

**6/5/78 [2]**

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**WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)**

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Frank Moore to Pres. Carter, w/attachments 4 pp., re:personal matter	6/2/78	C
Memo	Kraft & Gammill to Pres. Carter, 3 pp., re:recommendations	6/5/78	C
Memo	Schlesinger to Pres. Carter, w/attachments 6 pp., re:Weapons <i>SANITIZED 8/13/93</i>	5/30/78	A

**FILE LOCATION**

Carter Presidential Papers-Staff Offices, Office of the Staff Sec.-Presidential Handwriting File 6/5/78 [2] Box 89

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- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

THE WHITE HOUSE

WASHINGTON

5 June 1978

MEMORANDUM FOR  
THE HONORABLE JAMES R. SCHLESINGER  
Secretary of Energy

Re: Your Memo Entitled, "Continued  
Discussion of a Zero-Yield CTB"

The President reviewed your memorandum of May 30 on the above-referenced subject and commented: "Zbig - You & Jim set up a brief meeting with a lab director & me. a) I don't know how a device works & b) What Soviet position is on this issue."

Rick Hutcheson

cc: Phil Wise  
Zbig Brzezinski

DECLASSIFIED  
E.O. 12356, SEC. 3.4(a)  
WHITE HOUSE GUIDELINES, FEB. 24, 1983  
BY CP NARS, DATE 7/21/93

~~SECRET~~

2921

THE WHITE HOUSE  
WASHINGTON

MEMO TO JIM SCHLESINGER  
ZB

re your memo of may 30, "Continued..."

The President commented : \_\_\_\_\_

cc: Phil Wise

SECRET

DECLASSIFIED  
E.O. 12356, SEC. 3.4(b)  
WHITE HOUSE GUIDELINES, FEB. 24, 1983  
BY CPD NARS, DATE 7/21/93

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

ACTION  
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

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

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

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



3/6/9 - You &  
Jim set up a  
brief mtg with a  
lab director & me.  
a) I don't know how a  
device works & b)  
what Soviet position  
is on this issue  
J

The Secretary

May 30, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

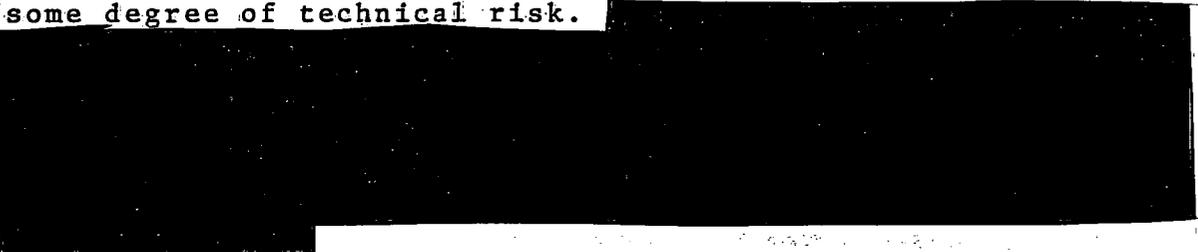
JAMES R. SCHLESINGER *JR*

SUBJECT:

CONTINUED DISCUSSION OF A  
ZERO-YIELD CTB

Let me continue our discussion, started on the trip from Knoxville, regarding permitted experiments under the CTB by pursuing the points developed below.

1. Over many years the underlying thrust in weapons design has been to compensate for volumetric constraints and throw-weight limitations in the U.S. strategic program by developing highly compact, highly sophisticated weapons. Such high sophistication, as in other cases, results in some degree of technical risk.



2. Why would previously tested and certified weapons need to be retested? In the continued non-nuclear testing of weapons components, it turns out with some regularity that individual components fail or degrade. Even acceptable components may become unavailable as manufacturers shift product lines or go out of business. Materials are altered slightly or may (as with beryllium) be subject to more stringent regulation. The consequence is that new components or different materials have to be integrated into previously deployed weapons designs. Developing weapons remains to a considerable extent an art rather than a science. Weapons designs which seem appropriate, based on computer models, fail to work as predicted when actually tested.

~~SECRET - RESTRICTED DATA~~

SANITIZED

E.O. 12356, Sec. 3.4

PER 3/1/93 DCE/RE MR-NLC-92-32  
BY *[Signature]* NARS. DATE 7/21/93

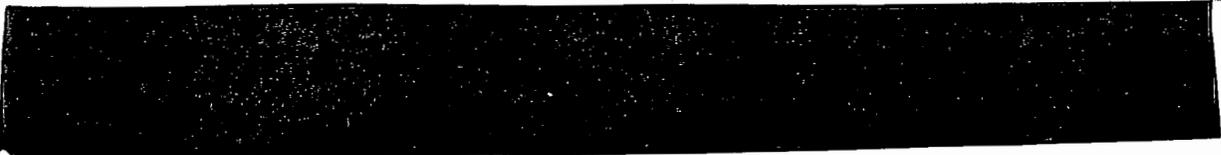
Herein lies the problem for continued stockpile certification under a zero-yield test ban. If a component fails (particularly for such RVs as the Mark 3\* or the Mark 12 on which so high a proportion of our strategic forces depend), it would have to be replaced by a component previously untested in an integrated design. Given the history of surprises (and given the vast stake in high confidence), the laboratories feel that it is essential at least to test



3. Readiness of material and men is of paramount concern to the military services. For this reason everything from radars to engines to missiles are regularly exercised to demonstrate that they will remain operationally ready. For there to be doubt about nuclear weapons reliability is vastly distressing to the Services. The notion that nuclear weapons might degrade over the years, and have attached to them lower confidence in reliability is disturbing both in military and political terms.



\* Indeed, the failure of the high explosive in the Poseidon W-68 design is now requiring us to rebuild the entire inventory of that warhead over the next five years.



5. Aside from the technical and security aspect of a zero-yield test ban, the interactions between the non-verifiability of the prospective treaty and the potential non-certifiability of the stockpile will inevitably stir deep Congressional concern -- in an atmosphere already stirred by other matters. The Administration has steadily pledged to sign no arms control agreement that cannot be adequately verified, though it has not in the case of the CTB yet stated what threshold is required for adequate verification. Recently, the Senate requested Mr. Warnke to address these concerns in assessing the verifiability of a CTB. Given basic suspicion and the strained relations with the Soviet Union, it will be difficult to persuade the Senate to trust the Soviets to comply with the Treaty in the absence of an adequate verification capability.

One cannot, of course, decouple the verification issue from the permitted experiments issue. Thus, the prospect that over time the DoE would be unable to certify stockpile reliability will vastly reinforce that concern. It will be pointed out that the Soviets could test low yields without detection -- and thereby alleviate whatever reliability problems they may have. We, by contrast, would most assuredly not test, and thereby be forced to absorb whatever degradation in reliability occurs because of the unknowns. It will be pointed out that there is an undoubted asymmetry between ourselves and the Soviets in that they suffer less from throw-weight limitations, volumetric constraints, and the inherent sophistication that applies to our weapons.

When the partial test ban agreement was signed and approved in 1963, it could be stated that the burden of the agreement fell equally on both sides and the U.S. security position was improved. Given the problems of verification and certification -- and the presumed asymmetry between ourselves and the Soviets -- that conclusion cannot be readily drawn in the case of the zero-yield test ban. As a result Congressional resistance will be formidable and the arguments sharp. The Chiefs are

already on record as opposing such a ban. The laboratories and DoE personnel will be obliged to elucidate the consequences for certification under such a ban. Leaving aside the military questions, the political consequences could hardly be worse.

6. Since (a) some testing will be required to maintain confidence in both weapons reliability and safety, and (b) very low or zero thresholds will not be verifiable even under optimistic assumptions about Soviet agreement to on-site seismic detection, I urge you to consider the following course of action.

This alternative approach serves the national security interests of the United States and its allies, takes a reasonable step toward legitimate arms control (no new weapons development), and avoids a protracted and uncertain Congressional debate. The alternative is to indicate American willingness to accept drastic reduction in the presently proposed threshold test ban from 150 KT to approximately [REDACTED]. Such a level is consistent with our existing verification capabilities. Moreover, we should also indicate that, if the Soviets are prepared to allow a network of internal seismic stations or arrays, we could reduce that threshold further to [REDACTED].

Such an approach would be consistent with both certification requirements and our present verification capabilities -- and would also put pressure on the Soviets to allow improvements in those verification capabilities. A prudent approach of this sort on arms control would better serve the interests of the nation and would also have a higher chance of success.

THE WHITE HOUSE  
WASHINGTON

Firearm regulation

- > Turkey arms embargo
- > Hospital Cost Containment  
\$3/4 B Fed funds
- > Energy  
\$20B → '83

CUN

- > NYC
- > Budget
- > Tax reform
- > Civil Service
- > Airline Dereg
- > Labor Law reform
- > SALT / MBFR
- > Shaba Paris → Brussels
- > Sugar = church bill → veto

Water projects

- > Adam Yarmolinsky
- > NATO
- > Inflation
- > One house veto

THE WHITE HOUSE  
WASHINGTON

- > USNA speech
- > Sunshine Law - Sen Childs
- > Ag - reorg subversion
- > Bonn summit
- > Bal of payments - Wfgus Energy

diplomatic credentials 6/5/78  
presentation ceremonies  
THE WHITE HOUSE  
WASHINGTON.

Sri Lanka - Karunaratne

Pres Jayewardene

Buddhist scholar - Econ - IMF

Demo - Non Aligned - \$62m Aid

Chile Barros - Pres Pinochet

Wash - Rom - London - Copenhagen - Geneva

Hum Rts - Coop Letelier case

Border issues - Argen - Boliv

Costa Rica - Echeverria

Pres Carazo

Youth Symphony - Dom Repub

Pacific Tuna - Hold GSP Sugar

It - textiles

DUP ALVAREZ  
SEN JOAQUIN GAMBOA  
PASCOE, SEN BENTSEN  
REP DE LA GARZA, WRIGHT

HONOR. 1ST VISITOR  
WIFE → INAUG

TRADE - BORDERS  
MEX INT INFL.

CONSULT - ENERG - AG -  
PRISONERS - TLATELOLLO  
~~EX~~ MARINE BOUNDARIES  
FISHERIES - CIVIL AVIATION

PANAMA CANAL  
UNDOC ALIENS - TRADE  
TAX - INT DEV BANKS

white house reception for 18th  
mexico-u.s. interparliamentary  
conference delegates

6/5/78

Electrostatic Copy Made  
for Preservation Purposes

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

5 June 1978

TO: FRANK PRESS 

FROM: ~~RICK HUTCHESON~~

SUBJECT: Civilian Space Policy

The President had no objection to the approach outlined in your memo on the above-referenced subject.

THE WHITE HOUSE  
WASHINGTON

I've told you

---

note to the Press

"The Press had no  
objection to the  
approach outlined in  
your 'Give Space to  
news'"

R-L

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

Tell Frank  
to see me re  
C. Wilson  
J

2 June 1978

TO: THE PRESIDENT  
FROM: RICK HUTCHESON *RH*  
SUBJECT: Memos Not Submitted

1. ATTORNEY GENERAL BELL sent you a copy of an article by Lawrence Cusack in the New York Law Journal, which makes the point that press coverage of your Los Angeles Bar Association speech was distorted. Excerpts:

"We first learned of the speech from banner headlines... My reactions, probably like those of most lawyers, were shock, incredulity, anger... By the time I got through the entire text of the speech, I had come to realize, with growing amazement, that most of it was devoted to the encouragement of reforms in our legal system that are favored by progressive thinkers in the legal profession, and that the critical remarks were almost evenly balanced by those that were complementary...

"On balance, the President should be commended. The press, however, should recognize that its coverage of the speech was a case of slantedly selective reportage, an instance in which it played up controversial passages from a Presidential address at the expense of not conveying to the American public the true essence of an important and generally constructive message."

2. FRANK PRESS MEMO on Civilian Space Policy.

"At the NASA Spring Review session last week you asked that I assess the needs of the Nation's civil space program. This assessment will be the first order of business under the NSC Space Policy Review Committee that you established recently under NSC/PD-37... I will prepare a space policy decision memorandum for your approval by September 20, prior to the Fall budget cycle." Agencies which will be involved include Commerce, Interior, USDA, OMB and DPS, as well as NSC, DOD and CIA.

3. HUGH CARTER sent you the list of security violations for the month of May.

4. JACK WATSON MEMO, responding to your question mark on the May 26 HUD weekly report, next to an item reporting that HUD had awarded a \$75,000 housing counseling grant to Operation PUSH of Chicago, headed by Jesse Jackson.

Jack explains: "... HUD has already provided about \$4 million this year in housing counseling grants to small agencies certified by HUD to perform counseling. The PUSH grant is noteworthy because this is a group that already has a track record in counseling activity and an extensive constituency (75,000 members). HUD feels the PUSH experience in housing counseling will provide valuable research data that will assist in HUD's effort to develop a housing counseling model for use by the 545 local organizations certified so far by HUD to perform counseling." The grant was funded by Geno Baroni's office, and announced by Secretary Harris and Rev. Jackson on May 19th.

5. FRANK MOORE MEMO, "Update on Civil Service Reform"

The House Post Office & Civil Service Committee's Democrats are going through a "point paper" line by line, agreeing to some things and putting off to regular mark-up those issues on which a consensus agreement cannot be reached. Issues in dispute will be included in the "Committee print" in our language, which means that during mark-up, our proposals will at least be afforded an up or down vote.

The only Democrat who has been a consistent problem in the closed sessions is California's Charlie Wilson. "Wilson doesn't like our proposals or us -- period. He vows to kill the bill along the line, but we have no evidence yet that he can deliver on that threat."

THE WHITE HOUSE

WASHINGTON  
June 2, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *F.M.*  
LES FRANCIS *Les Francis*

SUBJECT: Update on Civil Service Reform

Yesterday (Thursday), the House Post Office and Civil Service Committee's Democrats finished their second day of closed door caucusing. They will meet again this morning and expect to finish by Noon.

By all accounts (which are admittedly fragmentary), the discussions are going through a "point paper" line by line, agreeing to some things and putting off to regular mark-up those issues upon which a consensus agreement cannot be reached. The Committee's staff is already getting to work on a "Committee print" for mark-up; all issues in dispute, by the way, will be included in the print in our language. That is to say that during mark-up, our proposals will at least be afforded an "up or down" vote.

Apparently, the only Democratic Member who has been a consistent problem in the closed sessions is California's Charlie Wilson. Aside from his usual difficult nature, Wilson doesn't like our proposals or us -- period. He vows to kill the bill along the line, but we have seen no evidence yet that he can deliver on that threat. We are keeping our eyes and ears open, however.



Office of the Attorney General  
Washington, D.C.

June 1, 1978

MEMORANDUM FOR THE PRESIDENT:

I attach an article which appeared last week in the New York Law Journal on your Los Angeles speech. You will enjoy the comments on your address.

Respectfully,

A handwritten signature in cursive script that reads "Griffin B. Bell".

Griffin B. Bell

Enclosure

Thursday, May 25, 1978

Bar President: News Reports 'Slantedly Selective'**Carter's Criticism of Lawyers—Press Faulted**

Following is the fourth in a series of responses by Bar leaders to President Carter's criticism of lawyers in a speech on May 4 to the Los Angeles Bar Association. Previous responses have been written for the Law Journal by Henry J. Smith, president of the New York State Bar Association, May 19; Arthur M. Martocchia, president of the Association of Trial Lawyers of the City of New York, May 22, and Merrell E. Clark Jr., president of the Association of the Bar of the City of New York, May 24.

**By Lawrence X. Cusack**

*President, New York County Lawyers' Association*

The episode of President Carter's speech to the Los Angeles County Bar Association, and its aftermath, teaches more about press coverage than about the President's views on lawyers. My considered opinion is that what happened is a classic example of distortion of a legally-significant subject as a consequence of selective reporting.

We first learned of the speech from banner headlines: "President Says Lawyers Foster Unequal Justice;" "Carter's Attack on Lawyers," and so forth. *The New York Times* printed excerpts that contained unfavorable statements about the Bar. The "Inquiring Photographer" of the *New York Daily News* posed the question: "Did President Carter score points with you for his attacks on the legal and medical professions?" My reactions, probably like those of most lawyers, were shock, incredulity, anger. I was ready to do my

best to compose a blistering counterattack and a few days later had worked up a first draft.

Then, in the morning mail there arrived a form letter from Attorney General Griffin B. Bell addressed to me as president of the New York County Lawyers' Association. It said that the President had asked him to send the enclosed text of his speech. I set about to read it with anticipation of renewed resentment.

The first thing I noticed was that the text covered eleven pages of single-spaced type, more than five times longer than *The New York Times* excerpts. My second observation was that those excerpts were, in the main, a culling from the President's text of remarks that were critical about lawyers and our legal system. My third observation was that what had been left out of the abbreviated version was infinitely more important to the public interest than what had been included.

By the time I got through the entire text of the speech, I had come to realize, with growing amazement, that most of it was devoted to the encouragement of reforms in our legal system that are favored by progressive thinkers in the legal profession, and that the critical remarks were almost evenly balanced by those that were complimentary.

Now, I realize that if I had rushed to the defense of my brother and sister lawyers on the

# Press Faulted in Reporting Carter's Speech

*Continued from page 1, column 4*

basis of the press accounts of what went on in Los Angeles on May 4, I would have been directing my impassioned reply to a speech that was never given. What the President was reported to have said and what he actually said are like shadow and substance.

## **Plea for Justice**

The President's speech, when read objectively in its full text, is a plea for human justice in the context of the American legal system. It calls for carrying out "our Nation's message of basic justice and human rights." The President asked for reforms about which no well-intentioned citizen could take exception, such as the elimination of interminable delay in litigation and the dispensation of justice without regard to economic privilege, political power and racial discrimination.

The central message in the President's speech, and it is explicitly set forth, is that all Americans join together to improve justice in America by facing up to four challenges:

- To make criminal justice fairer, faster, more sensible and more certain;
- To hold the law to the highest standards of impartiality, honesty and fairness;
- To assure access to the legal system without political influence or economic power;
- To reduce over-reliance on litigation and to speed up litigated cases.

When the President turned to specifics, he asked for measures to reduce crime, correction of abuses in plea bargaining, streamlining of the Federal criminal code, reorganizing of the Law Enforcement Assistance Administration, introduction of uniform sentencing standards for Federal offenses, and a major new effort to deal with white-collar crime.

## **Prison Policy, Ethics**

The President called also for a review of our prison policy, for extending standards of ethics to the legislative and judicial branches and for the passage of a lobby-reform bill. He also spoke out against routine police harassment of undocumented aliens and for the stoppage of the flow of illegal immigration. Other improvements that the President advocated were the merit selection of justices, the passage of the Omnibus Judgeship Act and special efforts to identify qualified minority and female candidates for the Federal bench.

These are proposals about which there are differences of opinion. But does any of them constitute a suggestion about which any responsible member of the Bar could take umbrage?

The President's list of proposals went on and on: passage of the Equal Rights Amendment to assure women's rights, assurance of access to justice by eliminating procedural barriers, broadening the use of class actions and expanding the definition of standing to sue. He also called for the removal of economic barriers to justice by making available skilled legal talent at reasonable rates and for an expansion of the Legal Services Corporation, the encouragement of prepared legal plans, legal clinics and other low-cost alternatives.

## **Other Suggestions**

The list of what the President suggested is not yet complete: He asked for efforts to stop inflation by decelerating the rise in the fees of not only lawyers but also doctors, accountants and other professionals. He favored, as steps in the right direction, no-fault insurance systems and no-fault divorce laws and asked for the introduction of simplified legal procedures and the use of modern computer technology in the law.

Here again we deal with subjects that are controversial but that nevertheless warrant, and are regularly receiving, the serious attention of our profession. We may differ with the President and his administration, and with each other, about the ways and means of achieving objectives and about priorities but none of us who takes an impartial look at our American legal system could deny that the President, in making his suggestions for improvement, was dealing with real problems that cry out for solutions.

As he came to the end of his catalogue, President Carter asked for the elimination of delays in Federal regulatory agencies, the avoidance of "gobbledygook" in regulations and the reduction of the regulatory burden on Federal judges, the enactment of a Speedy Appeals Act to avoid the delay between sentencing and appeal and the application of strict time limitations to civil trials and regulatory proceedings.

### **Some Admonitions**

This is the broad context within which the President, in a relatively minor part of his speech, did level a number of criticisms at lawyers. Some of them, however, were admonitions which any fair minded member of our profession would recognize as justified. Others were censure, aimed not solely at lawyers, nor even at lawyers as the primary target; they embraced all others involved in our legal system: legislators, administrators, law enforcers, judges and litigants. A major reprimand was directed at all citizens who abuse economic privilege and political power and engage in discrimination. Characteristically, the President quoted Reinhold Niebuhr about it being "the sad duty of politics to establish justice in a sinful world" and the plea of the prophet Amos: "Let justice roll down like waters, and righteousness like an overflowing stream."

The President's criticisms were not unaccompanied by compliments to the Bar. He mentioned "the enormous potential for good within the legal profession." He pointed out that our legal system "has extended increasing protection to the poor and the victims of discrimination" and mentioned "the position of great influence and privilege which lawyers occupy within our society." He acknowledged that "many of our most important advances towards racial integration and protection of our people against government abuses have been made through the courts." The President then paid tribute to the "noblest tradition of honesty and impartiality" of our legal system and complimented the Los Angeles County Bar Association for the actions it has already taken in the struggle for women's rights.

### **'Access to Justice'**

The President went on to acknowledge the importance of the American Bar Association's 1973 Law Day theme, "Access to Justice," and said that as the second century of that association begins: "The people of this country are beginning to see leadership from the Bar." He conceded that cumbersome, overly expensive and unequal justice is "a phenomenon more and more widely recognized among members of the Bar."

The speech contained a pledge that the Carter Administration would work with the Bar to implement his suggestions. It closed with an expression of the hope that lawyers throughout the country would take up the challenges mentioned in his speech, saying to the lawyers who were his audience "I know you understand the responsibility to serve justice. You have dedicated your lives to this task."

The President's speech was a well-structured and comprehensive program of specific measures for improving basic justice and human rights within the framework of our legal system. Read in their entirety and evaluated objectively without regard to political partisanship, his remarks were a far cry from an attack on lawyers.

On balance, the President should be commended. The press, however, should recognize that its coverage of the speech was a case of slantedly selective reportage, an instance in which it played up controversial passages from a Presidential address at the expense of not conveying to the American public the true essence of an important and generally constructive message.

THE WHITE HOUSE

WASHINGTON

June 1, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON *Jack*

SUBJECT:

HUD Grant to Jesse Jackson's Operation  
PUSH of Chicago

This memo responds to your question mark on Pat Harris' May 26 weekly departmental report (copy of page is attached).

As you probably recall, PUSH (People United to Save Humanity) headed by Jesse Jackson was highlighted in the news recently when it received funding from HEW for "Program Excell" in California in which Reverend Jackson uses his charismatic and organizing skills to bring together parents, teachers, and students in a joint effort to improve student performance in high schools.

The HUD grant to which Pat refers in her report was funded by Father Geno Baroni's office and announced by Secretary Harris and Reverend Jackson on May 19th in Washington, D. C. The \$75,000 in new money will allow PUSH to augment its Chicago housing division staff, which presently numbers about 30 and provides counselling services to some 2,500 members--helping them apply for rehab loans for home improvement and referring them to appropriate State and local housing programs and agencies for various types of assistance. With this new grant, PUSH will be able to provide to 1,000 members a comprehensive range of housing counselling services, including advice on mortgage financing procedures and assistance in avoiding outright default and foreclosure on FHA-financed dwellings through postponing payments and/or through providing assistance in coping with the job loss, health, or credit problems that commonly lead to disruptions in the stream of a family's payments on FHA-insured housing.

HUD has already provided about \$4 million this year in housing counselling grants to small agencies certified by HUD to perform counselling. The PUSH grant is noteworthy because this is a group that already has a track record in counselling activity and an extensive constituency (75,000 members). HUD feels the PUSH experience in housing counselling will provide valuable research data that will assist in HUD's effort to develop a housing counselling model for use by the 545 local organizations certified so far by HUD to perform counselling.

Attachment

May 26, 1978

C  
/

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

SUBJECT: Weekly Report of Major Departmental Activities

HUD Study Prompts Justice Investigation of Housing Discrimination. A nationwide study of fair housing practices conducted by the Department revealed that, in spite of substantial gains over the past 10 years, housing discrimination still exists in all sections of the Nation. Using data generated by the study, the Justice Department has started investigations of 75 suspected discriminators.

Increase in FHA Mortgage Rate. The maximum interest rate on single family home mortgages insured by FHA was raised to 9 percent from 8-3/4 percent effective May 23. The increase is necessary to bring FHA rates in line with other competitive rates and is expected to increase the availability of FHA financing for moderate income homebuyers and sellers.

Neighborhood Assistance Bills Sent to Congress. Following a meeting with representatives of neighborhood groups, during which the First Lady, Livingston Biddle of the National Endowment for the Arts, Sam Brown of ACTION, HUD Assistant Secretary Baroni and I spoke, two bills providing for neighborhood assistance were sent to Congress. The first, the Neighborhood Self-Help Act, would provide \$15 million for 1978 and \$15 million for 1979 for 100 grants to neighborhood-based development corporations in low and moderate income areas to help revitalize neighborhoods. The second, the Livable Cities Plan, would provide \$20 million in 1978 and \$20 million in 1979 as matching grants to governments, neighborhood and non-profit groups for revitalizing neighborhoods. Both are part of the Urban Policy initiatives.

Innovative Housing Counseling Grant Awarded to PUSH. A \$75,000 comprehensive housing counseling grant was awarded to Operation PUSH of Chicago, an organization headed by the Rev. Jesse Jackson. The grant is designed to assist low and moderate income residents in the Chicago inner city by providing direct counseling on rehabilitation, pre-purchase requirements, homeownership, credit, financing and mortgage default. The program is meant to encourage family and neighborhood stabilization and will be conducted by PUSH employees particularly sensitive to the needs of low income minority families.

Redlining Insurance Report Sent to Congress. A Department report entitled Insurance Crisis in Urban America has been sent to Congress. The report deals with insurance redlining practiced by insurance companies, identifies where insurance redlining occurs, and explains the results of this discriminatory practice.

Pat

Patricia Roberts Harris

THE WHITE HOUSE

WASHINGTON

June 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM:

HUGH CARTER *HC*

SUBJECT:

Security Violations

(Per Your Request)

Attached are the security violations for the month of May.

THE WHITE HOUSE

WASHINGTON

June 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: . HARRISON WELLFORD  
FROM: HUGH CARTER   
SUBJECT: Security Violation

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

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
5/31	Harrison Wellford	Confidential document found on desk

cc: The President

THE WHITE HOUSE

WASHINGTON

June 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: PHIL WISE  
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>
5/25	Jeannie Bull	Secret document found in desk drawer

cc: The President

THE WHITE HOUSE

WASHINGTON

June 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: JODY POWELL  
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>
5/25	Jody Powell	Secret document found on desk
5/25	Barry Jagoda	Secret document found on table
5/26	Jim Fallows	Confidential document found in In & Out box

cc: The President

THE WHITE HOUSE

WASHINGTON

June 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: PETER BOURNE  
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>
5/10	Gerald Fill	Confidential document found on desk
5/29	Charles O'Keefe	Secret document and Confidential document found in desk drawer

cc: The President

THE WHITE HOUSE

WASHINGTON

June 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>
5/10	William Cable	Secret document found on top of desk
5/25	Robert Beckel	Confidential document found on top of desk

cc: The President

THE WHITE HOUSE

WASHINGTON

June 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: CHARLIE 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>
5/18	Martha Parry	Confidential documents found in open cabinet
5/31	Jeffery Shafer	Safe containing Secret and Confidential material found open

cc: The President

THE WHITE HOUSE

WASHINGTON

June 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 violation:

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
5/30	Margaret McKenna	Confidential paper found on desk

cc: The President

THE WHITE HOUSE

WASHINGTON

June 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: DR. 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>
5/5	Flora Paoli	Secret document found on top of desk
5/23	John W. Ficklin	Univac-740 found left on unattended for 4 hours (this machine has stored in it material from "confidential" to "code word")
5/26	James Thomson	Confidential document found on table

cc: The President

THE WHITE HOUSE

WASHINGTON

June 1, 1978

ADMINISTRATIVELY CONFIDENTIAL

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

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

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
5/31	Hamilton Jordan	Secret document found on desk

cc: The President

THE WHITE HOUSE

WASHINGTON

May 31, 1978

MEMORANDUM FOR THE PRESIDENT  
FROM: Frank Press *FP*  
SUBJECT: Civilian Space Policy

At the NASA Spring Review session last week you asked that I assess the needs of the nation's civil space program. This assessment will be the first order of business under the NSC Space Policy Review Committee that you established recently under NSC/PD-37.

As Chairman of the NSC committee, I will submit an interagency policy options paper to you by September 1. Per your direction, I will seek consensus on most issues. Between September 1 and 15, I will arrange for you to meet with the committee--if you so wish--to hear discussion both on issues where consensus was attained and on unresolved issues. I will prepare a space policy decision memorandum for your approval by September 20, prior to the fall budget cycle.

The options paper will address the policy elements that you raised during the NASA Spring Review, plus additional key issues. This set of policy elements includes:

- A strategy to utilize the Shuttle capability by all three space sectors.
- A strategy for space science and goals for planetary exploration for the next decade.
- An assessment of the government's role in remote sensing (e.g., organizational arrangements to further exploit remote sensing data, arrangements to encourage private sector involvement in sensing, and international arrangements for remote sensing).
- An evaluation of public service satellites services for domestic and international needs.
- A determination of the government's role in long-term economic activity in space (e.g., solar power satellites and space industrialization).
- An evaluation of whether the separation between civil, military, and national intelligence space activities should be continued or whether there should be more joint activity in space.

-- An expression of your Administration's broad civil space policy goals, taking into account our domestic and foreign policy posture, cooperation, competition, national security, and budgetary constraints.

I will indicate to Harold and Stan that you directed that they be involved to determine our major priorities in space. In this regard, the civil user agencies of both classified and unclassified space data--Commerce, Interior, and Agriculture--likewise must contribute to make this review a success. The NSC, Domestic Policy Staff, and OMB, of course, will be heavily involved.

The above schedule and issues to be addressed represent my sense of the instructions you have given to me as Chairman of the NSC Space Policy Review Committee. If this approach accurately reflects your assignment, I will proceed immediately with its implementation.

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

Other \_\_\_\_\_

DATE: 31 MAY 78

FOR ACTION:

INFO ONLY: THE VICE PRESIDENT STU EIZENSTAT  
ZBIG BRZEZINSKI

SUBJECT: PRESS MEMO RE CIVILIAN SPACE POLICY

+++++  
+ 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

June 5, 1979

MR. PRESIDENT

Rosalynn called this morning to request that you attend the beginning of the Costa Rican Symphony performance at 2 p.m. She suggests that you meet her in the State Dining Room at 1:57 p.m. at the end of her reception for Costa Rican dignitaries and then accompany the group to the South Lawn, make brief remarks and then depart. This would mean starting the budget meeting at 2:15 p.m. instead of 2:00 p.m.

APPROVE

DISAPPROVE





THE WHITE HOUSE  
WASHINGTON

June 5, 1978

Stu Eizenstat

The attached was returned in the President's outbox and is forwarded to you for your information. The original has gone to Stripping for mailing.

Rick Hutcheson

cc: Stripping

THE WHITE HOUSE

WASHINGTON

June 3, 1978

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
SUBJECT: LETTER FROM GEORGE MEANY

Attached is a May 19 letter to you from George Meany advocating selective credit controls. The attached response, drafted by CEA, explains your position that such controls are not needed at this time. I recommend that you sign the response.

No comment from Landon.

THE WHITE HOUSE

WASHINGTON

June 5, 1978

To President George Meany

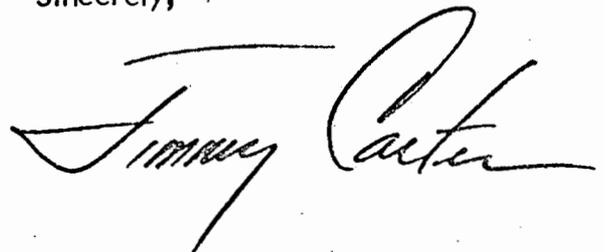
I share the concern expressed in your letter of May 19 that we should avoid excessive reliance on monetary restraint to fight inflation. I do not agree, however, that the time has come to resort to selective credit controls.

Selective credit controls could be useful in averting serious dislocations if severe restraint on credit availability were needed to avoid inflationary pressure stemming from economic overheating. That is not the source of our present inflationary problem. On the contrary, unemployment continues to be too high and there is still a large amount of idle industrial capacity. Credit controls are inefficient, inequitable and costly to administer. I believe they should be used only if better alternatives for dealing with inflation are unavailable. I believe we do have other options.

Our inflation today stems in part from special factors affecting food prices, but in large measure it represents a process of wages chasing prices, and prices chasing wages, that has continued for many years. A well-balanced program of fiscal and monetary policies is needed to prevent an acceleration of inflation and a sharp rise of interest rates. That is the reason that I recently reduced the size of the tax cut I am recommending for 1979.

We cannot rely on monetary and fiscal policies alone, however, to unwind from the inflation that has been going on for the past decade. Our best hope of getting inflation under control lies in a joint effort by businesses, labor and government to achieve a deceleration in the rate of price and wage increases in 1978. That is the cornerstone of my anti-inflation program and it is, I believe, an essential ingredient of any strategy to bring down inflation without putting the economy through the wringer.

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 typed name.

The Honorable George Meany  
President  
American Federation of Labor and  
Congress of Industrial Organization  
815 16th Street, N.W.  
Washington, D.C. 20006

# AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

## EXECUTIVE COUNCIL

**GEORGE MEANY**

PRESIDENT

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MATTHEW GUINAN  
FREDERICK O'NEAL  
GEORGE HARDY  
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HARRY R. POOLE  
FRED J. KROLL



815 SIXTEENTH STREET, N.W.  
WASHINGTON, D.C. 20006

(202) 637-8000

XC GK  
BG

May 19, 1978

The President  
The White House  
Washington, D.C.

Dear Mr. President:

Shortly after you nominated G. William Miller to be Chairman of the Federal Reserve Board of Governors, an article by him on methods of combatting inflation was brought to my attention. In that article, published in the October 5, 1974 issue of Business Week, he wisely observed that:

"Working our way out of inflation requires an allocation of the available but limited resources to areas of priority, thus reestablishing a proper balance between supply and demand. Allocation solely by controlling the aggregates -- the supply of money and net federal spending -- will bring about levels of unemployment and general economic hardship that are likely to be unacceptable. Allocation by direct controls involves even more difficulties."

Not only did he correctly foresee the effects of incorrect policies, but he also sensed the need for a new approach:

"Discussion and debate have begun to reveal a preponderance of opinion favoring a selective approach. Last week's summit meeting gave scant attention to the theology of monetary-fiscal and incomes policies. Instead, it produced a cornucopia of ideas, suggesting a restraint here, an incentive there, a protection of family income yonder, or a direct control in certain cases. There now seems to be implicit recognition that the economy should be managed by dealing with its parts, and not just the whole."

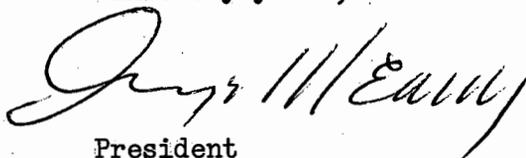
The AFL-CIO shares the concern that you and Chairman Miller have expressed on the need to curb inflation. We are equally concerned about the pursuit of policies which have repeatedly led the country down the path of recession and unemployment. That was the result of the adoption of tight general monetary policy and high interest rates which led to a collapse of residential construction, followed by an economic slowdown or general recession. Such a sequence of events was generated in 1955-57, 1959-60, 1965-66, 1969-70 and 1973-75. The latter period also saw the highest interest rates in a century and the deepest recession since World War II.

In order not to repeat that sequence, we urge you to give serious consideration to authorizing the Federal Reserve to implement the Credit Control Act of 1969, Public Law 91-151. Under that Act, you may authorize the Federal Reserve Board to regulate and control any or all extensions of credit, for the purpose of preventing or curbing inflation generated by extension of credit in an excessive volume. If you authorized the use of that authority, the Federal Reserve Board could exercise selective credit regulation measures. Such policies would not entail ever-higher interest rates, with a concentrated impact upon housing which is in short supply, that would bring serious unemployment, along with continued inflation in housing prices and rents.

I believe that selective credit regulation offers a potentially useful alternative to the extremes of either tight money/high interest rates, or wage and price controls, which you have wisely rejected because of their record of failure. It is my hope that you will seriously consider the above issue, and if you agree that selective credit regulation could be a useful alternative tool to combat inflation, authorize the Federal Reserve Board to implement the Credit Control Act.

I am also writing Chairman Miller, conveying to him the same thoughts and recommendations.

Sincerely yours,

  
President

THE WHITE HOUSE  
WASHINGTON

June 5, 1978

Charlie Schultze

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

Rick Hutcheson

cc: Stu Eizenstat

COTTON DUST



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

ACTION  
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

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

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

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

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

Schultzze  
①

June 4, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultz *CS*  
SUBJECT: OSHA's Cotton Dust Regulation

On Friday, and again on Saturday, Stu Eizenstat and I met with Secretary Marshall -- and on the latter occasion talked by phone with Assistant Secretary Bingham -- to try to work out a solution on the cotton dust regulation. This proved impossible. Secretary Marshall is convinced that the draft OSHA regulation is a good one and should not be changed.

Further background

As you recall, the draft OSHA regulation does impose substantially less cost than the original 1976 proposal. The remaining sticking point is the standard applied to the yarn producing segment of the industry. The OSHA regulation requires that the cotton dust concentration in the ambient air be reduced to 0.2 milligrams per cubic meter by engineering controls. The regulation would require that the controls be imposed immediately (after a 270 day period) but would allow firms, on the basis of "infeasibility," to propose a longer period for compliance. OSHA would make a case-by-case determination of what is and is not feasible. The capital requirements for the cotton textile industry would be approximately \$525 million. (The three major affected segments of the cotton textile industry spent \$450 million on capital investments of all kinds in 1976.)

There is unresolved dispute between OSHA and CEA/COWPS on the cost per case of byssinosis prevented in the yarn industry. This dispute hinges principally, but not solely, on an estimate of how many new workers are hired annually from outside the textile industry and remain long enough to be subject to the disease. Since the data are very skimpy, there is little to go on. OSHA estimates a cost of \$50,000 per case prevented. CEA/COWPS now estimate a range between \$180,000 and \$410,000, depending on the assumptions used.

Proposed compromise

I suggested to Secretary Marshall the following compromise (pertaining to the yarn standard; there is no quarrel with the other standards).

1. The 0.2 standard -- expressed in terms of concentration in the air breathed by the worker -- would be effective immediately. Firms must develop a program to meet it, subject to approval by OSHA inspectors, but need not do so by engineering controls. (In practice, this would mean heavy reliance on single-use masks).
2. At the end of 6 years firms must have installed engineering controls as the chief means of meeting the standard.
3. If, before the 6 year deadline expired, any firm could convince OSHA that it could meet the 0.2 standard of air breathed by the worker, in some other way than engineering controls, but equally as effective as engineering controls, it would be allowed to do so.

Secretary Marshall argues; with respect to this and related compromise suggestions:

1. Respirators are simply not effective. Moreover, the burden of compliance should not be put on workers. Finally, you literally can't measure the concentration of cotton dust in workers' lungs to enforce a respirator-based plan. (Response: You can determine the filtering capability of masks and allow a generous safety factor for such things as poor fit.)
2. By law and court interpretation, once OSHA has determined a standard is needed to protect workers' health, each firm must install the necessary controls as soon as feasible, with feasibility determined on a firm-by-firm basis. (Response: The original 1976 OSHA regulation did not follow this principle, but set a delayed deadline on an industry basis.)
3. OSHA has already cut back substantially on the standards it is proposing in order to reduce costs. To go further, particularly at this late date, would severely antagonize the AFL-CIO and other groups concerned about worker health.

- 4. The regulation has already been delayed, and OSHA has promised a Federal District Court to issue an order by Tuesday, June 6.

Recommendation:

Stu and I believe:

- o that the costs of the new regulation are still excessive;
- o that the imposition of a very large investment requirement, whose timing is to be determined on a case-by-case basis by OSHA inspectors, imposes a major burden of uncertainty on the industry;
- o that the credibility of our anti-inflation and regulatory reform effort requires some modification -- even if only a modest one -- in the draft OSHA regulations.

We believe you should direct me, as Chairman of the Regulatory Analysis Review Group, to ask DOL to review the draft regulation, and submit, as quickly as possible, several alternatives which protect workers from byssinosis in more cost-effective ways. We would like to keep you out of this. Unfortunately, only a directive from you can secure a change in the regulation. I am attaching a draft memo from me to Secretary Marshall which carries out such a directive, and suggests certain broad principles that he might follow.

You should be aware that if such a directive is sent, OSHA will almost certainly background the press to the effect that any "weakening" of the regulation will subject additional workers to byssinosis.

Tell OSHA to proceed as planned  
with their draft regulation (DOL)

Send attached directive (CEA,DPS)

See me

\_\_\_\_\_

\_\_\_\_\_ ✓

\_\_\_\_\_

J

Attachment

DRAFT

June 4, 1978

MEMORANDUM FOR SECRETARY MARSHALL

FROM: Charlie Schultze

SUBJECT: OSHA Draft Regulations on Cotton Dust

The President has directed me to request you to prepare one or more alternative approaches to the proposed OSHA regulations on cotton dust that protect workers' health, but impose lower costs and add less uncertainty to investment planning in the cotton textile industry. You should give this task the highest priority, and prepare the alternative(s) as rapidly as possible. The President is anxious that steps be taken promptly to deal with the problem of byssinosis. He appreciates the fact that OSHA has already made progress in seeking to achieve that objective in more cost-effective ways. At the same time he wishes to make sure that every alternative is fully explored to meet the goal of reducing byssinosis in ways which impose the minimum economic and inflationary burdens on the economy.

The proposed final regulation would require approximately \$625 million of investment, of which \$500 to \$550 million would come in the cotton textile industry, most of it in the yarn producing segment, to install engineering controls on cotton dust. In 1976 the total investment for all purposes by the major affected segments of the cotton textile industry (SIC industries 2211, 2221, and 2281) was \$450 million. The draft regulation would require the investments for

engineering controls to be made immediately, except as a determination is made on a case-by-case basis that such timing is infeasible. Such case-by-case determinations are likely to introduce great uncertainty into the investment planning of the affected segments of the cotton textile industry. On an annualized basis, the costs of reducing cotton dust concentrations in yarn production from 500 to 200 milligrams per cubic meter of air amount to approximately \$125 million.

You should, of course, use your own judgment and the technical capabilities of OSHA in designing a cost-effective alternative. But you may wish to consider an approach such as: the promulgation for a specified time period of a pure performance standard to achieve the 200 milligram objective in the yarn producing segment of the industry, thereby providing an opportunity to evaluate this concept; or combining a requirement for engineering controls at the end of a specified time period, with the use of other approaches to achieve or to approximate the standard during the intervening period.

It would expedite matters if you provided the President with an outline and analysis of the alternative (or alternatives) at the earliest possible stage. A prompt discussion and evaluation could then take place so that you could proceed very quickly thereafter to promulgation of a final regulation.

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

June 2, 1978

MEMORANDUM FOR THE VICE-PRESIDENT

FROM: SECRETARY OF LABOR, RAY MARSHALL *for*

SUBJECT: Cotton Dust Standard

I wish to report back to you on several questions raised during our discussion yesterday:

- 1) Respirators. CEA/COWPS have suggested a modification of the cotton dust standard as it applies to yarn preparation. They estimate that through a combination of a higher exposure level (500 vs. 200 micrograms/cubic meter), greater reliance on medical surveillance, and the use of respirators an additional \$125 million could be pared from compliance costs. The key issue here is the extent to which reliance on respirators offers effective worker protection.

The weight of the evidence developed, from both worker and employer testimony, during the formal hearings on the cotton dust standard has led me to conclude that respirators are not an effective long range solution to this problem.

I base this conclusion on the following:

- . Previous experience indicates that workers resist wearing respirators thus making programs which rely mainly on respirators ineffective. Respirators, even of the most simple kind are uncomfortable and interfere with vision, hearing and mobility.
- . It is unfair for the workers to bear an inordinate portion of the compliance burden. The standard as currently drafted still assumes some workers will begin to show disease symptoms but that the number of affected workers will be small enough that jobs with lower exposure levels can be found for them.

- . The respirators make it more difficult to breathe--that is particularly important for workers who already have respiratory trouble. If the respirators do not significantly affect breathing they are more likely to leak.
- . There is no effective way to measure how well respirators are working other than to wait for workers to exhibit disease symptoms. If respirators are relied upon heavily it is unlikely that there will be enough different jobs in any one firm so that all "reactors" can be moved to a low exposure environment.
- . The respirators may reduce productivity. In arsenic, for example, the industry estimated a productivity loss of 10-20 percent from respirator use.

During yesterday's meeting a quote was made from the preamble to the cotton dust standard which was said demonstrated that OSHA considered respirators to be an effective means of worker protection against cotton dust. This quote is being taken out of context. The entire paragraph reads:

"OSHA is well aware of the problems associated with the use of a single-use respirator, and recognizes that there are no fit tests available for individual employees to determine proper fit. OSHA, however, agrees with respiratory experts that an employee should be able to achieve leakage of about 20% or less with careful fitting which a protection factor of 5 would allow (TR 487). Thus OSHA has concluded that single use respirators would provide an adequate level of protection to employees exposed to cotton dust concentrations at up to five times the PEL."

The intended meaning of this paragraph, taken in the context of the entire preamble, is that respirators are the best short-run or stop-gap strategy for worker protection when a firm, because of feasibility considerations has not yet reached the prescribed exposure standard. The respirators are only "adequate" in this situation. The paragraph also notes that the single-use

respirators are acceptable only in cases where the exposure is less than five times the prescribed level. In cases where cotton dust exposure exceed this level more complex respirators must be used.

- 2) Cost of compliance. CEA/COWPS have argued that the cost per incremental case of byssinosis avoided by reducing exposure from 500 to 200 micrograms/cubic meter may be as high as \$440,000. This figure is very sensitive to the assumptions which were used in reaching it. Much of the information used by CEA/COWPS came from an economic impact statement done for OSHA before the hearings were held. As I noted above, much was learned from these hearings. There are good reasons to revise the data used in the original economic impact statement. Based on such data revisions we come up with a figure of \$50,000 per case avoided. To reach this figure alternative assumptions (based on the hearings record) were made about the size of the exposed worker population, the labor turnover rate, and compliance costs.

It is important, however, that you do not view our estimate or the CEA/COWPS figure as definitive. The data in this area are too weak to make firm numerical estimates. Cost-effectiveness analysis should be used as an aid in the decisionmaking process but should not be the sole or even the primary basis for decisions.

- 3) Capital Costs. A question has been raised about the capital costs of our standard in relation to the normal capital expenditures of the textile industry. Of the \$625 million required for compliance by all segments of the cotton industry, approximately \$550 is in textiles. This would represent an annual capital expenditure of about \$109 million. In recent years, annual capital expenditures for the textile industry have ranged from \$550-\$850 million. Investment has been somewhat low in the industry because of the low utilization of the existing capital stock--about 85 percent in 1976 up from 75 percent in 1975.

- 4) Timing of compliance. I am puzzled by the concern expressed about the time of compliance provisions of the standard. In line with the Administration's commitment to flexible and reasonable regulations, the OSHA plan would specify a requirement that employers immediately institute controls and work practices were feasible, and if not feasible, would require the company to draw up an abatement plan for the future. Feasibility is defined as both technical and economic feasibility.

Past history indicates that with standards that allowed a specific time to come into compliance (i.e., the Coke Oven Standard which allowed 3 years), many companies waited until the end of the time period to begin compliance. In the interim period, the courts have held that it is difficult to enforce any provisions of the standard.

It should be understood that this compliance strategy provides a workable framework for assuring that each company takes the maximum feasible steps toward worker protection. It also means that particular financial and engineering facts in any given situation will be available to both OSHA and the workers involved.

From my review, this approach is fair and equitable and would be applauded by both industry and employees. Unfortunately, it seems that the opponents of this strategy are arguing that flexibility is inefficient. I would strongly disagree.

Even with the growing national concern about inflation, I feel it would be a disservice to the health of workers in the cotton industry to modify or even further delay this standard. This is an eminently reasonable standard that should not be used to gain a symbolic victory over inflation. The compliance cost of the standard has already been cut by 75 percent and the Administration can claim credit for producing a regulation that recognizes the legitimate concerns of all involved parties.



THE VICE PRESIDENT  
WASHINGTON

June 5, 1978

MEMORANDUM FOR: THE PRESIDENT  
FROM: THE VICE PRESIDENT *wjm*  
SUBJECT: COTTON DUST STANDARD

Attached is a report on the cotton dust standard which I have discussed with Charlie and Stu. I am also attaching a report prepared by Ray Marshall on the crucial issues as he sees them.

I would like to talk with you about these reports following my daughter's graduation early this afternoon.

DATE: 05 JUN 78

FOR ACTION:

INFO ONLY: STU EIZENSTAT

HAMILTON JORDAN

SUBJECT: MARSHALL MEMO RE COTTON DUST STANDARD; SCHULTZE MEMO  
RE SAME

+++++

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

+ BY: +

+++++

ACTION REQUESTED:

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

PLEASE NOTE OTHER COMMENTS BELOW:

2865

THE WHITE HOUSE  
WASHINGTON

June 5, 1978

Bob Lipshutz

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

THE WHITE HOUSE

WASHINGTON

June 1, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ *RL*

RE: Proposed Executive Orders Establishing  
Nominating Commissions for the Tax Court  
and the Court of Military Appeals

The attached Executive Orders will establish Nominating Commissions for the United States Tax Court and the Court of Military Appeals. Both of these courts are quite specialized, and we believe it is important to have a separate commission for each.

Each of the commissions will be comprised of six members appointed by the President, three from the government and three from the private sector. The Tax Court Commission will be chaired by the General Counsel of Treasury and the COMA Commission by the General Counsel of Defense.

A vacancy will be occurring on the Tax Court in the near future, so it is particularly important that this Order be signed soon. We recommend that you sign both Orders.

Approve                       Disapprove

No staff objections received.

TWO SIGNATURES REQUESTED

- - - - -  
UNITED STATES TAX COURT NOMINATING COMMISSION

By the authority vested in me as President by the Constitution and statutes of the United States of America, and in order to create in accordance with the Federal Advisory Committee Act (5 U.S.C. App. I) an advisory commission on the membership of the United States Tax Court, it is hereby ordered as follows:

1-1. Establishment of the Commission.

1-101. There is established the United States Tax Court Nominating Commission. The Commission shall be comprised of six members appointed by the President.

1-102. Not more than three members shall be officials of the Federal government. The Federal members shall include the General Counsel of the Department of the Treasury, who shall chair the Commission. The private members shall have special expertise in the field of Federal taxation.

1-2. Functions of the Commission.

1-201. When notified by the President that he desires its assistance in filling a vacancy on the United States Tax Court, the Commission shall conduct inquiries to identify persons who may be qualified to serve in the position and shall conduct further inquiries to determine those persons' qualifications.

1-202. In conducting its inquiries the Commission shall follow any procedures or criteria established by the President in his letter of notification or by the Secretary of the Treasury acting on behalf of the President.

1-203. The Commission shall submit a report to the President and to the Secretary of the Treasury within 60 days from the date it is notified by the President that he desires its assistance. The report shall list the names of no more than five persons whom the Commission considers well qualified to serve in the position.

1-204. The Commission shall conduct such additional inquiries and submit such additional reports as may be requested by the President.

1-205. The Commission shall perform no function except when requested by the President to assist him in filling a vacancy.

1-3. Administrative Provisions.

1-301. The Commission is authorized to request from any Executive agency such information or assistance as the Commission deems necessary to carry out its functions under this Order. Each agency shall, to the extent permitted by law, furnish such information or assistance to the Commission.

1-302. The Commission is authorized to request from any State agency such information and assistance as the Commission deems necessary. It is authorized to obtain such information and assistance to the extent permitted by State law.

1-303. Members of the Commission shall serve without compensation. While engaged in the work of the Commission, members may receive travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 5702 and 5703).

1-304. The Secretary of the Treasury shall furnish to the Commission necessary administrative support.

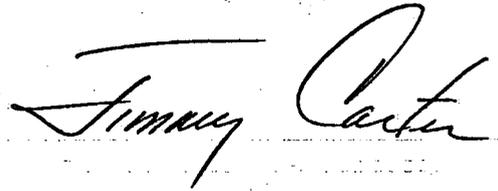
1-305. All necessary expenses incurred in connection with the work of the Commission, to the extent permitted by law, shall be paid from funds available to the Secretary of the Treasury.

1-4. General Provisions.

1-401. No member of the Commission shall, while serving on the Commission or for a period of one year thereafter, be eligible to be nominated to fill a position as a judge on the Tax Court.

1-402. Notwithstanding the provisions of any other Executive order, the functions of the President under the Federal Advisory Committee Act (5 U.S.C. App. I), except that of reporting annually to the Congress, which are applicable to the Commission, shall be performed by the Secretary of the Treasury in accordance with the guidelines and procedures established by the Administrator of General Services.

1-403. The Commission shall terminate on December 31, 1978, unless sooner extended.



THE WHITE HOUSE,

THE WHITE HOUSE  
WASHINGTON

June 5, 1978

Stu Eizenstat

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Rick Hutcheson  
DPS WEEKLY REPORT

2922

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	SCHULTZE

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	CLOUGH
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	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE

WASHINGTON

June 2, 1978

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

ENERGY

Solar Policy Domestic Review: Panel groups to begin work on June 6. Public meetings now scheduled for each region to broaden input to PRM.

National Energy Act (NEA): Working on strategies for consideration of first four bills and determining COET alternative with Schlesinger, Blumenthal, OMB, CEA and Frank Moore. Also working with Anne Wexler and Jerry Rafshoon and Landon on public strategies.

CRBR Agreement with the Congress: Vote in House postponed until after Memorial Day. Discussions with Senators Jackson, Church, and Johnston have failed to produce an acceptable agreement. Committee action not scheduled until after recess.

Nuclear Waste Management: Continuing to work with Interagency Task Force on development of policy options and recommendations.

Oil Pricing: Working with Energy, CEA, NSC, et al. on oil pricing scenarios and relationship to national security.

California Heavy Crude: DOE still working on analysis of crude export options. Congressional consultations almost complete. We are pressing DOE for a decision memo to you by June 5.

Proposed Treasury Federal Register Notice on Oil Imports Impact Study: On May 18, Blumenthal sent you a memo advising that he planned to issue a Federal Register notice on a Trade Act investigation of the effects of oil imports on national security. You asked that the notice be held off, and wanted to review the text before issuance. After further discussions with Treasury it was determined that no Federal Register was legally needed, and the issue was taken care of informally. Treasury still feels, however, that public comments on administrative action options should be solicited at some point. They will prepare a proposal, and have informally agreed that this should be discussed with DOE, OMB, CEA, State and our staff before being submitted to you for final decision.

NATURAL RESOURCES

Water Policy: Follow-up memorandum submitted to you. Release of policy is scheduled for June 6, with new starts sent to Congress on June 8. Briefings are planned in Washington and in several regional locations. Text of Message will be submitted to you this weekend.

OCS: Conference postponed until June 6.

Fisheries: Memo to you next week on whether to support Magnuson legislation giving U.S. fish processors preference over foreign processors within our 200-mile fisheries zone.

Water Projects Appropriations: The House Appropriations Committee has added back seven of the nine projects deleted last year. Floor action is June 14. We are working with Frank Moore's staff and OMB.

*Ve to  
Lairt -*

Whaling: Working with agencies to prepare for International Whaling Commission meeting in late June. A vote on a ten-year moratorium is on agenda.

AGRICULTURE AND RURAL DEVELOPMENT

Raising Meat Import Quotas: I have met with Secretary Bergland, Bob Strauss, Charlie Schultze, Esther Peterson, Berry Bosworth, and others to discuss this. A decision memo is being prepared now.

Timber Anti-Inflation Report: Agency representatives are to meet early next week to finalize their recommendations, which will probably reach you late in the week.

COMMUNICATIONS

The Commerce Department will testify shortly on the laws governing broadcasters' coverage of controversial issues and political campaigns. They intend to propose changes in the "Fairness Doctrine" which would tend to increase coverage of public issues while decreasing the FCC's latitude to decide whether a particular broadcast is unfair. This proposal may create a little controversy among broadcasters, but it is reasonably balanced and in any case legislation on this subject will not move this year, and quite possibly not in the foreseeable future. Commerce does not address whether the "Equal Time" rule should be repealed for the 1980 Presidential election. We are drafting a memo for you on that.

URBAN POLICY

Working with Frank and Anne to build Congressional support for urban policy legislation. Particular priorities are the Supplemental Fiscal Assistance Program, Labor Intensive Public Works, State Incentive Grants and Employment Tax Credit. Consulting with Congressional Committees on National Development Bank legislation prior to submission to Congress on June 9.

Working with Anne on developing progress report that we can release to public demonstrating Administration's progress in implementing policy.

HEALTH

NHI: DPS is coordinating the efforts of the PRM agencies to develop NHI principles.

Cost Containment: Commerce Committee mark-up now scheduled for June 6.

HUMAN RESOURCES

Welfare Reform: Another meeting is scheduled this coming Wednesday between Secretary Califano and interested Congressmen to see if a welfare reform compromise can be reached. There is a great reluctance among the House leadership to take up the issue this year for fear that it will become a political football in the election year atmosphere. We remain pessimistic about whether an agreement can be reached.

8:15 AM

THE WHITE HOUSE

WASHINGTON

June 2, 1978

Q

MEETING WITH SENATORS HARRISON WILLIAMS,  
JACOB JAVITS AND ROBERT BYRD

Monday, June 5, 1978

8:15 a.m. (20 minutes)

The Cabinet Room

From: Frank Moore *F.M.*

I. PURPOSE

To help build momentum for cloture on the labor reform filibuster.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: On Monday, our final push for cloture on the labor reform filibuster gets underway. All have agreed that this meeting will be helpful in starting the week off in an upbeat way.

The first cloture petition will be filed on Monday. The first cloture vote will be on Wednesday, unless the Senate loses the entire day of Tuesday because of the Allen funeral. In that event the vote will be on Thursday. We expect to lose on the first vote and probably the second. However, by the third vote we should be near victory or victorious.

We have asked for full press coverage of this meeting. Consequently, reporters and cameras will be present during the first two or three minutes while you are making a brief opening statement. After the meeting, Senators Williams and Javits will meet with reporters outside the west lobby.

Labor is very pleased you are holding this meeting, although no labor representatives will be present. This issue is their Panama. It is their most direct head-to-head confrontation with the business lobby in years. If it is perceived that we played an important role in the expected victory, it will help us immeasurably with this traditional Democratic constituency.

- B. Participants: The President, Senators Robert Byrd, Harrison Williams and Jacob Javits, Secretary Marshall, Frank Moore, Nik Edes, Bob Thomson, and the following Senate staff involved with this bill: Don Zimmerman, Steve Paradise, Mike Forcey, Mike Goldberg, Mike McCurry and Mary Jane Checchi.
- C. Press Plan: Full White House press coverage.

### III. TALKING POINTS

1. "I want you to know that I have been following Senate consideration of the labor reform bill very closely. As all of you know, this is a bill my Administration strongly supports. Over many months, Secretary Marshall and his staff worked to draft a measured response to two serious problems that threaten the right of American workers to bargain collectively if they chose -- a right that has been the centerpiece of United States government labor policy since 1935.
2. "The most serious problem is one of delay. In even the simpler cases, the NLRB typically takes almost two months to hold an election to determine whether workers want union representation. The enforcement of Board decisions is also subject to unnecessary delay: lengthy proceedings before the Board and extended litigation can sometimes delay final action for years.
3. "A second problem is the weakness of the Board's remedies in cases where employers or employees purposefully and flagrantly violate federal labor laws. Both employers and employees have learned that because of the Board's difficulty in enforcing its decisions, open violation of the law is often less costly than initial compliance.
4. "The bill you now have before you provides simple and modest remedies for these two problems. However, you have shown needed flexibility in your willingness to accept amendments addressing the few problems that have arisen during Senate consideration of the bill. I want to work closely with you to pass this bill as soon as possible. As you know, Congress has many important matters left to deal with throughout the remainder of this session."
5. After your opening remarks, you should recognize Senator Byrd for a report on the situation in the Senate. You

may want to mention that you have heard reports complimenting Senator Byrd on his excellent leadership on this issue.

6. You should then ask Senator Williams for his comments.
7. You should then recognize Senator Javits. He should be thanked for gathering a significant number of Republicans in support of cloture. There may be as many as 13 or 14. You should also express your view that this is essentially a bipartisan issue.
8. Since only 3 Senators will be present in the cabinet room, the 5 key Senate staffers will be seated at the table as well.

FOR YOUR INFORMATION: Senator Javits will arrive late to the meeting because of air connections. In fact, he may be there for only the last few minutes. Nevertheless, we badly wanted him to attend to emphasize the GOP support for the bill.

BACKGROUND ON SENATORS

Senator Robert Byrd - Wife: Erma

Committee on Appropriations  
Agriculture & Related Agencies  
Interior  
Labor, Health, Education & Welfare  
Committee on the Judiciary  
Improvements in Judicial Machinery  
Separation of Powers  
Committee on Rules & Administration

Senator Harrison Williams - Wife: Jeanette

Committee on Banking, Housing & Urban Affairs  
Housing & Urban Affairs  
Securities, Chairman  
Committee on Human Resources, Chairman  
Handicapped  
Alcoholism & Drug Abuse  
Committee on Rules & Administration  
Joint Committee on the Library

Senator Jacob Javits - Wife: Marion

Committee on Foreign Relations  
Foreign Economic Policy, Ranking Minority Member  
Western Hemisphere Affairs, Ranking Minority Member  
Foreign Assistance  
Committee on Government Affairs  
Permanent Subcommittee on Investigations  
Subcommittee on Federal Spending Practices and Open Government  
Subcommittee on Energy, Nuclear Proliferation & Federal  
Services, Ranking Minority Member

THE WHITE HOUSE  
WASHINGTON  
June 5, 1978

Frank Moore

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Rick Hutcheson

FLAG - ALLEN FUNERAL

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	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAF SHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

THE WHITE HOUSE

WASHINGTON

June 2, 1978

MEMORANDUM FOR THE PRESIDENT

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

I would like to request your permission to have the flag which is flying at half-staff over the White House removed so that your representative at Senator Allen's funeral can present the flag to Mrs. Allen.

PERMISSION GRANTED  \_\_\_\_\_

PERMISSION DENIED  \_\_\_\_\_

*J*

2918

THE WHITE HOUSE  
WASHINGTON

June 5, 1978

Charlie Schultze

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Rick Hutcheson

cc: Landon Butler  
Phil Wise  
Fran Voorde

ANTI-INFLATION MEETING

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THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

*sk*  
*J*

June 3, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

Charlie Schultze *CLS*

SUBJECT:

Strauss' suggested strategy for the  
anti-inflation program

On Friday, you received from Bob Strauss a memo recommending that you establish under his chairmanship a Cabinet-level Presidential Task Force on Inflation to run the anti-inflation effort. I believe the creation of such a committee would have major implications for the process by which economic decisions are made in your Administration and for the public's perception of that process. Therefore, I urge that you make no decisions on Bob's memo until Mike Blumenthal, some of your other advisors and I have a chance to discuss it with you.

2917

THE WHITE HOUSE  
WASHINGTON

June 5, 1978

Peter Bourne

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the President's outbox. It is  
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Rick Hutcheson

cc: Phil Wise  
Fran Voorde

*Stu Eizenstat*

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	VANCE

THE WHITE HOUSE  
WASHINGTON  
June 2, 1978

*ok  
J*

MEMORANDUM FOR THE PRESIDENT

FROM: PETER BOURNE *P.B.*

SUBJECT: NATIONAL HEALTH INSURANCE

I would like to talk with you for 10 minutes before you make any final decisions on national health insurance.

PGB:ss

THE WHITE HOUSE  
WASHINGTON  
June 5, 1978

Stu Eizenstat

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Rick Hutcheson

cc: Fran Voorde  
Phil Wise

WATER POLICY PRESS BRIEFING

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	SCHNEIDERS
/	VOORDE
	WARREN
/	WISE

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT:

Water Policy Press Briefing

I think it would be desirable for you personally to open the White House press briefing on the water policy. If we stick to the proposed schedule, it appears that 11:00 a.m. on June 6 would be the best time (Phil Wise concurs). We would propose that you give a brief opening statement (5 minutes). Secretary Andrus would then handle the rest of the briefing with back-up from me.

*✓*

\_\_\_\_\_ Approve

\_\_\_\_\_ Disapprove

*ok*  
*J*

THE WHITE HOUSE  
WASHINGTON

June 5, 1978

Doug Costle

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the President's outbox. It is  
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Rick Hutcheson

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	SCHLESINGER
	STRAUSS
	VANCE



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

*Paul  
Good  
J*

The Administrator

June 2, 1978

REPORT TO THE PRESIDENT

FROM: Douglas M. Costle

At our May 24 budget meeting, you asked whether EPA regulations are imposing the kind of detailed, design-specific requirements that some OSHA regulations do. I understand your concern and would like to respond more fully.

OSHA operates essentially under one statute. EPA operates under a series of different statutes with a range of purposes:

- The Clean Air Act
- The Water Pollution Control Act
- The Safe Drinking Water Act
- The Noise Pollution Control Act
- The Resource Conservation and Recovery Act  
(promoting resource recovery and regulating hazardous materials and solid waste disposal)
- The Ocean Dumping Act
- The Federal Insecticide, Fungicide, and Rodenticide Act (regulating the use of pesticides)
- The Toxic Substances Control Act (regulating all chemicals)

While these statutes vary widely in detail, they tend to be inordinately specific in telling us what to do and when to do it. Deadlines are enforceable in court and are set for almost everything we do. Within these constraints, we are attempting to take a fundamentally consistent approach:

- o Almost all of our regulations impose performance requirements (e.g., emissions limits), not engineering specifications. Typically, the State agency defines how many pounds of a pollutant (e.g., sulphur) a source may emit; and each company is left free to find the least costly method of complying. I am trying to find practical ways of letting firms trade high-for low-cost cleanup options across company lines as well. (Company A meets its obligations by paying Company B to remove 100 additional tons of sulphur because Company B can do so for half the cost Company A could.) Under some statutes the performance standards have to be based upon how much abatement can be accomplished using available technology, but even in these cases we do not specify the technology to be used, but rather the performance to be achieved.
- o We rely primarily on State and local governments to implement and enforce the laws. (They provide up to 80 percent of the environmental regulatory work force.) They should be better able to make flexible, relatively quick, politically sensitive decisions. However, this relationship will not work if we do not provide (1) financial and technical help; (2) enforcement and political backup (and, sometimes, backbone); and (3) a guarantee that the laws will be implemented consistently in all States. State performance varies. Missouri has a staff of twenty-three to handle the entire Clean Air Act. Ohio's governor is running for reelection against EPA. Without our presence, uniform national standards would be a chimera.
- o Permits are negotiated with individual sources, further allowing unique circumstances to be taken into account and providing the companies with an opportunity to fully participate in the permit decisions.

Because of the specificity, complexity and rapidly changing character of federal law, EPA has intruded extensively in the development of State programs. From my own experience as State Administrator, they did not always do so in either the most diplomatic or most effective way. In contrast, the number of actual company plant inspections by EPA, as opposed to State agency personnel, has been extremely limited because of personnel constraints, and has been pretty much confined to only the most major sources. Because of our reliance on State government, we are putting substantial effort into improving our relations with States. These efforts include:

- o Making "up-front" agreements with the State agencies which will allow us to reach a common understanding on how federal laws will be implemented and enforced, after which we can back away from day-to-day involvement.
- o Providing States with better technical assistance and trying to address the States' need for financial resources in a more responsible way.
- o Ensuring that we provide the political support that State agencies need in order to carry out their roles. Even aggressive States recognize that they need our support and that they would be stymied if we were not strongly pushing some of their less aggressive neighbors.

Our policy--frankly, driven by the reality of limited resources--is to remove ourselves to the extent possible from the day-to-day decisions and to stand firmly behind the States, providing them the financial, technical and political support they need to accomplish their jobs.

I do not suggest for a moment that there is not substantial room for improvement and for finding ways to generally improve our regulatory processes to make it more effective and less costly. Some of the things we are doing are exciting, and with your permission, I would like to highlight some of these for you in my future weekly reports.



sk

THE WHITE HOUSE  
WASHINGTON

June 5, 1978

Jerry Rafshoon

The attached was returned in  
the President's outbox. It is  
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Rick Hutcheson

cc: The Vice President  
Stu Eizenstat  
Hamilton Jordan  
Tim Kraft  
Jody Powell  
Jim Fallows  
Fran Voorde  
Phil Wise

FUNDRAISER AND FIRE SIDE CHAT

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

*include  
my  
note*

ACTION  
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

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

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

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

THE WHITE HOUSE  
WASHINGTON

6/3/78

Mr. President:

Eizenstat concurs with Rafshoon, but adds: "It will be important not to attack the oil companies directly or indirectly in Houston. We will need their help to pass the last part of our energy package."

Phil Wise prefers June 29 to July 4 for a fireside chat, as does Tim Kraft. Tim points out that much of the public will be on vacation and "tuned out" during the July 4 weekend.

Rick

THE WHITE HOUSE

WASHINGTON

June 2, 1978

C  
/

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON *JR*

SUBJECT: SPEECHES I. JUNE 23 - HOUSTON, DNC FUNDRAISER  
II. JULY 4 - FIRESIDE CHAT *6/29*

I. We are working on a crash public awareness campaign to help passage of the first four parts of the latest energy plan. This includes speeches, talk shows, maybe public service ads, etc. for the plan. We certainly don't recommend another fireside chat, but we do need your prestige used at least one time to tell the people that the time has come for immediate passage; that the alternative to this plan is no plan at all; that the lack of a plan is an economic danger AND a defense danger; and, that we are sending a president to an economic summit disarmed without an energy plan. True, this has all been said before but we can add drama to it by doing it in Houston at a fat-cat DNC fundraiser -- doing it in a "den of lions", etc. It would be a gutsy thing to do. There is bound to be comment that you did it in "oil city" and that it is reminiscent of JFK's Houston speech to Baptists, or even your amnesty speech to the American Legion.

You don't have to beat the oil companies over the head, but you can chide the country and Congress for failing to act. *ok*

This does not have to be the whole speech -- but a significant part of it.

The other two subjects should be inflation and defense, particularly, the Russians in Africa. *ok ok no*

I ran this by John White and he agreed and suggested the same themes in Fort Worth earlier in the day.

Do you approve? If so, I'll have Fallows begin. ✓

II. I'd like to try a fireside chat for the 4th of July weekend. Maybe Thursday, June 29. If all three networks won't carry it (since it is not newsworthy) then one or two is O.K.

The tone would be elevated, historical, Presidential. It would be thematic; designed to clarify the purposes of the Administration. It would hit upon tradition, competence, the common good, our debts to our children, the family and the strength of our country.

It would set the stage for later speeches on the same theme, but more specifically on inflation, reorganization, defense.

I would like to ask outside sources, such as Henry Steele Commager, to give us ideas and even a text for this.

Proceed \_\_\_\_\_ ✓

Discuss with me \_\_\_\_\_

*the date, after talking to Tim & Phil*  
*J*

DATE: 02 JUN 78

FOR ACTION:

INFO ONLY: STU EIZENSTAT

HAMILTON JORDAN

TIM KRAFT

JODY POWELL

PHIL WISE

SUBJECT: RAFSHOON MEMO RE SPEECHES I - HOUSTON (ENERGY)

2. FRESIDE CHAT - JULY 4

*try June 29*

+++++

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

+ BY: *Phil Wise* +

+++++

ACTION REQUESTED: CALL IF YOU WISH TO COMMENT, TO PRES. SUNDAY

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

PLEASE NOTE OTHER COMMENTS BELOW:

DATE: 02 JUN 78

FOR ACTION:

*xc: But ✓  
David ✓*

INFO ONLY: STU EIZENSTAT

HAMILTON JORDAN

FRANK MOORE (LES FRANCIS)

JODY POWELL

SUBJECT: RAFSHOON MEMO RE VETO THREATS

+++++

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

+ BY: +

+++++

ACTION REQUESTED:

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

*✓ Stue.*

PLEASE NOTE OTHER COMMENTS BELOW:

DATE: 02 JUN 78

FOR ACTION:

INFO ONLY:	STU EIZENSTAT	HAMILTON JORDAN
	TIM KRAFT	JODY POWELL
	PHIL WISE	

SUBJECT: RAFSHOON MEMO RE SPEECHES I - HOUSTON (ENERGY)  
 2. FIRESIDE CHAT - JULY 4

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

ACTION REQUESTED: CALL IF YOU WISH TO COMMENT, TO PRES. SUNDAY

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

PLEASE NOTE OTHER COMMENTS BELOW:

*xc: Bert ✓  
David*

DATE: 02 JUN 78

FOR ACTION:

INFO ONLY: ~~STU ETZENSTAT~~

HAMILTON JORDAN

TIM KRAFT

JODY POWELL

PHIL WISE

SUBJECT: RAFSHOON MEMO RE SPEECHES I - HOUSTON (ENERGY)

2. FIRESIDE CHAT - JULY 4

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

+ BY: +

+++++

ACTION REQUESTED: CALL IF YOU WISH TO COMMENT, TO PRES. SUNDAY

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

PLEASE NOTE OTHER COMMENTS BELOW:

*However, it  
 will be important not to attack the  
 oil companies directly or indirectly in Houston.  
 We will need their help to pass the last part  
 of our energy package.*

*Stu Eyzik*

THE WHITE HOUSE  
WASHINGTON

June 5, 1978

**Jerry Rafshoon**

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

**Rick Hutcheson**

cc: Stu Eizenstat  
Hamilton Jordan  
Frank Moore

**VETO THREATS**

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION  
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
<input checked="" type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
	KRAFT
	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

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	BELL
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	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
<input checked="" type="checkbox"/>	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

# Carter Raises Veto Threat On Spending

By Art Pine and James L. Rowe Jr.  
Washington Post Staff Writers

President Carter, continuing the spending crackdown the administration disclosed last week, has formally notified Congress that he intends to veto any fiscal 1979 appropriations bills that significantly exceed his own budgetary proposals.

In separate letters to the chairmen of the House and Senate appropriations committees, Carter warned bluntly he will follow congressional spending actions closely and "will not hesitate to veto any . . . which I do not believe the country can afford."

He also expressed chagrin about several bills now in the two committees which he said "contain significant increases to discretionary programs"—that is, those in which spending is controlled directly by Congress, rather than based on the number of taxpayers who are eligible.

Although Carter did not specify which measures he thought were excessive, sources indicated the President was referring to the pending Labor-Health, Education and Welfare, defense and public works appropriations bills. He urged the lawmakers to cut back the size of the measures.

The letter by the President marked the toughest language he has used so far in admonishing Congress to hold the line on federal spending levels. Carter has been relatively passive on budget issues in previous months. He has yet to veto his first spending bill.

The move appeared to be in line with a new tighter fiscal policy the administration has adopted. Carter announced May 13 he was trimming the size of his tax cut by \$5 billion, and last week he ordered a spending crackdown for fiscal 1980, for which planning has just begun.

This week, the U.S. told its major trading partners in the Organization for Economic Cooperation and Development it would not join in a move by industrial nations to stimulate their economies more rapidly, as many European governments now want.

The move is being touted as part of a new anti-inflation effort. The administration is trying to reduce the size of the burgeoning federal budget deficit, in hopes of persuading the Federal Reserve Board to slow its rise in interest rates.

The letter Carter sent yesterday was drafted at the urging of James T. McIntyre, director of the Office of Management and Budget.

**Electrostatic Copy Made  
for Preservation Purposes**

THE WHITE HOUSE  
WASHINGTON

0

June 2, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON *JR*  
SUBJECT: VETO THREATS (AND SUBSEQUENT VETOES)

This, if followed through will go a long way towards enhancing the image of a tough, businesslike well-managed administration.

We must have a coordinated plan so that any vetoes are timed right and fit into a theme that comes across loud and clear.

I hope that you can "hold the line" on these spending bills.

If you approve, I will meet with Frank, Stu and Hamilton to have a plan to get the most out of this.

*ok*

DATE: 02 JUN 78

FOR ACTION:

INFO ONLY: STU EIZENSTAT	HAMILTON JORDAN
FRANK MOORE (LES FRANCIS)	JODY POWELL

SUBJECT: RAFSHOON MEMO RE VETO THREATS

+++++

+ 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

June 5, 1978

MR. PRESIDENT:

Would you like to invite any of the following to accompany you to Annapolis on Wednesday? There are five available seats on your helicopter. There is no problem to add another helicopter for additional guests or staff.

- Admiral Holloway
- Secretary Brown
- Secretary Graham Claytor
- Zbigniew Brzezinski
- Stansfield Turner
- Robert McKinney
- Vernon Weaver
- Jack Sullivan
- Jerry Rafshoon
- Maryland Delegation (2 Senators, 8 Reps.)

*ok with me J*

PHIL WISE

*PHW*

*only Annapolis one*

THE WHITE HOUSE  
WASHINGTON

FOR THE RECORD:

THIS WAS TELEXED TO CAMP  
DAVID FRIDAY NIGHT.

*Put in bk h8  
file*



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MEMORANDUM FOR THE PRESIDENT

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

SUBJECT: Employment and Training Program Review

The three Labor Department issues present difficult questions about the best methods of attacking problems of the unemployed, as well as difficult political problems. In addition, they cover the only program areas where there is any possibility for the Department of Labor to make significant reductions as part of your efforts to cut \$13 billion out of our current 1980 estimates.

OMB and DOL tend to approach these programs from different directions. DOL places primary emphasis on the need to have enough Federal employment and training slots to help reach the 4% unemployment rate goal in Humphrey-Hawkins. Accordingly, they concentrate on the numbers of people being served at any point in time. Secretary Marshall believes strongly that employment programs can be of further help in the Humphrey-Hawkins effort. Both Charlie and I are skeptical of this claim.

We are primarily interested in the longer range effect the programs have on the individuals served, and thus on the long-term employment and earning prospects of participants.

The difference in priority contributes to the different recommendations in the three issues. In addition, Secretary Marshall takes the position that evidence of failure is needed before programs should be decreased, while I believe that evidence of success is needed to justify continuing to spend large amounts on these programs, particularly in light of this year's severe budget constraints.

1. Welfare Reform and Public Service Employment.

It appears that the Administration proposal for 1,250,000 public service jobs for welfare reform will not be accepted by Congress. Marshall wishes to keep that

1983 goal in his budget figures in order to:

- provide employment to help reach the 4% unemployment rate;
- prevent a dip in PSE slots in the 1980 election year; and
- avoid signalling abandonment of our welfare reform proposal.

I believe that the need to restrain 1980 spending makes a new look at PSE policy essential. While there is no hard evidence that PSE does not work, there are many substantial questions: for example, possible fiscal substitution, private job displacement, lack of demonstrated improvement in earnings after the programs, post-employment, and program abuse. A "go slow" approach is completely justifiable on program grounds, and I am convinced that a dip in PSE slots is not a bad political position.

## 2. Youth Employment and Training Programs.

Youth unemployment, and especially that of black youth, continues to be severe. I am concerned that the current array of programs may be giving us the illusion that we are attacking the problem effectively; however, they represent a scatter-shot approach which costs a great deal of money with too little targeting on those about whom we care the most.

Secretary Marshall will argue that politically we cannot change our position on any of the youth programs. I think it is important that our recent targeted employment tax credit proposal provides \$1.2 billion in 1980 to induce the private sector to hire young people. So spending changes are not a diminution of effort.

In general, I believe that the disadvantaged and the economy can best be served by programs that enhance their ability to succeed after they participate in the programs. When stated this bluntly, Ray would not disagree, but his primary emphasis is on the effect on the unemployment rate of having a certain number of people enrolled in employment and training programs. This concern makes him particularly sensitive to our suggested resource constraints. He is likely to be especially concerned that we have suggested reopening the question of automatic PSE increases if the unemployment rate goes up. The suggestion is made in the interest of recapturing some much-needed budget flexibility.

I believe it would be helpful for you to make two points:

- First, that your primary concern is to prepare people for long-term success in unsubsidized jobs,
- Second, that the 1980 budget request should emphasize programs which have been shown effective in meeting that goal.

The Labor Department issues are scheduled for two hours. The future of the VA health care system, originally scheduled for June 1, will be taken up first for thirty minutes.

WASHINGTON

DATE: 05 JUN 78

FOR ACTION:

INFO ONLY: THE VICE PRESIDENT  
JACK WATSON

STU EIZENSTAT

SUBJECT: MCINTYRE MEMO RE EMPLOYMENT AND TRAINING PROGRAM REVIEW

*11370*  
*24 political*  
*next*  
*two.*

+++++

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

+ BY: +

+++++

ACTION REQUESTED: YOUR COMMENTS

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

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

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