 of approximately \$2 billion to a level in FY'77 of \$2.65 billion.
 - 2) Minority procurement is on track to be doubled from a past level of \$1 billion to \$2 billion at the end of two years. Commensurate increases in non-minority lending are planned.
 - 3) OSHA has eliminated 30% of its regulations while still preserving worker safeguards.
 - 4) SCORE Volunteers have increased from 6,000 to 7,500 persons.
 - 5) A Chief Counsel for Advocacy at SBA has been appointed by you for the first time to represent the interests of small business within SBA and as a liaison to other agencies and regulatory bodies.
 - 6) In the Tax Reform Package, we recommended:
 - A corporate tax reduction in the \$0-25,000 category from 20% to 18%; and in the \$25,000 to \$50,000 category, a reduction from 22% to 20%.
 - A modification in the Accelerated Depreciation Range to make it more easily available to small business.

- e) 25th Anniversary of Small Business Act;
White House Conference on Small Business

The 25th Anniversary of the Small Business Act of 1953 falls on July 30 of this year and in recognition of that Anniversary, every major small business organization has urged the convening of a White House Conference on Small Business. On April 6, 1978, Vernon Weaver, Administrator of the SBA, and Senator Gaylord Nelson, announced that such a Conference would take place in the Fall of 1979. You have supported such a Conference, which has long been urged by small business organizations, Senator Nelson (Chairman of the Senate Committee on Small Business), and Congressman Neal Smith (Chairman of the House Committee on Small Business).

In order to support the objectives of the Conference, I will:

- 1) Issue an Executive Order establishing a five-member Special Committee of outstanding individuals to assist in planning for the Conference and the regional hearings preceding it. I will invite a number of citizens across the country to serve as Honorary Members of the Pre-Conference Planning Committees. Vernon Weaver and his deputy, Ms. Patricia Cloherty, are now working with the White House Staff to lay the basic ground work for the Conference.
- 2) I will ask all Cabinet agencies to design during this year, one specific policy or program initiative for Small Business, for reporting to the Conference in the Fall of 1979.

2. Small Business Person of the Year Award

Judging for the National Small Business Person of the Year was done by a panel of approximately 100 National Advisory Council members. The participants were judged on nine various points relating to growth, innovativeness of product, response to adversity, personal characteristics, and contributions to the community.

The Winner is Mr. Edward Gaffney, President of Ortho-Kinetics, Inc., of Waukesha, Wisconsin. Mr. Gaffney is 49 years of age and his company has been in operation since 1962. He formed the company because he saw what a hard time his arthritic mother had getting out of a chair. Ortho-Kinetics is involved in the manufacture and sale of products for the handicapped. His firm employs 118 people,

has four patents, and did \$3 million in sales this year.

Mr. Gaffney is involved in a number of civic organizations, including the Waukesha Rotary Club. He is current Chairman of the Rotary Charitable Fund. He is a member of the Wisconsin SBA Advisory Council, a Public Member of the Wisconsin Assembly Conference and Consumer Affairs Temporary Subcommittee on Small Business.

Mr. Gaffney is married to Elizabeth Gaffney and is the father of 8 children.

2284

THE WHITE HOUSE

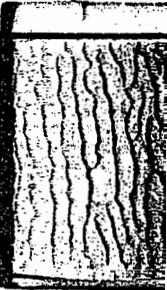
WASHINGTON

May 1, 1978

Stu Eizenstat

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

Rick Hutcheson



MEMORANDUM

THE WHITE HOUSE

WASHINGTON

CONFIDENTIAL/GDS

May 1, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI *ZB.*

SUBJECT: Your Remarks at the Begin Reception

Stu Eizenstat has prepared a draft of remarks for you to use at the reception for Prime Minister Begin (Tab B). They look fine to me, with two minor changes. On page four, it is not accurate to say that we have increased aid to Israel. More importantly, I feel that there should be emphasis on the theme of the importance of peace for Israel. This is done in the revised draft (Tab A) in the last paragraph of page six.

Recommend that you use the revised draft at Tab A for your remarks at the Begin reception.

_____ Approve

_____ Disapprove

Jay 5/24/90

227g

THE WHITE HOUSE

WASHINGTON

May 1, 1978

Peter Bourne

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

Rick Hutcheson

cc: Secretary Brown

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	MCINTYRE
	SCHULTZE

/	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
/	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

cc: Harold
Peter
J

April 27, 1978

Peter - explain
by memo
J

MEMORANDUM FOR THE PRESIDENT

I am concerned about the attached report from today's AP wire:

1. It has not normally been the practice for members of the White House staff to testify before committees of the Congress, and I do not believe it is in your interest that such a precedent be established or encouraged.

J
agree

2. I do not believe it appropriate for disagreements by members of your staff with policies of this or any other Department to be taken to the Congress. If such differences exist, they should be taken to you for resolution.

J
agree

3. I also believe that public statements of position from staff personnel outside this Department about policies which the Department of Defense should consider, adopt or reverse should be coordinated with me. In this case, the statements were not.

J
agree

4. The Committee was provided by someone a copy of a memorandum (to me) by Dr. Bourne critical of DoD policy. For balance, Charles Duncan's reply (attached) might also have been provided.

I would appreciate any guidance you can give on the procedures you desire to be followed.

Harold Brown

Attachments

REPRODUCED TO BE AN ADMINISTRATIVE RECORDING
CLASSIFIED PER E.O. 13526 AND
EXEMPTED FROM GDS OF MARCH 23, 1985

Associated Press

DRUG ABUSE

BY MIKE SHANAHAN

WASHINGTON (AP) -- SAYING THE USE OF HARD DRUGS AMONG U.S. SERVICEMEN "IS INCREASING AT A SERIOUS RATE," THE WHITE HOUSE URGED CONGRESS TODAY TO REINSTATE A CURRENTLY PROHIBITED PROGRAM OF RANDOM TESTING OF MILITARY PERSONNEL FOR HEROIN ADDICTION.

WHITE HOUSE DRUG ABUSE OFFICIAL LEE DOGOLOFF MADE THE REQUEST IN TESTIMONY PREPARED FOR DELIVERY TO THE HOUSE COMMITTEE ON NARCOTICS ABUSE AND CONTROL, WHICH IS HOLDING A HEARING ON MILITARY DRUG ABUSE.

DOGOLOFF TOLD THE COMMITTEE THAT THE WHITE HOUSE CONSIDERS RANDOM SAMPLING OF MILITARY PERSONNEL AS A RELIABLE TOOL IN THE FIGHT AGAINST DRUG ABUSE.

"WE ARE CONVINCED OF THE EFFICACY OF RANDOM URINALYSIS AS A DETERRENT BASED ON THE OVERWHELMING EXPERIENCE" OF MILITARY AND CIVILIAN LAW ENFORCEMENT PERSONNEL, HE SAID.

INVOLUNTARY URINE TESTS FOR EVIDENCE OF DRUG ABUSE WAS COMMON IN THE EARLY 1970S, BUT WAS CHALLENGED IN MILITARY COURTS ON GROUNDS IT VIOLATED THE CONSTITUTIONAL RIGHTS OF SOLDIERS. CONGRESS ORDERED THE RANDOM TESTS STOPPED IN 1976.

DOGOLOFF SAID SURVEYS OF ENLISTED PERSONNEL IN EUROPE SHOWED THEY HAD NO OBJECTION TO RANDOM TESTING AS LONG AS EVERYONE PARTICIPATED. AND SUPERVISORS SAID THEY WOULD WELCOME THE TESTS, HE ADDED, BECAUSE IT RELIEVED THEM OF THE RESPONSIBILITY FOR SELECTING -- AND THEREBY POSSIBLY PREJUDGING -- SERVICEMEN FOR DRUG TESTS.

IN A WHITE HOUSE MEMO RELEASED TODAY, DOGOLOFF'S BOSS CRITICIZED THE DEFENSE DEPARTMENT FOR DOING TOO LITTLE TO DISCOURAGE DRUG ABUSE AMONG AMERICAN GIs, ESPECIALLY THOSE IN OVERSEAS ASSIGNMENTS.

THE MEMO FROM PRESIDENT CARTER'S CHIEF ADVISER ON DRUG ABUSE, DR. PETER BOURNE, TO DEFENSE SECRETARY HAROLD BROWN CITES A SERIES OF INDICATORS OF WORLDWIDE INCREASES IN DRUG USE AMONG AMERICAN SEVICEMEN AND WOMEN. AMONG THEM:

-- EIGHT PERCENT OF THE MEMBERS OF THE U.S. ARMY HEADQUARTERS IN BERLIN ADMIT TO USING HEROIN.

-- AMONG THE 225,000 GIs IN GERMANY, HEROIN USE IN SOME UNITS IS ESTIMATED TO GO AS HIGH AS 40 PERCENT. THE NUMBER OF DEATHS FROM HEROIN OVERDOSE IN GERMANY ROSE FROM 20 IN 1976 TO 30 IN 1977.

-- IN URINE TESTS AMONG SAILORS ABOARD THE U.S. NAVY CARRIER MIDWAY, 20 PERCENT OF THOSE TESTED WERE FOUND TO BE USING HEROIN OR SOME OTHER OPIUM-BASED DRUG.

AP-WX-0427 0948PET

TESTIMONY

of

LEE I. DOGOLOFF

Associate Director

Domestic Policy Staff

Executive Office of the President

before the

Select Committee on Narcotics Abuse and Control

U. S. House of Representatives

Hearings on Department of Defense Drug Policy

April 27, 1978

In order to more effectively deal with the problem of drug use among the military, the Secretary of Defense should assume a strong leadership role. There must be a strong and aggressive policy setting and policy oversight responsibility in the Office of the Secretary to assure that the problem of drug abuse is given a high priority, as well as all necessary resources. Over the past five years, there has been a reduction in resources allocated to the DoD Drug and Alcohol Office. Both the number and grade levels of personnel assigned to that Office have been reduced, as has the organizational placement of the office. A recent DoD Health Council study addressed these issues and we are in agreement with their general recommendations regarding the necessary increase in resources and staff for the Drug and Alcohol Office.

The most important step we can take at this time is to develop a valid, accurate and reliable information system to evaluate the nature and extent of the drug abuse problem among the Armed Forces. There are two key elements to such a system: random urinalysis and an integrated survey effort. However, the current Congressional prohibition on random urinalysis denies both the DoD and the Military Departments a fundamental and reliable tool for independently assessing drug abuse within the Armed Services. To deny Defense the option of using the random process deprives the Department of a major management alternative which it must have.

We are convinced of the efficacy of random urinalysis as a deterrent, based on the overwhelming experience both within DoD and among parole and probation programs. In this light, one of

the important research initiatives that the DoD has indicated it is going to undertake is a study regarding the effectiveness of the random urinalysis program. This study should help to clearly measure the degree of deterrence which exists in the random process.

Concerning the impact of random urinalysis on the morale of the troops, the majority of the enlisted men and women with whom I spoke on my recent trip to Europe did not object to the random system, as long as everyone participated. A good number of them readily welcomed the tests because they were concerned about drug use among their peers. The majority of the line supervisors with whom I spoke also welcomed random urinalysis. In fact, they would prefer to be directed to conduct random tests, rather than having to select, and appear to prejudge, those individuals to be tested.

Mr. Chairman, you asked for specific legislative recommendations to strengthen DoD's efforts in the drug abuse area. This Committee could be most helpful if it would request the House of Representatives to withdraw the current prohibition on the use of random urinalysis. This would allow the DoD simultaneously to utilize random urinalysis in areas of high drug availability and risk and to go forward with its study of the effectiveness of random urinalysis.

We will be working closely with the DoD to resolve the problems of drug abuse among the military. I will be returning to Europe within the next several months to follow-up on the

situation. I look forward to the results of the Committee hearings and would be more than happy to meet with members of the Committee to discuss the issue further.

Mr. Chairman, that concludes my testimony.



THE DEPUTY SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

18 APR 1978

Honorable Peter G. Bourne, M.D.
Director, Office of Drug Abuse Policy
Room 424, Old Executive Office Building
Washington, D.C. 20500

Dear Dr. Bourne:

We have received and carefully reviewed your recent letter which elaborates on the drug abuse problem among our service-members, particularly those stationed in Europe. I wish to assure you that we share your concern about the situation.

I feel that there may have been some misunderstanding about the implementation plan submitted in our 23 February 1978 letter; and so to remove any doubt about the DoD commitment to a campaign against drug abuse in the military, we have reworked the plan and added dates. The revised plan is attached as Enclosure 1.

In addition to the actions detailed in the implementation plan, we will provide the military services with policy guidance leading to increased drug abuse identification efforts on their part. We will also work to have a quick reaction urinalysis capability moved to West Berlin, so that the level of urinalysis testing there is increased; and we will request that West Berlin statistics be reported separately for the time being so that progress there may be monitored.

I am hopeful that with vigorous pursuit of the activities outlined above and in our attached implementation plan, we will see meaningful improvement in our programs.

Sincerely,

A handwritten signature in cursive script, appearing to read "C. W. Dunham".

Enclosure

2286

THE WHITE HOUSE

WASHINGTON

May 1, 1978

Zbig Brzezinski

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

Rick Hutcheson

cc: Tim Kraft

Phil Wise

RE: CALLS TO WESTERN LEADERS

CONFIDENTIAL

DECLASSIFIED

E.O. 12958, SEC. 3.4(b)

WHITE HOUSE GUIDELINES, FEB. 24, 1993

BY *Jay* NARS, DATE *5/4/00*

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	FALLOWS
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	LINDER
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	MOE
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/	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE
WASHINGTON

ACTION

April 29, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *ZB*
SUBJECT: Calls to Western Leaders

It would be useful if you called Schmidt, Giscard, Callaghan, and Fukuda on a regular basis. There would be no attempt to create an extra drill, but the calls do serve a purpose, and they might become even more useful if there were not always some particular development driving each call. We get several weeks of good press coverage in Germany each time you call. I suggest that you plan on calling one of the four each week. With your approval, I will have Tim Kraft work the calls into your schedule.

Recommendation:

That you agree to call one of the four each week.

ok
J

Jay Speko