6/12/78 [1]

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 6/12/78 [1]; Container 80

To See Complete Finding Aid:
http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Lipshutz to Pres. Carter, w/attachments 4 pp., re:Personal	6/8/78	C
Memo	Frank Moore to Pres. Carter, w/attachments 15 pp., re:Weekly Legislative Report Opened 2/2/93	6/10/78	A

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of the Staff Sec.-Presidential Handwriting File 6/12/78 [No. 1] Box 90

RESTRICTION CODES

(A) Closed by Executive Order 12356 governing access to national security information.
(B) Closed by statute or by the agency which originated the document.
(C) Closed in accordance with restrictions contained in the donor's deed of gift.

Revised:
6/9/78
5:15 p.m.

THE PRESIDENT'S SCHEDULE

Monday - June 12, 1978

8:15	Dr. Zbigniew Brzezinski - The Oval Office.
9:00	Mr. Frank Moore - The Oval Office.
10:00 (15 min.)	Senator Warren G. Magnuson. (Mr. Frank Moore). The Oval Office.
10:30	Mr. Jody Powell - The Oval Office.
11:30 (30 min.)	Meeting with Secretary Patricia Harris. (Mr. Jack Watson) - The Oval Office.
12:00 (15 min.)	Remarks/Presentation of Certificates to Graduates of the Capitol Page School. (Mr. Frank Moore). The Rose Garden.
12:15 (30 min.)	Lunch with Vice President Walter F. Mondale. The Oval Office.
1:00 (30 min.)	Meeting with the Advisory Committee to the 10th Special Session of the United Nations Devoted to Disarmament. (Dr. Zbigniew Brzezinski). The Cabinet Room.
4:30 (15 min.)	Trilateral Commission Meeting. (Dr. Zbigniew Brzezinski) - The State Floor.

THE WHITE HOUSE
WASHINGTON

12 June 1978

Frank Moore

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

Rick Hutcheson

cc: The Vice President
Hamilton Jordan
Stu Eizenstat
Jack Watson

~~CONFIDENTIAL~~ ATTACHMENT

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12356, SEC. 3.4(b)
WHITE HOUSE GUIDELINES, FEB. 24, 1983
BY [signature] NARS, DATE 1/26/83

~~CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

June 10, 1978

C

[redacted] ~~CONFIDENTIAL~~

MEMORANDUM FOR: THE PRESIDENT

FROM: FRANK MOORE

SUBJECT: Weekly Legislative Report

DOMESTIC POLICY ISSUES

1. ENERGY

--National Energy Act. House and Senate Conferees on the Natural Gas Pricing Compromise (H.R. 5289) met twice this week to consider the few remaining issues to the gas pricing compromise which they adopted in May. House Conferees agreed to the package of staff recommendations by voice vote on June 8, after adding one amendment (Eckhardt) to the Transportation and Sale Authority provisions. The House will formally offer the proposal to the Senate Conferees on June 12 when next they meet.

2. TAX REFORM

--Treasury reports that the Ways and Means Committee is in considerable disarray, with no clear majority for any proposal. The Jones compromise has 10-12 Republicans and 8-10 Democrats, but while this is a majority of the Committee, the Chairman does not want a bill reported out without a clear majority of Democrats.

--As a substitute, the Vanik-Pickle extension of the 1976 cuts has as many as 16 votes but is unlikely to gain more without a guarantee of a closed rule. Waggonner is now working on another (as yet undetermined) compromise. Hence, despite two Democratic caucuses this week, there still is not a consensus and Treasury has resisted getting involved except to the extent of reiterating their desire to have the President's program in the long run.

--At Ab Mikva's request, the Vice President, Secretary Blumenthal, Charlie Schulze and Stu are meeting with 5 or 6 liberal members of the Committee on Monday afternoon.

3. REORGANIZATION

Civil Service Reform and Reorganization

--Democrats on the House Post Office and Civil Service Committee have completed several days of closed caucus meetings. With the exception of labor relations (Title VII), we came out in pretty good shape. On three issues that are of great concern 1) reduction-in-rank as a basis for appeal (our proposal eliminates this from current practice), 2) pretermination hearings in adverse action cases (we are strongly opposed to this, but the committee had reported a bill earlier this Congress providing for such hearings),

& 3) veterans preference - the caucus agreed to stick with the Administration's positions. Members will now be forced to offer amendments on these issues at mark-up to change our proposal.

--In the area of labor-management relations, Udall and Nix were unable to move the caucus toward our position in any substantial degree, much to the disappointment of "moderates" like Spellman, Harris and Heftel (Ford, Clay, and Solarz have pushed the union position vigorously). CSC Chairman Scotty Campbell is scheduled to meet with Udall and Ford on Tuesday to discuss the issue. Udall and our task force continue to believe that we can clean up most of the problems on labor relations questions in full committee or on the floor.

--The staff of PO&CS has been instructed to prepare a "committee print", which should be ready by mid-week; members of our task force are working with the committee staff in preparing that print. We expect mark-up to begin on Tuesday (June 20) or Wednesday (June 21).

--The Senate Governmental Affairs Committee has gotten off to a slow start marking up the legislation; the biggest problem has been attendance. However, they have made progress on several issues. On Monday, the committee will begin work on veterans preference and labor management relations.

--We are continuing to have problems on the "whistle blower" issue and other points as well, but staff from DPS and CSC are working virtually full-time with committee and individual Senator's staffs in an effort to resolve disagreements. The committee plans to report out a bill by the end of the week and we have reason to believe that-in toto-it will not be radically different from our proposal.

--The Reorganization plan had a one day hearing last Tuesday and it went very well. Chairman Brooks, Rosenthal, Fuqua, Horton and Corcoran attended; Levitas, though not on that subcommittee, attended and was very supportive of our proposal. The next hearing is set for Tuesday, June 13, with AFL-CIO and other employee organizations set to testify.

Department of Education

--The Senate is anticipating marking up S. 991 between June 19-26. It was originally anticipated that S. 991 would follow Civil Service in mark-up, but Senator Ribicoff is now considering finishing lobby reform before considering the Department of Education bill.

--A first draft of the Administration's bill has been completed and will be circulated to the agencies for comment next week. Negotiations are continuing with Jack Brooks on the timing for submission of the bill and his possible sponsorship (Brooks has major political problems with a bill that contains the Head Start transfer).

4. HOSPITAL COST CONTAINMENT

--A motion to recommit (kill) the Rogers' bill to Subcommittee was defeated on Wednesday in the full Commerce Committee by a vote of 24-16.

--The next key vote in the Commerce Committee is expected to be on the Santini substitute which would gut the Rogers bill. The Santini substitute would continue the program of voluntary hospital cost containment--a program developed by the hospital industry itself--and establish a commission to monitor progress and recommend legislation if the voluntary cost control goals were not met.

--The vote on the Santini amendment is expected to be close, but we should win. However, we still lack the votes to pass the bill.

--HEW staff continues to work with the Senate Finance Committee staff, but no significant action will occur until the House resolves the issue. Presently, we are guardedly optimistic that the Senate bill will be compatible with our goals.

5. WELFARE REFORM

--At a meeting on Wednesday of this week, there was an agreement to try to put together a compromise welfare reform bill. Attending the meeting were Al Ullman, Carl Perkins, Jim Corman, Gus Hawkins, Charles Rangel, Joe Califano, Ray Marshall, Mike Dukakis, Stu Eizenstat and several Congressional staff people.

--The agreement was to draft a bill based on specifications developed by the New Coalition for an incremental welfare reform bill making improvements in the existing system and calling for important reforms. The staffs of HEW, Labor, other agencies, Ullman, Corman, Rangel and the New Coalition are working now to draft the bill within the next week or ten days. If all goes well, Ullman, Corman and Rangel will introduce the bill which would be referred in Ways and Means to the Corman Public Assistance Subcommittee and in Education and Labor to the Hawkins Subcommittee. Corman believes he can move a consensus bill out of his Subcommittee within a couple of days. If all of this happens, then a welfare reform bill might be taken up in Ways and Means and moved through fairly quickly.

--While this is a good sign, we do not feel optimistic as to Committee or House action yet.

6. AIRLINE REGULATORY REFORM/NOISE

--It still remains unclear as to when the Public Works Committee will ask for a rule on the Regulatory Reform bill. Since it appears that the Committee is waiting to see how quickly Senator Cannon acts on noise legislation, DOT plans to hold the fly-over demonstration Cannon requested, on June 17. The department has received indications from Cannon that he will move as quickly as possible after the fly-over and hopes to go to mark-up by the end of the month.

--Meanwhile, DOT, OMB, and Domestic Policy Staff are attempting to draft an acceptable compromise on Titles I and II of the noise bill, which we will put forward should it become necessary to break a deadlock.

7. SURFACE TRANSPORTATION

--The Ways and Means Committee has still not set a definite date for consideration of Title V, the Financing provision of the Surface Transportation bill. Since Congressman Gibbons is still hospitalized (with appendicitis) it does not appear that the Committee will take the bill up on the 12th as we had expected. We are continuing our visits with Committee Members and anticipate that Gibbons and Conable will hold a joint press conference sometime next week to announce their amendment which would control the expenditures from the Highway Trust Fund. This is the best chance we have to beat the Highway Bill.

8. HOUSING AND COMMUNITY DEVELOPMENT

--The HUD Authorization bill is being held by the Leadership for Floor action whenever it can be fit in the schedule.

--HUD continues to be concerned about a probable Garry Brown amendment providing for a one-House veto of HUD regulations. Secretary Harris has suggested that you send a letter to Speaker O'Neill. DPS is working on a message to Congress on the one-House veto in general and is hopeful of sending it up before HUD Authorization comes to the Floor.

9. NEW YORK CITY FINANCING

--By a vote of 247-155, the House Thursday approved legislation providing up to $2 Billion in federal loan guarantees for New York City. Two hundred three Democrats and 44 Republicans supported the bill while 59 Democrats and 96 Republicans opposed it.

--In the Senate Banking Committee, the sentiment seems to have moved a little toward seasonal financing. On the Republican side, Treasury reports we have a chance to get Brooke, Heinz and Schmitt; on the Democratic side, we have a chance with Stevenson and McIntyre. If we pick up three of these with Sparkman, Williams, Cranston, Riegle and Sarbanes, we will have the necessary eight in the committee for long-term guarantees.

--Mark up is tentatively scheduled for the week of June 19.

--Treasury has asked WH CL to stay out until needed; however, we will be staying in close touch with Senator Moynihan to insure that he knows of our strong interest.

10. LABOR LAW REFORM

--There were two cloture votes this week--the first on Wednesday when we got 42 to the opposition's 47 and the second 49-41 on Thursday. There were the following switches in our favor on the second vote: Ford, Huddleston, and McIntyre. Absent on the first vote but with us on the second were Abourezk, Case, Gravel, Paul Hatfield and Muskie; voting with us on the first vote but absent on the second were Mark Hatfield and Biden. Absent on both votes were the following who will definitely be with us on subsequent votes: Brooke, Humphrey and Magnuson. There are thus 54 committed votes as of this date.

Three additional cloture votes will be held on Tuesday, Wednesday, and Thursday if necessary next week. We expect cloture to be invoked on the fourth ballot (Wednesday). WH CL has asked the Interior Department to confine its lobbying on Alaska D-2 to the Committee until after we get cloture on Labor Reform.

--Following Thursday's second cloture vote, we prevailed by 51-37 on a motion by Senator Byrd to table the motion to recommit previously filed by Senator Baker. Then Senator Byrd offered several modifications in the following areas: equal access, election timetables, the make whole remedy, debarment and small business. These proposals had been under consideration for some time and are designed to modify certain of the more controversial provisions of the bill, without substantially weakening the bill's basic thrust.

11. ALASKA D2 LANDS

--The Senate Energy and Natural Resources Committee has completed hearings on the legislation. Mark-up is scheduled for June 20. Chairman Jackson is committed to reporting the bill before the July 4th recess. The Stevens/Gravel filibuster threat still remains our largest problem--manifesting itself in Majority Leader Byrd's avowed refusal to bring the bill to the Floor while it faces opposition from both Alaska Senators.

12. URBAN POLICY

--Thirteen of the fourteen legislative proposals have been sent to the Hill. Anne Wexler, CL, DPS, Treasury, Commerce and HUD are working together on Hill consultations and the briefing of outside interest groups.

--The National Development Bank legislation will be sent up this week or next. DPS, Treasury and Wexler are seeking agreement with representatives of local government over the eligibility formula (an abnormality in the formula made some inappropriate suburbs eligible).

--Much attention this week will be focused on Supplemental Fiscal Assistance. The Administration bill authorizes $1 Billion a year in FY 79 and FY 80 in direct fiscal assistance to local governments in areas with high unemployment or disproportionately slow growth. Hearings were held early in May by the Government Operations Subcommittee on Intergovernmental Relations (Fountain). One more day of hearings before markup is possible. Brooks and Fountain oppose. Commerce and HUD are to assist Treasury in this effort.

13. CLINCH RIVER BREEDER REACTOR

--The Senate Energy Committee reached a decision on the Clinch River Breeder Reactor during its markup session of the DOE Authorization on June 8.

--The Committee agreed to a Melcher Amendment which is a modified version of a Church Amendment that had been rejected by the Committee during the markup session on the previous day.

--The Melcher Amendment has two parts. Part A was agreed to by a vote of 13-6, and Part B was agreed to by a vote of 10-8.

Part A: The Secretary would decide whether to proceed with the CRBR. He would have $159 million, as per the House bill, to do so; if he decides to terminate the project, he would have the $13.4 million which the Administration requested for termination, plus $55 million for new conceptual design work. This $55 million is comprised of $15 million -- which the Administration had requested for technology integration, for conceptual design work--and $40 million more than the Administration request. This $40 million comes out of the $159 million which would have been used to continue the CRBR, leaving an unused balance of $119 million in the Committee's

CRBR budget for FY 79.

Part B: Assuming the CRBR project is terminated, the Secretary would authorize the development of a new conceptual design by March 31, 1981. Such a new design is to be a proliferation resistant fuel cycle, such as uranium thorium or the civex process, and could also involve alternatives other than the liquid fast metal breeder, such as the gas-cooled breeder. The Committee also authorizes the reprogramming of the unused portion of the $159 million which would have gone to continuing the CRBR, that is the aforementioned $119 million. These funds would be for a strong breeder technology base program.

The Committee has scheduled a further markup session for June 12.

--On the House side, Congressman Teague is now helping us, which should put us over the top.

APPROPRIATIONS BILLS

1. LABOR/HEW

--Last week, despite efforts by White House CL, OMB, HEW, and DPS, we were unsuccessful in putting together a package amendment to cut the controllables in HEW's portion of the bill. However, in a fit of post-Proposition 13 enthusiasm, the House voted 290-87 to cut $1 Billion from HEW for "fraud, abuse and waste."

--When consideration of the bill resumes on Tuesday, the House will take up two anti-civil rights riders (one on affirmative action and the other on the elementary and secondary schools civil rights survey), and a Leadership amendment to continue present restrictions on abortion (instead of the much more stringent language contained in the Committee bill).

--On the Senate side, the Labor-HEW Subcommittee will resume its mark-up on Wednesday, June 14. OMB reports that Senator Magnuson has been showing an unusual degree of fiscal restraint this year, both in his speeches and in his initial action on the bill. Nevertheless, the Senate subcommittee traditionally boosts funding above the levels recommended by the House, so HEW must monitor pre-subcommittee action carefully to try to defeat proposed spending add-ons.

--You are meeting with Senator Magnuson on Monday to try to get his help in cutting add-ons to the controllable items.

2. TRANSPORTATION

--On Friday, the House failed to complete action on the Transportation Appropriations bill, so it will come up again next week.

3. PUBLIC WORKS

--We are working with OMB, Interior, the Corps of Engineers and DPS on a strategy for the Public Works Appropriations bill. The strategy will be outlined in the briefing paper for your meeting with House Members on Monday.

4. AGRICULTURE

--The House Appropriations Committee has scheduled a full committee for next Tuesday on the Agriculture Appropriations bill. As we have reported earlier, this bill contains discretionary program increases exceeding $400 million and includes language on personnel which would seriously constrain Secretary Bergland's management flexibility. We oppose this bill in its present form. We are not aware of any specific strategy USDA will employ to reduce add-ons or eliminate the language. We suggest that you urge Secretary Bergland to become personally involved.

I thought he went personally to Congress

5. STATE/JUSTICE/COMMERCE

--OMB expects the following amendments during House floor action next Monday:
- -A Beard amendment to prohibit the use of funds for normalizing relations of Cuba.
- -An Eilberg amendment to increase funds for INS (his amendment would add nearly 1,000 positions above our budget request). ?
- -A Conyers amendment to cut prison construction funds by $20 million.
- -A Jeffords amendment to add $460 thousand for unrequested solar energy market surveys.
- -A Levitas amendment to prevent provision of appropriations for the FTC until the agency's authorization bill is passed.
- -A Risenhoover amendment to reduce FTC funding by 1/3.

6. HUD-INDEPENDENT AGENCIES

--We expect the following floor amendments to this bill next week:
- -A Brown amendment to increase EPA R&D by $20 million (to a level above the budget).
- -A Beard amendment to increase funding for the Selective Service System above the budget.

--No floor amendments are currently expected to add more money for veterans' programs.

--The subcommittee has asked the Administration to support their $300 million cut to EPA construction grants which they justify in terms of attracting EPA's attention to proceed cautiously on expensive projects utilizing new technologies.

7. DEFENSE

--The Subcommittee on Defense continues marking up. The Research and Development markup is now completed. It is scheduled to take up the nuclear carrier and nuclear cruiser items on Monday, and finish on Tuesday. DOD estimates that funds for the nuclear carrier will be approved, but not the funds for the nuclear cruiser. At present it appears that the Full Appropriations Committee will mark-up after the July 4 recess.

8. MILITARY CONSTRUCTION

--The Subcommittee on Military Construction, Senate Appropriations Committee completed mark-up of the FY 79 MILCON Appropriations Bill on June 7. Full committee mark-up is not expected until late June. The net result of the Subcommittee mark-up was to reduce the requested Budget Authority of $4.25 Billion by $315 million (an approximate 7.5% reduction). The cuts generally follow those the Armed Services Committee made on NATO construction projects.

--On the House side the Full House Appropriations Committee completed its mark-up of the FY 79 MILCON Appropriations Bill and filed their Report on June 1. The net result was to reduce the requested Budget Authority of $4.25 Billion by $408 million (an approximate 9% reduction overall).

--While reductions for Europe are not as severe dollar-wise as those by the Senate Armed Services Committee, they affect the same urgently required projects.

9. FOREIGN ASSISTANCE

--The foreign assistance appropriation, already cut by a billion dollars in the House Appropriations Committee, is in very serious trouble in the House. The success of Proposition 13, our continuing efforts to hold the line on appropriations for domestic programs and election-year jitters are creating an extremely unfavorable climate. We now expect Doc Long to move to strike $0.6 Billion from the IDA and the Inter-American Bank, and Miller has announced plans to offer an 8% across-the-board cut. In addition, we can expect efforts to attach new constraints of various kinds, including prohibitions on indirect assistance to Vietnam and other target countries.

--On Monday Vice President Mondale, Secretary Vance, Secretary Blumenthal and Governor Gilligan will address the Freshmen and Sophomore Caucuses. If that session is successful, we may not only stop the erosion of support, but show the leadership that we intend to fight all out for this bill.

--There will still be opportunities to restore some funds and lift restrictions in the Senate. At this point, however, it is reasonable to anticipate that the FY 79 foreign assistance appropriation will not exceed this year's by more than the rate of inflation.

10. INTERIOR

--This bill was originally scheduled for Floor action in the House this coming week, but it has been taken off the calendar. We have serious problems with the bill. We have asked Interior to provide us with a detailed strategy, including assignments, by the close-of-business Wednesday.

11. SMALL BUSINESS ADMINISTRATION

--This bill is scheduled for consideration on the House Floor on Monday as part of State, Justice, Commerce and the Judiciary. The Committee reported budget authority of $1,090.8 Billion--this is $263.4 Billion (32%) over the Administration's budget of $827.4 Billion.

--OMB, CL and Anne Wexler met with Administrator Weaver on Thursday. He will be asked to develop a strategy to bring this in line on the Senate side.

FOREIGN POLICY AND DEFENSE ISSUES

1. Turkish Arms Embargo

--Our activities next week will center on efforts to contact the approximately

100-150 Congressmen who are not firmly committed on this issue. Ambassador Ron Spiers will be meeting with some two dozen of these Congressmen on Monday and Tuesday, and we hope to invite fifty more to the White House for a briefing session. On the Senate side, we will seek to fix a leadership team next week and prepare for Senate Armed Services Committee hearings which Senator Stennis has promised to convene. General Haig will be returning to Washington late next week to begin a schedule of briefings on the Turkish embargo issue.

--Following the meeting on Thursday morning, Secretary Brown talked briefly with John Stennis about the upcoming Armed Services hearings on the Turkey embargo. It looks like the hearing could be the 19th or 20th of June. In this connection, he issued a statement on Thursday supporting lifting the embargo and announced the hearing. Witnesses will be Secretary Brown, Secretary Vance, and General Haig. More and more we are finding that objections to lifting the embargo are not predicted on substantive reasons, but rather result from pressure from Greek constituencies.

<u>Ecevit's Activities in the United States</u>-Turkish Prime Minister Ecevit came back to Washington on Monday, met briefly with Harold Brown and Mike Blumenthal, and then appeared at an informal reception sponsored by the Senate Foreign Relations Committee. Those attending included Senators Sparkman, Javits, Percy, Sarbanes, Stone, Kennedy, Jackson, Chafee, Danforth, Matsunaga, Schweiker, Metzenbaum, Bellman and Zorinsky. Ecevit seemed tired and was less effective than he had been in previous public appearances, but once again he stressed his country's readiness to be flexible on Cyprus and its desire to stay in NATO and work closely with the United States.

Monday night in New York, Ecevit met for 2 ½ hours with John Brademas, Paul Sarbanes and Ben Rosenthal. The meeting changed no minds and was clearly not an easy session for Ecevit who was pressed hard by the three legislators for some highly visible, pre-negotiating concession on Cyprus.

Waldheim's efforts to organize an informal meeting in New York between Ecevit, Kyprianou, Denktash and possibly Caramanlis, broke down because of Kyprianou's preoccupation with seeing Ecevit alone and the reluctance of Caramanlis to get actively involved with Cyprus question at this time. Kyprianou will be in Washington later this week to talk to the Senate Foreign Relations Committee and the House International Relations Committee. Ecevit leaves for Turkey tonight; Caramanlis leaves for Greece on Tuesday. While Denktash will be around for another week or so, we doubt that we can get any type of Cyprus talks going before the embargo question is resolved by the Congress.

<u>General Haig Before House Armed Services NATO Subcommittee</u>-General Haig, in response to a request by Chairman Daniel, began his testimony before the NATO Subcommittee with his estimate of the strategic importance of Turkey and the necessity of restoring Turkish military readiness to NATO. Haig's comments formed a very strong public record on this subject.

--In response to a question, General Haig speculated about the Turkish reaction if the embargo were not lifted. In addition to predicting the expulsion of the US presence, substantial Turkish withdrawal from NATO and termination of US intelligence activity in Turkey, he stated that Turkey could well move toward neutralism and implied that Turkish movement toward the Warsaw Pact could not be excluded.

2. SALT II

--Secretary Brown testified Thursday before Senator McIntyre's Subcommittee on the implications of a SALT II Agreement on Military R&D. In general, the hearing went well. Senator Garn vigorously pursued a point of view to the effect that the Administration's Defense programs are grossly inadequate and have allowed the Soviets to move ahead of us. Secretary Brown set the record straight; however, we should note that this is an increasingly recurring theme and we can expect to hear more of it as November approaches.

3. Palestinian and Vietnamese Refugee Hearings

--Assistant Secretary Maynes (and Deputy Assistant Secretary Carlin) on June 7 separately testified before Chairman Long and a few members of the Foreign Operations Subcommittee of the House Appropriations Committee on the Administration's supplemental requests for our Palestinian and Vietnamese refugee programs.

--Both Chairman Long and ranking Republican Member Young raised a number of critical questions with regard to the supplemental appropriation request for the UNRWA program. Long, in particular, stressed his view that the Arab world was not doing enough to take care of its own Palestinian refugee problem and indicated that he did not believe the Committee could deal with the Administration's request until the Administration responded to a number of detailed questions regarding the composition and economic situation of the Palestinian refugees. Maynes strenuously argued that a failure to approve the Administration's supplemental request for $9.5 million would introduce a particularly negative response from the Arab world at this sensitive moment, would mean significantly reducing many of UNRWA's secondary school programs, and provide the PLO the opportunity to assume a greater leadership role in refugee camps.

--With regard to the request for an additional $17 million to replenish our Vietnamese refugee program, both Long and Young seemed far less hostile to the program than previously and were interested mainly on how many refugees might ultimately enter the US, how much it would cost to maintain the refugees once in the United States, and whether the United States Government took the appropriate procedures for insuring that spies were not permitted to enter the country. Reassured on all issues, Long terminated the hearing after 30 minutes of questioning.

4. Anti-Terrorism bill

--The Senate Foreign Relations Committee held a hearing on the Ribicoff anti-terrorism bill Thursday. It was a sparsely attended, perfunctory session with very little cross examination of the Administration's witnesses. State, Justice, Commerce, and Transportation were represented. The Administration offered support for the legislation contingent upon changes in the sanctions section--making them discretionary--and eliminating the concurrent resolution veto which could be applied if the President removed a country from the list of those determined to be supporting international terrorism.

--Very few Senators have focused on this legislation; it seems to be primarily a a staff operation, except for Ribicoff's personal interest in having a bill. In the face of the Administration's recommended changes, the markup originally scheduled for Tuesday of next week was postponed until June 20. Meanwhile, the staffers most intimately involved in the drafting (aides of Ribicoff and Javits) were scurrying to see where they stood on the committee. We are working the committee as well, making it clear that Administration support is contingent upon the recommended modifications. There is some concern among other staffers on the SFRC that the legislation would inadvertently require the United States to list countries with which we are engaged in broader pursuits, i.e., the front line states of Africa and the Soviet Union. State feels that this concern can be parlayed into an acceptance by the Committee of our recommended changes.

5. International Financial Institutions

--Treasury claims to have found increasing signs of disaffection among House liberals toward the Foreign Aid Bill because of the Administration's opposition to the House Appropriations Committee's decision to add $880 million to the Labor/HEW bill and our support for the House Armed Services Committee's decision to increase our original spending request for defense.

What support?

--Rep. Dave Obey has decided against any further work for the Foreign Aid bill (and has pulled his staff off the bill); and Pat Schroeder and Ron Dellums are toying with the idea of supporting cuts in foreign aid because of the switch on defense.

--Meanwhile, Treasury is preparing materials for the House floor debate, now scheduled for the week of June 19. Attacks on the IFIs are starting to surface, ranging from criticism of a recent $14 million IDA loan to Tanzania, allegedly for the production of tobacco which will be exported to European markets, to a Clarence Miller proposal to impose an 8% across-the-board cut or a $5.84 million reduction in the aid bill.

6. Witteveen Facility

--The human rights issue and the budgetary treatment dispute still loom as the key factors which will delay prompt passage of the Witteveen bill, the Labor-Law Reform filibuster not withstanding.

--On human rights, the staffs of our floor managers--Church, Javits, and Stevenson--are not in agreement on either tactics or substance. Treasury will call a meeting of the parties this week to discuss this problem.

--The budget issue has reached the point where only Stevenson seems interested in holding on to the exchange of assets position as a possible bargaining chip. All other key Senate figures seem ready to proceed with the alternative of appropriating the full U.S. contribution. Until and unless we tell Stevenson to say "uncle", the guess at Treasury is that he will hang in there with our original position.

7. FY 79 DOD Authorization

--If the Senate goes to a "two track" system during the Labor Law Reform filibuster, it is possible the bill could be considered this month. However, it is more likely to come up after the July Fourth recess.

MISCELLANEOUS

--Rep. Phil Burton has been feeling out among his supporters the idea of attempting to get a rule changed by the Democratic Caucus to make the Majority Whip's job an elective position. If he were to succeed in this ploy, he would then run against Rep. Brademas for the Whip's position rather than for the Majority Leader's position. At the moment, this is purely in the speculation stage with the Burton forces. (Historical note-Burton lost a move to do this in caucus in 1973 by only 2 votes).

The Democrats plan to caucus in early December in preparation for the 96th Congress. (this is-at this point-very confidential)

--We believe that the House Leadership's activity last week on the Labor/HEW bill was designed-at least in part-to give us a message, to wit: "Don't try to go against the Leadership when they are actively opposing an Administration position."

--The fall-out on Capitol Hill from the 2:1 victory of Proposition 13 in California will be considerable, as was seen in debates subsequent to Tuesday's election. Our task is to figure out the best way to capitalize on it.

--Rep. Bill Alexander, in conversations with White House Congressional Liaison, has indicated that the damage experienced by the Administration on the Labor/HEW Appropriations strategy happened because there was no clear Administration strategy starting at the subcommittee level. Alexander seems to think that if we had started early enough, we might have been able to avoid a break with the Leadership. We will explore this further with Alexander in a later meeting. Craig Raupe, Jim Wright's chief aide, feels that it is just a temporary set back. We are hearing an equal number of both comments.

--ERA extension. Don Edwards plans a Judiciary Committee vote as soon as extension proponents have the votes. They do not want to give anti-ERA forces time to gear up. Edwards, Holtzman, Martha Keys and Mary Rose Oakar have asked that you meet with the Judiciary Committee to develop support. Edwards is working very hard on this. He continues to be very supportive of the Administration, both in Washington and at home. Suggest a phone call to him this week.

--Gun Regulations. Treasury reports that, in addition to the political difficulties that these regulations have caused us with opponents of gun control, the last few weeks have also strained relations with our supporters. There is considerable suspicion that the Department's position on the regulations and on gun control is soft. Treasury reports that late in the week they assured Senator Kennedy of White House support for the regulations. Kennedy had raised questions earlier in the week about the degree of Administration support.

--The nomination of Henry Geller to be Assistant Secretary of Commerce for Telecommunications and Information is still being held hostage by Senators Hollings and Goldwater. They want 1) Barry Jagoda to appear before the Communications Subcommittee to explain his actions with respect to the drafting of public broadcasting legislation and the selection of board members for the Corporation for Public Broadcasting, and 2) White House delivery of internal Administration documents on these subjects. Jerry Rafshoon and Dan Tate will have lunch with the Senators on Monday to urge that they relent; the prospects are only 50-50 because the Senators are enjoying the publicity. The corporate media is supporting their efforts.

--Senator Sasser, according to his staff, has been moderately pleased with HUD since the Tennessee trip. However, the problems involving the replacement for the Area (State) HUD Director and the Knoxville UDAG grant have not been resolved so Sasser is still reserving judgment on both HUD and us.

--Senator Jackson is upset because of the imminent EPA announcement that Coalstrips 3 and 4 (huge coal-burning power plants in Montana) will be denied licenses. The power would be used in Washington State. Jackson says this is a setback for the Coal Conversion bill and, at one point, threatened to withdraw his support for the bill. Doug Costle is trying to mollify Jackson but plans to proceed with the announcement next week.

He's a good man

Let's be nice to him

--Senator Paul Hatfield is understandably disappointed by his primary loss to Max Baucus and, according to his staff, is at least mildly disturbed that he got no more support from the White House after he walked the plank for us on Panama, the B-1, and the arms sales. Some missionary work, by us, and perhaps even a visit with you are in order. We will need his vote for the rest of his term. Also, other Senators will be watching how we treat him.

Talk to Rosalynn

--A group of bipartisan Senate wives are disturbed that the First Lady is not meeting personally with them to discuss Soviet Jewry on June 13. The wives are putting on the heat at home and, as a result, we have received a couple of calls from Senators themselves (notably Jackson) urging a "compromise": that the First Lady meet with representatives of the wives group (Mrs. Jackson, Mrs. Williams, and two Republican wives) on the 13th which is significant as the anniversary of the imprisonment of certain Soviet dissidents.

--Secretary Kreps Meeting with the Hispanic Caucus. At the request of the President, Secretary Kreps met with Members of the Congressional Hispanic Caucus. The meeting was positive and most of the Members' concerns related to the 1980 Decennial Census and measures being taken to minimize the undercount of persons of Hispanic origin. The Secretary welcomed their input in the planning process for the 1980 Census and asked the Bureau of the Census to make every effort possible to address their concerns.

--Child Labor Regulations. We are receiving intense pressure from the Northwest-Congressional delegation and Governors--to publish our final regulations before the berry season is over. The biggest obstacle is the lack of positive data from EPA on pesticide tolerance levels. As a result of the failure the Congress will in the Appropriations process nullify the EPA input requirement.

FLOOR ACTIVITIES, WEEK OF JUNE 12

Monday -- 3 suspensions:

1) H.Con.Res. 612, To Condemn Human Rights Violations by Uganda.

2) HR 12441, Toxic Substances Control Act.

3) HR 10255 Comprehensive Fish and Wildlife Management.

-- HR 12933, Transportation Appropriations

-- HR 12934, State/Justice/Commerce Appropriations. (We support the bill, but are concerned about some of the increases in the SBA area.

Tuesday -- 3 suspensions:

Watch budget increases

1) HR 11886, Veterans Disability & Survivor Benefits Act.

2) HR 11888, Increased Compensation for Disabled Veterans.

3) HR 10173, Veterans and Survivor Pension Improvement Act.

-- HR 12929, Labor/HEW Appropriations.

Wednesday

-- HR 12935, Legislative Branch Appropriations. (We would not object to the bill.)

Oppose

-- HR 12928, Public Works Appropriations. (We do not support the bill unless it is amended to remove many of the discretionary increases including funding for the eight water projects deleted last year.)

-- At 11:30 AM on Wednesday, the House will recess for 1 1/2 hours for Flag Day ceremonies.

Thursday

-- HR 12936, HUD/Independent Agencies Appropriations.

-- HR 12505, Solar Power Research & Development.

Friday

-- HR 12927, Military Construction Appropriations.

-- HR 11493, Amtrak Improvement Act of 1979.

SENATE

Monday -- Mrs. Allen will be sworn-in as the new Senator from Alabama, followed by three hours of tribute to the late Senator James Allen.

-- HR 8410, Labor Law Reform.

Tuesday - Labor Law Reform - cloture vote.

C

TO: PRESIDENT CARTER

FROM: HAMILTON JORDAN H.J.

I will be out of the office for several days - probably coming back Thursday.

My mother, brother and his family are coming up. We are going to Camp David for a few days and then spend some time seeing Washington.

If anything comes up or I am needed here, it will be very easy for me to return.

I hope that you will be able to take a full week or ten days off soon as you have been going non-stop for the past ten weeks. Phil is looking for a time.

3084

THE WHITE HOUSE
WASHINGTON

June 12, 1978

Hamilton Jordan

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

Rick Hutcheson

cc: Tim Kraft
Jim Gammill

RE: TVA

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

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

ACTION	FYI	
		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

6-12-78

To Ham
We need to move
on TVA

J

THE WHITE HOUSE
WASHINGTON

June 12, 1978

Phil Wise

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

Rick Hutcheson

FRAN VOORDE

CEREMONY AT PENTAGON -- JUNE 30

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

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

ACTION	FYI	
		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 SECRETARY OF DEFENSE
WASHINGTON

Phil
Comment
J

JUN 9 1978

MEMORANDUM FOR THE PRESIDENT

I am planning a large ceremony here at the Pentagon on Friday, June 30 at 3:00 p.m. to honor General David C. Jones, General Lew Allen, and Admiral Thomas B. Hayward as they assume their new duties as, respectively, Chairman of the Joint Chiefs of Staff, Chief of Staff of the Air Force, and Chief of Naval Operations.

The Department of Defense would be delighted and honored if you could attend.

Harold Brown

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

C

EYES ONLY

June 10, 1978

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze CLS

Subject: Retail Sales in May

The Census Bureau will release its preliminary estimate of May retail sales on Monday, June 12, at 10:00 a.m. The news is neither bad nor good.

Total retail sales declined 0.2 percent in May, following strong gains (1-1/2 to 2 percent) in the revised figures for both March and April. The May reduction was in auto sales, which declined somewhat from a very high April level. Sales of durable goods other than autos rose strongly last month. Nondurable goods sales were up only a little, but this rise was largely due to increasing food prices.

These retail sales figures for May give only very general clues to the mood of consumers. Attitude surveys recently have suggested that the consumer is becoming less optimistic about the economy -- largely because of worries about inflation. There is no evidence yet, however, that the consumer saving rate is going up appreciably. On the other hand, consumer spending is not booming, either. Retail sales in the second quarter will probably be about 8 percent, at an annual rate, above their level in the fourth quarter of last year. Most of that rise reflects higher prices.

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

THE WHITE HOUSE
WASHINGTON

June 12, 1978

Stu Eizenstat

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

Rick Hutcheson

cc: Frank Moore
Jody Powell

THE WHITE HOUSE
WASHINGTON

June 12, 1978

Jim McIntyre
Jack Watson

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

Rick Hutcheson

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

~~send memo to Schles~~
~~cc: SE + JM~~
~~+ JW~~

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

of Stu's memo

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

Stu - pls notify DOE re WH briefing

		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

Jim & Stu
C

Department of Energy
Washington, D.C. 20585

June 6, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JAMES R. SCHLESINGER JS

SUBJECT: EXPORTS OF CALIFORNIA CRUDE

As I indicated in my earlier memorandum to you on California crude oil production, this heavy grade of crude oil is being increasingly shut-in because of the low quality of the oil, stringent environmental standards in California that cannot be met by this high sulfur oil without major refinery retro-fits, a surplus of Alaskan north slope oil being sold in California, and the price control and entitlements system which discriminates against California heavy crude. These factors have led to a steady deterioration of the market for California crude, leading to shut-in production of at least 30,000 barrels a day.

Earlier, you raised the question whether it would be advisable to leave this crude in the ground for future use. There are two reasons why it would be desirable to prevent shut-in production and increase California crude oil production. First, last December you directed me to develop programs to prevent the further deterioration of California crude production in an effort to improve our balance of payments. It would now be inconsistent to reverse the thrust of that directive. Second, in most cases, once California crude has been shut-in, it cannot be subsequently produced except at exorbitant cost.

DOE proposals to alleviate the unsatisfactory market conditions for California crude are:

- o More favorable entitlements treatment for California crude, based on gravity. The heaviest California crudes would receive a greater subsidy under this approach. While the average benefit per barrel would be $1.75, the heaviest California crudes would receive a $3.00 per barrel subsidy.

- Allowance of exports of excess residual fuel oil, which are currently in oversupply. Because of this surplus, refineries have cut-back production, leading to West Coast shortages of gasoline.

- Further case-by-case entitlements benefits to allow California crude to be moved to Gulf Coast, East Coast, and Puerto Rico refineries. In particular, DOE would indicate a policy of providing subsidies to compensate for the higher costs of using domestic rather than foreign vessels. The Jones Act requires use of U.S. flag vessels for transportation between domestic ports. The additional entitlements benefit would be necessary to cover the additional costs of Jones Act transport to U.S. refineries outside California.

We have consulted widely with relevant members of the House and Senate. Although the response to these proposals has generally led to support or acceptance, a number of members of the California and East Coast Congressional delegations advocate exports of California crude to Carribean refineries. Under these proposals, the crude oil exported to the Caribbean would be refined into residual fuel oil and other products for sale on the East Coast. In particular, a proposal has been made by NEPCO, a Caribbean refinery, to purchase up to 200,000 barrels per day of California crude.

The NEPCO proposal would have the following advantages:

- It would provide a significant market for California crude oil, preventing further shut-in wells, increasing domestic production, and improving the market for Alaskan crude.

- It would back-out foreign crude oil currently used by the NEPCO refinery and at the same time help ease the West Coast surplus.

The Department of Energy would not now favor this proposal for the following reasons:

- Despite the claims by NEPCO proponents, the NEPCO proposal would not result in lower prices on the East Coast. The prices charged by NEPCO would be set by the overall market for residual fuel oil and other products. In any case, the $.60 per barrel net revenues expected under the proposal would not allow for substantial price reductions.

- If only NEPCO were to receive this special treatment, the Administration could be subject to criticism for favoring one particular refiner.

- The proposal could be broadened to allow other refineries to participate in an exports-for-import arrangement. If this type of entitlement treatment were made more broadly available, however, the pressures to expand exports to include Alaskan crude would be substantial.

- An export arrangement such as that proposed by NEPCO would be perceived as exporting refinery capacity. The broader availability of export alternatives would increase this perception.

- Some pressure would be taken off the State of California to adopt policies that would encourage refinery retrofits, adopt more reasonable air pollution regulations, and complete approvals for SOHIO and other West-to-East pipeline systems.

We believe that the proposals DOE has recommended will greatly alleviate the California crude supply problem. If these steps prove to be inadequate, further measures, including crude exports, could be considered in the future. Considering the lack of evidence that actual crude exports or exchanges are now necessary to solve the California crude problem, we believe it would be unwise to move ahead on the NEPCO proposal.

If this program meets with your approval, I would propose to announce it later this week.

THE WHITE HOUSE

WASHINGTON

June 12, 1978

MEMORANDUM FOR THE HONORABLE JAMES R. SCHLESINGER
SECRETARY, DEPARTMENT OF ENERGY

In view of potential balance of payments benefits, as well as the possible need for additional relief for California in establishing and maintaining markets for its heavy crude oil, I would like to have a complete analysis of the options available for exporting California crude oil to Bahamian and Caribbean refineries on the condition that the refined products are reimported to the United States.

In particular, this analysis should cover:

- economic factors, including entitlements treatments and transportation costs, involved in an export for reimport approach;
- the impact, if any, on the price of residual fuel oil on the east coast;
- the extent to which California crude could replace Middle Eastern or other foreign crude now being run in Caribbean or Bahamian refineries, and the balance of payments impacts associated with such replacement;
- the extent to which the availability of a new market could stimulate enhanced production of California crude, including very low gravity oil which is not now being produced;
- the extent to which exports of California crude would affect decisions by west coast refineries to retrofit their facilities to use heavy crude; and
- the extent to which exports of California crude would affect decisions to proceed with construction of west to east oil transportation systems.

I would hope that a complete analysis of these and other relevant factors could be completed in three weeks. This analysis should also cover the possible conditions, including time or overall volume limitations which could be placed upon such exports in order to mitigate any undue or adverse effects.

Jimmy Carter

MCINTYRE
COMMENT

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

JUN 8 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JAMES T. MCINTYRE, JR. w Bam Cutter (jm)

SUBJECT: Schlesinger Memo of June 6, 1978 on Exports of California Crude Oil

Consistent with my memorandum of May 15, I continue to support Jim Schlesinger's proposal to export or swap California residual fuel oil to help ease the crude oil over-supply problems on the West Coast. I remain concerned, however, about further attempts to fine tune price controls through extensions of the entitlements program--to further subsidize, in this case, the use of a particular type of crude oil and its transportation. Continued expedient use of entitlements to alleviate special problems on a case-by-case basis increases regulatory complexity and burden as the Federal Government tries to substitute its judgment for that of market forces to correct supply/demand imbalances. It also makes it harder to achieve your goals of decontrol and phase-out of the entitlements program as the Crude Oil Equalization Tax is phased in.

With respect to your question about the desirability of leaving California crude in the ground for future use, I also support Jim's advice. Adverse impact on our balance of payments problem, the high production costs of reopened shut-in wells, and the need for internal consistency of your energy policy--are all convincing arguments for avoiding shutting in California production.

The new element discussed by Secretary Schlesinger is the New England Petroleum Corporation (NEPCO) proposal to export California crude to its Bahamian refinery, import to the U.S. East Coast all the refined product of that crude (primarily residual fuel oil), and treat NEPCO as a domestic refiner under the entitlements program. At first glance this approach appears to be an efficient way to attack the California problem, but the whole scheme is dependent upon favored treatment of one foreign refiner under our petroleum regulatory regime. Thus, it does not have, for example, the clean regulatory relief of the residual fuel oil export option which presumably would allow export sales at world market prices. Moreover, you should be aware of the fact that New York Governor Carey's brother has a substantial financial interest in NEPCO. My career staff advise me that this was a matter of some sensitivity in the previous Administration. I believe it would be inadvisable for you to risk charges of favoritism which appears to involve known public figures.

If the NEPCO proposal were extended to include its competitors in the Carribean the proposed favoritism charge might be muted, but I believe there would be other disadvantages. Under this option, there would be a possibility of exporting considerably more than the 200,000 barrels per day maximum contemplated in the NEPCO proposal. Serious opposition would develop for at least two reasons. First, the substantially greater volume of California crude exports that would otherwise be shipped in U.S. flag tankers to the U.S. Gulf and East Coasts would be shipped to the Carribean in foreign tankers. A strong, negative reaction would come from the U.S. maritime interests including the unions. Second, because Carribean refineries are operating around 65% of capacity, their incremental cost of additional output would be low and less than that of U.S. refiners, who are operating at over 90% of capacity, Thus, there would be a tendency for the Carribean refiners to increase output and shipments of product to the U.S., shaving price if necessary to do so. These pressures would undercut U.S. refiners and act as a drag on expansion of U.S. refining capacity. Thus the charge of exporting U.S. refining capacity--only a modest concern in the NEPCO proposal--would, it seems to me, become a major consideration fraught with strong political oppposition in an expanded NEPCO proposal. For these reasons, I am pursuaded that you ought not now choose NEPCO or an expanded NEPCO option without further careful consideration.

I would urge that you ask Jim to analyze very carefully without delay an option that would allow the export of California crude to Carribean refiners provided that all products from that crude be shipped back to the U.S. domestic market, primarily the East Coast. If the option could be designed so that it would apply to <u>new</u> California crude production, over and above current levels of production and beyond the amounts of California crude that U.S. refiners themselves could use in the short run to displace imports, then the displacement effects that would cause the opposition from maritime and U.S. refining interests would be eliminated. This type of option would help ease our balance of payments problem and assure the East Coast a plentiful supply of the residual fuel oil upon which it depends. If Jim Schlesinger's recommended approach is not sufficient to resolve the California crude problem, then the Administration should be ready to act without delay--perhaps along the lines of the option I have just described.

EIZENSTAT
COMMENT

THE WHITE HOUSE

WASHINGTON

June 9, 1978

MEMORANDUM FOR THE PRESIDENT

FROM STU EIZENSTAT Stu
KITTY SCHIRMER

SUBJECT: SCHLESINGER MEMO RE: EXPORTS OF CALIFORNIA CRUDE

In general, we concur with Jim Schlesinger's recommendations for dealing with the California crude oil shut-in problem. As Jim points out, we do not have the option of leaving the oil in the ground for future production in many of the California fields. Once the wells are shut in, further production is often impossible or uncertain. In addition, many of these wells are old and are being produced by secondary recovery techniques which do not permit a "stop and start" approach. We believe that the changes in the entitlements system Jim proposes will relieve the California problem, at least temporarily.

Politically the proposals themselves should not prove to be controversial. California's problem has been well recognized by most members of Congress. We do, however, expect some criticism for not going far enough -- namely permitting the export of California crude to Bahamian and Carribean refineries.

(In Jim's memo this is described as the "NEPCO" proposal, even though this is but one of the refineries which might be interested in running California crude. Basically, Carribean refineries would be given export licenses to purchase California crude, provided that the refined product were reimported into the U. S. For the purposes of this program, the Carribean refiners would receive some entitlements benefit.)

The California delegation has expressed support of this export for reimport option as has the Northeastern delegation. The latter believes that resid produced from California crude in Carribean refineries may be less expensive than their regular supply of resid from foreign crude. Overall, however, we believe that the political reaction to Jim's proposal will be manageable since:

- In a separate action, DOE proposes to adjust the entitlements treatment now afforded resid used on the East coast, a measure which is more popular and effective in leveling out resid prices than the export for reimport option would be

- California's main concern is to alleviate the current surplus, which Jim's recommendations will accomplish.

For balance of payments reasons, however, we strongly recommend that you direct Jim to conduct a thorough analysis of the export for reimport option. We have requested that such an analysis be done, but to date have not received anything really complete. If California production can be increased, and there is a substantial demand for this crude among the Carribean refineries, it is possible that this option could provide significant balance of payments savings by backing out resid which is produced from middle eastern (principally Iranian) crude. While the resid sold would still be imported, it would be made from California crude oil rather than foreign oil. A short directive from you to Jim asking that this analysis be completed within three weeks is attached.

Finally, we would recommend that Jim announce the current program at a briefing here at the White House. At a minimum, Senator Cranston and Representative Hannaford should be invited to participate in the briefing. If Jim wants to couple the California announcement with the Eastern entitlements action, members of the New England delegation could be included, although this latter change is more controversial. California has been enormously concerned with this change, and Governor Brown has criticized the Administration for its policies on California crude. We believe that you should take at least some of the credit for the relief which is afforded. Frank Moore's staff concurs with our recommendation.

<u>DECISION</u>

Direct Secretary Schlesinger to provide analysis of export for reimport option within three weeks(directive attached).

___✓___ yes ________ no

Secretary Schlesinger to announce program at a White House briefing.

___✓___ yes ________ no

J

THE WHITE HOUSE
WASHINGTON
7/18/78

Charlie Schultze

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

Rick Hutcheson

cc: The Vice President
Stu Eizenstat
Bob Lipshutz
Frank Moore
Jack Watson
Landon Butler
Jody Powell
Anne Wexler
Jerry Rafshoon

POSTAL LABOR NEGOTIATIONS

THE WHITE HOUSE
WASHINGTON

7/18/78

Mr. President:

Attached are two papers on the postal labor negotiations:

- a general background memo from Eizenstat and Butler;

- a Schultze-Bosworth memo which goes more into the economics of the situation.

Landon and Charlie Schultze are also preparing some Q & As for you and Jody to use.

Rick

EIZENSTAT-BUTLER

THE WHITE HOUSE

WASHINGTON

C

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT Stu
LANDON BUTLER
BOB MALSON B.

SUBJECT: Postal Negotiations and Contingency Planning

Introduction

The current contract between the Postal Service and 550,000 bargaining unit employees expires at midnight Thursday, July 20. Negotiations have been underway since April 20. This memorandum identifies the key individuals, outlines the status of the negotiations and contingency plans; describes the fact-finding and arbitration procedures and sets out the areas of responsibility for the White House staff.

The Parties

Management: Bargaining for the USPS management is Deputy Postmaster General James Conway. This is his first time at the bargaining table.

Labor: The unions are represented at the bargaining table by the three AFL-CIO affiliates:

- o The American Postal Workers Union (APWU) represents about 225,000 clerks. This is the first time at the table for President Emmett Andrews and he stands for election in September.

- o The National Association of Letter Carriers (NALC) represents about 225,000 carriers. President Joseph Vacca is also negotiating for the first time. Vacca will face an election next month by his union.

- The Mail Handlers Division of the Laborers International represents about 50,000 employees. President Lonnie Johnson has never negotiated prior to this contract.

- Jim LaPenta, the Executive Secretary of the Postal Labor Negotiating Committee, is the only person on either side who has had prior postal bargaining experience. He is generally considered to be the most knowledgeable negotiator on the union side but the degree of his persuasive ability cannot be predicted. (LaPenta is a Democratic Party official in Delaware and was an official in the Post Office Department under President Kennedy.)

(Note: The National Rural Letter Carriers Association, which is not an AFL-CIO affiliate, has been negotiating a separate agreement on behalf of its 50,000 members. That agreement is close to settlement, according to Postal Service management.)

Mediator: Wayne Horvitz, the Director of the Federal Mediation and Conciliation Service, entered the negotiations last week in an effort to get both sides to reach an agreeable settlement.

Negotiation Status

The three principal issues are: (1) increases in base wages, (2) continuation of cost-of-living adjustments, and (3) the no layoff clause.

The parties are far apart on the wage issue. The Union's proposed two year contract would result in an increase in the average postal worker's wage and compensation package exceeding 17% per year. Management rejected the offer and proposed a three year contract with an average annual increase of 4.8%. The unions rejected management's offer.

Wages represent only part of the fiscal concerns. The uncomputed costs associated with the cost-of-living adjustments, the no layoff clause and other unresolved issues add substantially to the total picture.

Fact-Finding & Arbitration Procedures

If the parties have not reached an agreement by midnight July 20 (or agreed on how to proceed to reach an agreement), the Director of the FMCS, under the authority of the 1970 Postal Reorganization Act, may direct that a fact finding body be chosen by the parties.

If no agreement is reached within 90 days after expiration of the contract, the FMCS may direct that a 3-member arbitration board be established. The arbitration board must render its conclusive and binding decision within 45 days.

Contingency Planning

Strikes by postal workers are illegal but it is quite possible that if an agreement is not reached by midnight Thursday some work stoppages could occur in a few major cities.

In March 1970, before the present law was enacted, a wildcat strike lasted for 12 days and involved up to 200,000 workers. The National Guard was called out to move the mail but their efforts were mostly symbolic. The strike was finally resolved by Congress in passing the Postal Reorganization Act and boosting the workers' salaries.

In the current situation the Postal Service, in coordination with the Administration, has established contingency plans to cope with any strikes or work stoppages.

The Postal Service has maintained liaison with the Department of Justice with regard to possible legal actions emanating from a strike. The U.S. attorneys in all jurisdictions have been provided with court papers to seek injunctions and contempt citations if required.

Arrangements have been made with HEW and Treasury to handle the dispensing of Social Security and other beneficiary checks as necessary.

Other important federal correspondence would be handled by a back-up courier service operating in 14 pre-selected metropolitan sites.

The major financial institutions in New York have been briefed and are prepared to handle the transmittal of important financial instruments through alternative means.

The existing contingency plans provide for a variety of intermediate steps to maintain postal service. These include moving mail from affected areas to non-affected areas for processing; embargoing mail to affected areas and suspending application of the Private Express Statutes to permit private delivery of letter communications.

If the Postmaster General decides he needs the assistance of military personnel to move the mail, he will ask that you declare a national emergency. Should you comply with the request, the Defense Department is prepared to call up the necessary number of troops to deal with the affected areas.

Monitoring Responsibilities

An informal White House working group has been established to monitor the negotiations. The group includes Charlie Schultz, Barry Bosworth, Stu Eizenstat, Bob Malson, Bob Lipshutz, Jack Watson, Jody Powell and Frank Moore. Landon Butler will coordinate the group.

Wayne Horvitz has responsibility to provide mediation services to the parties. He will report periodically to the working group and to you personally if necessary.

Ray Marshall will monitor the negotiations in an advisory capacity.

The working group will keep you advised daily of the progress of the negotiations.

SCHULTZE-BOSWORTH

ID 782958

THE WHITE HOUSE

WASHINGTON

DATE: 06 JUN 78

FOR ACTION: STU EIZENSTAT NISE → to Kitty / Ellen (?)

JIM MCINTYRE attached

FRANK MOORE (LES FRANCIS) Cranston & Hannaford should be involved in announcement → coord w/ DOS

JACK WATSON — N.C

INFO ONLY: THE VICE PRESIDENT

ZBIG BRZEZINSKI

ESTHER PETERSON

ANNE WEXLER

CHARLIE SCHULTZE

SUBJECT: SCHLESINGER MEMO RE EXPORTS OF CALIFORNIA CRUDE

+++

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

\+ BY: 1200 PM THURSDAY 08 JUN 78 +

+++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

June 12, 1978

Stu Eizenstat
Charlie Schultze

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

Rick Hutcheson

COTTON DUST

ADMINISTRATIVELY CONFIDENTIAL

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

✓	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

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

don't show This copy

		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

ADMINISTRATIVELY CONFIDENTIAL--NOT FOR CIRCULATION

done
C

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

June 10, 1978

MEMORANDUM FOR THE PRESIDENT

From: Stu Eizenstat
Charlie Schultze CLS

Subject: Cotton Dust; Further Troubles

On Wednesday at the meeting with Marshall, Bingham, Schultze and Eizenstat, an agreement was reached on the basis of a proposal you made, about a cotton dust regulation with three principal elements:

1. Engineering controls would be required to be in place at the end of four years on an industry-wide basis; individual firms must lay out a plan to get there at the end of four years but could not be required to institute such controls before then.

2. Individual firms could apply for an extension beyond four years, if they could make the case that it was infeasible to meet the deadline.

3. Firms could apply for permission to use other means of protecting workers if they could demonstrate that the alternative was equally as effective as engineering controls.

OSHA has now drafted a regulation which apparently violates every major aspect of that agreement, and is tougher than the earlier regulation. They have moved to get the regulation out immediately and to foreclose any effective review of what they have done. We say "apparently violated," since OSHA has frustrated our attempts to determine precisely what they have drafted.

What has happened

1. On Thursday morning the major papers carried stories, obviously from OSHA, that on appeal from Secretary Marshall you had reversed your earlier decision and that OSHA had won a major victory.

2. On Friday afternoon we were informed that Eula Bingham had signed a new regulation, with photographers in attendance, and was sending it to the Federal Register.

3. Stu immediately called Bingham and directed her not to send it to the Federal Register until it had been reviewed. She agreed.

4. At the end of the Wednesday meeting we requested from Bingham an outline of the changes that would be made. On Friday, <u>after</u> the regulation had been signed, we were sent a half-page "outline" stating in four sentences, what the significant changes were.

5. On Friday evening we were told by a special assistant to Secretary Marshall that not a jot or tittle of the new regulation would be changed except at the direct order of the President.

6. On Saturday morning a high OSHA official told a CEA staff member that the regulation had nevertheless been sent to the Federal Register. Bingham on being queried about this by Stu, said she knew it was at the Federal Register but that the Register didn't publish on Mondays. (Secretary Marshall did not know it had gone.)

7. OSHA refused to send us a copy of the regulation. On Saturday morning staff from CEA and CWPS went over to OSHA to get excerpts from the relevant sections of the new regulation.

- They were not allowed to xerox the relevant passages.

- They were not allowed even to copy them out in longhand.

- They were restricted to taking notes. (Hence the use of the term "apparently," above.)

8. OSHA has arranged Congressional briefings for Tuesday; we have been told that Congressman Mahon has already been briefed; and OSHA will formally promulgate the regulation on Wednesday, June 14.

The new regulation

The new regulation requires that, after 18 months, engineering controls must be instituted "as soon as possible" but not later than four years. A firm can be cited for noncompliance by OSHA before the four years are up, if in OSHA's judgment they don't move as soon as possible. This is even tougher than the regulation they intended to issue before this whole process, which used the same principle without a four-year deadline. It is in flat contradiction of what we believed to be the clear and specific understanding that you reached with OSHA.

The only way a firm can get a "waiver" to extend beyond four years is to be cited for noncompliance and then use "infeasibility" as a defense in a legal appeal before an administrative law court (the Occupational Safety and Health Review Commission).

There is no provision in the regulation for a firm to demonstrate and have accepted an equally effective alternative. The basic OSHA statute does have a section allowing an employer to request a "variance" from OSHA regulations, but it is a very difficult and seldom used process.

We have set up a meeting with Marshall and Bingham on Monday to try to get accomplished what was agreed last Wednesday.

Implications

We consider this a flagrant and deliberate attempt by OSHA to frustrate an express agreement reached directly with you. Regardless of how the Monday meeting comes out, we think you should personally call Marshall about this whole episode. If you do not, we are convinced that future efforts by your staff, by CEA, and by the regulatory review process to minimize unnecessary costs will be futile. More broadly, once word gets around that the express wishes of the President can be ignored with impunity, Presidential initiatives on the budget, on legislation, and on managerial matters which run against the wishes of particular agencies will simply not be enforceable.

THE WHITE HOUSE
WASHINGTON

June 12, 1978

Bob Strauss

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

Rick Hutcheson

cc: Zbig Brzezinski

TRADE AGREEMENT WITH INDIA

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

~~phone [illegible] today~~

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

ACTION	FYI	
		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

6/12/78

Mr. President:

Brzezinski and McIntyre concur. No objection received from DPS.

Rick

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

7 JUN 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Robert S. Strauss
Special Representative for Trade Negotiations

SUBJECT: Trade Agreement with India

Negotiators from this Office and the Government of India have almost completed the terms of a bilateral trade agreement that is part of the "Tokyo Round" of Multilateral Trade Negotiations (MTN). We hope to be in a position to sign this Agreement here or in Geneva in the very near future, and possibly to announce the signing during Prime Minister Desai's visit to Washington June 13-14.

The Agreement, in substantially final form, consists of an exchange of letters, which are attached at Tab A. The Agreement builds upon one that we signed with Mexico on December 2, 1977 (described in a memorandum set forth at Tab B) and is another breakthrough in U.S. international trade policy and in the MTN. It is the second agreement with a developing country in the MTN, and thus further reinforces the principle that developing countries should make reciprocal concessions in return for the benefits that they receive. We believe that this Agreement will encourage other developing countries to negotiate seriously with us as the MTN enters its final phase.

The Indian concessions consist of elimination of "British Commonwealth preferences", by which British products were favored in the Indian market, liberalization of trade restrictions on imported machine tools of interest to the United States, facilitation of Indian exportation of mica, liberalization of import restrictions on spare parts for gas and oil drilling wells, and significant liberalization of restrictions on imports of almonds. The principal U.S. concessions are tariff reductions for certain types of carpets, several jute articles, and mica.

The Indian concessions have already been implemented. The Indian letter states that "we hope to maintain the process of liberalization consistent with India's development, financial, and trade needs." Our understanding with representatives of the Government of India is that this phrase indicates that India will negotiate other concessions in the MTN.

The substance of this Agreement has been approved by the principal Executive agencies that are concerned with international trade policy. We have notified the status of this Agreement to the Chairmen of the House and Senate subcommittees on trade, and have solicited their views. The Agreement can be implemented by Presidential proclamation and does not require Congressional approval.

May we have your authorization for me or my designee to sign this agreement if negotiations are concluded satisfactorily?

APPROVE ✓ ______________________ J

DISAPPROVE ______________________

United States Letter

1. I have taken note of your letter of .... referring to the autonomous measures taken by your Government, particularly those measures which benefit United States exports to India and the statement in your letter that the liberalization mentioned in sub-paragraphs (i), (iii) and (iv) of paragraph 2 and in paragraph 3 coincides with the requests of the Government of the United States of America. I have further taken note of the letter No. 10/46/75-TPD dated February 24, 1978, from Mr. S. P. Shukla to Mr. Stephen Lande which explains the specific liberalization measures on spare parts and on dried, salted or preserved fruits, which include almonds, referred to in your aforementioned letter.

2. I have also noted that subject to periodic policy reviews and in accordance with the obligations and rights under the General Agreement on Tariffs and Trade, the Government of India hopes to maintain the process of liberalization consistent with India's development, financial and trade needs, from which her major trading partners have derived and can derive further benefits. I hope that the Government of India will find it possible to give positive consideration to the remaining requests of the Government of the United States of America which we will recognize as further contributions by India in the Multilateral Trade Negotiations (MTN).

3. I am pleased to confirm that my Government desires to implement the attached list "A" of the Tropical Product offer by the Government of the United States of America by _________, 1978, and in any case will implement not later than sixty days after this exchange of letters. The Government of the United States of America will implement the concessions on the attached list "B" of this Tropical Product offer, unless there is failure to reach satisfactory agreement with other countries who are principal or substantial suppliers. In light of the above, if the Government of the United States of America does not implement these concessions within a reasonable period of time, consultations will take place to determine alternative concessions.

*4. This exchange of letters will constitute a trade understanding between our Governments. Such an understanding will terminate at the time that tariff reductions, pursuant to an overall agreement on tariffs in the MTN, are initially implemented by the Government of the United States of America. It is expected that the results of this understanding will be incorporated into such an overall MTN agreement. In any event, the understanding may be terminated by either party upon six months written notice to the other party.

*5. The question of the continuance of concessions will be addressed by both sides at the conclusion of the Multilateral Trade Negotiations, or by January 3, 1980, whichever is earlier.

In the interim, relying upon the measures cited in your letter, the Government of the United States of America will provide maximum possible security for its concessions.

* The final form of paragraphs 4 and 5 are still under negotiation.

LIST 'A' OF TROPICAL PRODUCTS OFFER BY THE
GOVERNMENT OF THE UNITED STATES OF AMERICA

TSUS NO.	SHORT DESCRIPTION OF PRODUCT	MFN DUTY	OFFER
106.60	Frog meat, fresh, chilled or frozen.	2.5%	Free
147.92	Mangoes, prepared or preserved	3.75¢ per lb.	1.5¢ per lb.
305.20	Jute yarns and roving, single under 720 yds. a lb.	7.5%	3%
305.22	Jute yarns and roving, single 720 yds. or over a lb.	11%	4.4%
305.28	Jute yarns and roving, plied, under 720 yds. a lb.	10%	4%
335.50	Woven fabrics of jute bleached, colored, or flame-resistant.	0.2¢ per lb.+ 2.5%	0.08¢ per lb. +
347.30	Narrow fabrics, jute webbing	14%	5.6%
*360.15 ex.	Floor coverings pile hand-inserted or hand knotted valued over 66-2/3¢ per sq. ft. and not over 160 knots per sq. inch.	11%	8%
360.35	Coir floor coverings pile not hand-inserted or knotted.	5¢ per sq. ft.	2¢ per sq. ft
385.45	Bags, sacks, etc. vegetable fibers except cotton.	0.2¢ per lb. +1.5%	Free
385.95	Coir pile mats and mattings.	5¢/sq. ft.	2¢/sq. ft
435.70	Opium	$3.60 per. lb.	Free
516.71	Mica, cut or stamped to dimensions not over 0.006 inch thick.	11%	4.4%
516.76	Mica, cut or stamped and perforated or indented, over 0.006 inch thick.	12.5%	5%
516.94	Mica articles, nspf.	12.5%	5%

The above tariff reductions will be implemented at the fastest rate permissible under the United States Trade Act.

*The actual extent and staging of further reductions will be worked out as soon as possible.

Continued p.2

LIST 'B' OF TROPICAL PRODUCTS OFFER BY THE GOVERNMENT OF UNITED STATES OF AMERICA

TSUS NO.	SHORT DESCRIPTION OF PRODUCT	MFN DUTY	OFFER
152.58	Mango paste and pulp	7%	2.8%
176.02	Castor oil, valued over 20¢ per lb.	1.5¢ per lb.	Free
315.80	Jute cordage not bleached, not colored, etc. singles yarn under 720 yds. a lb.	10%	4%

The above tariff reductions will be implemented at the fastest rate permissible under the United States Trade Act.

Indian Letter

1. I am pleased to inform you that the Government of India has taken a number of autonomous measures during the last two years in the direction of import trade liberalization. These form a basis of my Government's contribution to the attainment of the overall objectives of the Multilateral Trade Negotiations.

2. A number of these measures benefit United States exports to India, such as the following:

(i) The withdrawal by the Government of India of the preferences extended to the United Kingdom under the United Kingdom-India Trade Agreement, 1939. The value of United States exports, based on 1975-76 statistics, benefiting from this permanent withdrawal in July 1977 amounted to Rs. 311.8 million which represented 15.7 percent of India's imports from all sources.

(ii) The import policy regarding machine tools has been liberalized as detailed in Import Trade Control Policy, Vol. I, April 1977 - March 1978. The value of United States exports of machine tools alone, based on 1975-76 statistics, that would benefit from these measures was of the order of Rs. 15.54 million which represented about 7 percent of our total imports.

(iii) The import policy of almonds has been substantially liberalized as part of our policy in regard to dried, salted or preserved fruits.

3. In order to resolve certain practical difficulties that had arisen in the field of mica exports from India, the floor prices of mica power and bridge mica were reduced, the sharing formula for export of mica below size No. 5 was eliminated and the division of mica scrap into two categories was discontinued.

4. The liberalization mentioned in sub-paragraph (i), (iii), and (iv) of paragraph 2 and in paragraph 3 coincides with the requests of the Government of the United States of America. Subject to periodic policy reviews and in accordance with the obligations and rights under the General Agreement on Tariffs and Trade, we hope to maintain the process of liberalization consistent with India's development, financial and trade needs, from which our major trading partners have derived and can derive further benefits.

As stated in your letter of today's date, my Government requests your Government and your Government has agreed to implement the attached lists of the Tropical Products offers by the Government of the United States of America. My Government further hopes your Government will bind these concessions in the General Agreement on Tariffs and Trade.

My Government concurs that this exchange of letters will constitute a trade understanding of the type described in your letter.

Yours sincerely,

MEMORANDUM FOR THE PRESIDENT

FROM : Ambassador Robert S. Strauss

SUBJECT : Trade Agreement with Mexico

Negotiators from my Office and the Government of Mexico have completed the terms of a bilateral trade agreement covering import duty rates and other conditions of trade for 35 products of interest to our two countries. This agreement, although small in product coverage, is extremely important for the "Tokyo Round" of Multilateral Trade Negotiations (MTN) and for U.S. international trade policy because:

(1) it is the first agreement between the United States and a developing country in the "Tropical Products" phase of the MTN, i.e. the phase dealing with trade in products of interest to developing countries;

(2) it establishes the principle that developing countries will make at least some trade concessions to the United States in return for the concessions that we give them, which is a domestic political necessity; and

(3) the agreement will be a precedent for many other agreements that we expect to negotiate with developing countries, and which will govern U.S.-LDC trade relations for the next several years.

The proposed U.S.-Mexican agreement, a copy of which is attached, calls for tariff concessions by Mexico on 18 products with a 1974 trade value with the U.S. of $36 million, and for U.S. concessions on 17 products with a 1974 trade value with Mexico of $60.6 million. The fact that the agreement provides slightly greater coverage for Mexico, in current dollar terms, reflects our MTN commitment to provide "special and more favorable treatment" for developing countries, where appropriate and feasible.

The agreement also requires Mexico to guarantee unlimited quantitative access to its market for nine products, quantitative access up to a specified level for nine products, and in other respects imposes greater discipline on Mexico's treatment of imports than has existed previously. The tariff benefits of the agreement will be extended by the United States and Mexico to virtually all countries, under the most-favored-nation principle.

The agreement has been examined carefully and approved by all agencies of the Executive Branch that are concerned with international trade policy. We have kept the Congressional trade subcommittees informed throughout the negotiations that led to the agreement. Although implementation of the agreement does not require formal Congressional approval, we have not been advised of any objections.

If you approve our going forward with this agreement, I will proceed to sign it on behalf of the United States at a time that is convenient for us and for the Government of Mexico, probably during November.

APPROVE ✓

DISAPPROVE ______________

JC

ID 783013

THE WHITE HOUSE

WASHINGTON

check timing on Monday Desai visit

DATE: 08 JUN 78

FOR ACTION: STU EIZENSTAT

ZBIG BRZEZINSKI concur

JIM MCINTYRE concur / by phone

INFO ONLY: THE VICE PRESIDENT

JACK WATSON

FRANK MOORE

CHARLIE SCHULTZE - concur

SUBJECT: STRAUSS MEMO RE TRADE AGREEMENT WITH INDIA

++

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

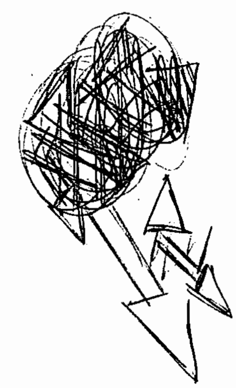
+ BY: 1200 PM SATURDAY 10 JUN 78 +

++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:



THE WHITE HOUSE
WASHINGTON

phone conversation with Bill Kelly
4/26/78

Hold the India memo until he, Kelly, gets back with us. The agreement with India may or may not be worked out.

HOLD FILE

ID 781894

THE WHITE HOUSE

WASHINGTON

[illegible] 6135

DATE: 11 APR 78

FOR ACTION: STU EIZENSTAT — JIM MCINTYRE

ZBIG BRZEZINSKI concurs by phone

HOLD til next MON, per Steve Landry at STR [illegible]

INFO ONLY: THE VICE PRESIDENT — FRANK MOORE

JACK WATSON — CHARLIE SCHULTZE

SUBJECT: KELLY MEMO RE TRADE AGREEMENT WITH INDIA

Bill Kelly 3395

++++++++++++++++++++ ++++++++++++++++++++ ++++++++++++++++++++

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

\+ BY: 1200 PM THURSDAY 13 APR 78 +

++++++++++++++++++++ ++++++++++++++++++++ ++++++++++++++++++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE

WASHINGTON

Routinely
1 week

1 day

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

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

		ENROLLED BILL
		AGENCY REPORT
		CAB DECISION
		EXECUTIVE ORDER

Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

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

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

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

April 10, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: William B. Kelly, Jr. W.B.K.
Acting Special Representative for Trade Negotiations

SUBJECT: Trade Agreement with India

Negotiators from this Office and the Government of India have almost completed the terms of a bilateral trade agreement that is part of the "Tokyo Round" of Multilateral Trade Negotiations (MTN). We expect to be in a position to sign this Agreement in the very near future.

The Agreement, in substantially final form, consists of an exchange of letters, which are attached at Tab A. The Agreement builds upon one that we signed with Mexico on December 2, 1977 (described in a memorandum set forth at Tab B) and is another breakthrough in U.S. international trade policy and in the MTN. It is the second agreement with a developing country in the MTN, and thus further reinforces the principle that developing countries should make reciprocal concessions in return for the benefits that they receive. We believe that this Agreement will encourage other developing countries to negotiate seriously with us as the MTN enters its final phase.

The Indian concessions consist of elimination of "British Commonwealth preferences", by which British products were favored in the Indian market, liberalization of trade restrictions on imported heavy machinery of interest to the United States, facilitation of Indian exportation of mica, liberalization of import restrictions on spare parts for gas and oil drilling wells, and significant liberalization of restrictions on imports of preserved fruits, particularly almonds. These concessions cover approximately $19 million worth of U.S. exports to India.

The principal U.S. concessions are tariff reductions for certain types of carpets, several jute articles, and mica. These concessions cover about $28 million worth of Indian exports to the United States. The fact that the agreement provides greater trade coverage for India reflects the U.S. policy of not requiring full reciprocity from developing countries.

The Indian concessions have already been implemented. The Indian letter states that "we hope to maintain the process of liberalization consistent with India's development, financial, and trade needs." Our understanding with representatives of the Government of India is that this phrase indicates that India will negotiate other concessions in the MTN.

The Agreement has been examined carefully and has been approved by the principal Executive agencies that are concerned with international trade policy. We are notifying the status of this Agreement to the chairmen of the House and Senate subcommittees on trade, and are soliciting any views that they may have. The Agreement can be implemented by Presidential proclamation and does not require Congressional approval.

May we have your authorization for Ambassador Strauss or his designee to sign this agreement if negotiations are concluded satisfactorily?

APPROVE ____________________

DISAPPROVE ________________

A

Indian Letter

I am pleased to inform you that the Government of India has taken a number of autonomous measures during the last two years in the direction of import trade liberalization. These form a basis of my Government's contribution to the attainment of the overall objectives of the Multilateral Trade Negotiations.

2. A number of these measures benefits United States exports to India such as the following:

(i) The withdrawal by the Government of India of the preferences extended to the United Kingdom under the United Kingdom-India Trade Agreement, 1939. The value of United States exports, based on 1975-76 statistics, benefitting from this permanent withdrawal in July 1977 amounted to Rs. 164.6 million which represented 11.5 percent of India's imports from all sources.

(ii) The import policy regarding heavy machinery has been liberalized. The value of United States export of machine tools alone, based on 1975-76 statistics, that would benefit from these measures was of the order of Rs. 15.54 million which represented about 7% of our total imports. This is in addition to the benefits that would be derived by the United States in respect of other machinery for which trade values are not specifically shown in Indian statistics.

(iii) The import policy for spare parts which includes parts of equipment for gas and oil drilling wells has been substantially liberalized.

(iv) The import policy of dry, salted or preserved fruits which includes almonds has been substantially liberalized.

3. In order to resolve certain practical difficulties that had arisen in the field of mica exports from India, the floor prices of mica powder and bridge mica were reduced, the sharing formula for export of mica below size No. 5 was eliminated and the division of mica scrap into two categories was discontinued.

4. The liberalization mentioned in sub-paragraph (i), (iii), and (iv) of paragraph 2 and in paragraph 3 coincides with the requests of the Government of the United States of America. Subject to periodic policy reviews and in accordance with the obligations and rights under the General Agreement on Tariffs and Trade, we hope to maintain the process of liberalization consistent with India's development, financial and trade needs, from which our major trading partners have derived and can derive further benefits.

My Government requests your Government and your Government has agreed to implement the attached lists of the Tropical Product offer by the Government of the United States of America. My Government further expects your Government to bind these concessions in the General Agreement on Tariffs and Trade.

Yours sincerely,

LIST 'A' OF TROPICAL PRODUCTS OFFER BY THE GOVERNMENT OF THE UNITED STATES OF AMERICA

TSUS NO.	SHORT DESCRIPTION OF PRODUCT	MFN DUTY	OFFER
106.60	Frog meat, fresh, chilled or frozen.	2.5%	Free
147.92	Mangoes, prepared or preserved	3.75¢ per lb.	1.5¢ per lb.
305.20	Jute yarns and roving, single under 720 yds. a lb.	7.5%	3%
305.22	Jute yarns and roving, single 720 yds. or over a lb.	11%	4.4%
305.28	Jute yarns and roving, plied, under 720 yds. a lb.	10%	4%
335.50	Woven fabrics of jute bleached, colored, or flame-resistant.	0.2¢ per lb.÷ 2.5%	0.08¢ per lb. + 1%
347.30	Narrow fabrics, jute webbing	14%	5.6%
*360.15 ex.	Floor coverings pile hand-inserted or hand knotted valued over 66-2/3¢ per sq. ft. and not over 160 knots per sq. inch.	11%	8%
360.35	Coir floor coverings pile not hand-inserted or knotted.	5¢ per sq. ft.	2¢ per sq. ft.
385.45	Bags, sacks, etc. vegetable fibers except cotton.	0.2¢ per lb. +1.5%	Free
385.95	Coir pile mats and mattings.	5¢/sq. ft.	2¢/sq. ft.
435.70	Opium	$3.60 per lb.	Free
516.71	Mica, cut or stamped to dimensions not over 0.006 inch thick.	11%	4.4%
516.76	Mica, cut or stamped and perforated or indented, over 0.006 inch thick.	12.5%	5%
516.94	Mica articles, nspf.	12.5%	5%

The above tariff reductions will be implemented at the fastest rate permissible under the United States Trade Act.

*The actual extent and staging of further reductions will be worked out as soon as possible.

Continued p.2

LIST 'B' OF TROPICAL PRODUCTS OFFER BY THE GOVERNMENT OF UNITED STATES OF AMERICA

TSUS NO.	SHORT DESCRIPTION OF PRODUCT	MFN DUTY	OFFER
152.58	Mango paste and pulp	7%	2.8%
176.02	Castor oil, valued over 20¢ per lb.	1.5¢ per lb.	Free
315.80	Jute cordage not bleached, not colored, etc. singles yarn under 720 yds. a lb.	10%	4%

The above tariff reductions will be implemented at the fastest rate permissible under the United States Trade Act.

United States Letter

I have taken note of your letter of .... referring to the autonomous measures taken by your Government, particularly those measures which benefit United States exports to India and the statement in your letter that the liberalization mentioned in sub-paragraphs (i), (iii) and (iv) of paragraph 2 and in paragraph 3 coincides with the requests of the Government of the United States of America. I have also noted that subject to periodic policy reviews and in accordance with the obligations and rights under the General Agreement on Tariffs and Trade, the Government of India hopes to maintain the process of liberalization consistent with India's development, financial and trade needs, from which her major trading partners have derived and can derive further benefits. I hope that the Government of India will find it possible to give positive consideration to the remaining requests of the Government of the United States of America which we will recognize as further contributions by India in the Multilateral Trade Negotiations.

2. I am pleased to confirm that my Government desires to implement the attached list "A" of the Tropical Product offer by the Government of the United States of America by April 1, 1978, and in any case will implement not later than sixty days after the exchange of letters. The Government of the United States of America will implement the concessions on the attached list "B" of this Tropical Product offer, unless there is failure to reach satisfactory agreement with other countries who are principal or substantial

suppliers. In light of the above, if the Government of the United States of America does not implement these concessions within a reasonable period of time, consultations will take place to determine alternative concessions.

3. The question of permanent bindings of the concessions will be addressed at the conclusion of the Multilateral Trade Negotiations or January 3, 1980, whichever is earlier. In the interim, in recognition of the contents of your letter, the Government of the United States of America will provide maximum possible security for these concessions.

Yours sincerely,

LIST 'A' OF TROPICAL PRODUCTS OFFER BY THE GOVERNMENT OF THE UNITED STATES OF AMERICA

TSUS NO.	SHORT DESCRIPTION OF PRODUCT	MFN DUTY	OFFER
106.60	Frog meat, fresh, chilled or frozen.	2.5%	Free
147.92	Mangoes, prepared or preserved	3.75¢ per lb.	1.5¢ per lb.
305.20	Jute yarns and roving, single under 720 yds. a lb.	7.5%	3%
305.22	Jute yarns and roving, single 720 yds. or over a lb.	11%	4.4%
305.28	Jute yarns and roving, plied, under 720 yds. a lb.	10%	4%
335.50	Woven fabrics of jute bleached, colored, or flame-resistant.	0.2¢ per lb.+ 2.5%	0.08¢ per lb. + 1%
347.30	Narrow fabrics, jute webbing	14%	5.6%
*360.15 ex.	Floor coverings pile hand-inserted or hand knotted valued over 66-2/3¢ per sq. ft. and not over 160 knots per sq. inch.	11%	8%
360.35	Coir floor coverings pile not hand-inserted or knotted.	5¢ per sq. ft.	2¢ per sq. ft.
385.45	Bags, sacks, etc. vegetable fibers except cotton.	0.2¢ per lb. +1.5%	Free
385.95	Coir pile mats and mattings.	5¢/sq. ft.	2¢/sq. ft.
435.70	Opium	$3.60 per lb.	Free
516.71	Mica, cut or stamped to dimensions not over 0.006 inch thick.	11%	4.4%
516.76	Mica, cut or stamped and perforated or indented, over 0.006 inch thick.	12.5%	5%
516.94	Mica articles, nspf.	12.5%	5%

The above tariff reductions will be implemented at the fastest rate permissible under the United States Trade Act.

*The actual extent and staging of further reductions will be worked out as soon as possible.

Continued p.2

LIST 'B' OF TROPICAL PRODUCTS OFFER BY THE GOVERNMENT OF UNITED STATES OF AMERICA

TSUS NO.	SHORT DESCRIPTION OF PRODUCT	MFN DUTY	OFFER
152.58	Mango paste and pulp	7%	2.8%
176.02	Castor oil, valued over 20¢ per lb.	1.5¢ per lb.	Free
315.80	Jute cordage not bleached, not colored, etc. singles yarn under 720 yds. a lb.	10%	4%

The above tariff reductions will be implemented at the fastest rate permissible under the United States Trade Act.

B

THE PRESIDENT HAS SEEN.

Bob J

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM : Ambassador Robert S. Strauss RSS.

SUBJECT : Trade Agreement with Mexico

Negotiators from my Office and the Government of Mexico have completed the terms of a bilateral trade agreement covering import duty rates and other conditions of trade for 35 products of interest to our two countries. This agreement, although small in product coverage, is extremely important for the "Tokyo Round" of Multilateral Trade Negotiations (MTN) and for U.S. international trade policy because:

(1) it is the first agreement between the United States and a developing country in the "Tropical Products" phase of the MTN, i.e. the phase dealing with trade in products of interest to developing countries;

(2) it establishes the principle that developing countries will make at least some trade concessions to the United States in return for the concessions that we give them, which is a domestic political necessity; and

(3) the agreement will be a precedent for many other agreements that we expect to negotiate with developing countries, and which will govern U.S.-LDC trade relations for the next several years.

The proposed U.S.-Mexican agreement, a copy of which is attached, calls for tariff concessions by Mexico on 18 products with a 1974 trade value with the U.S. of $36 million, and for U.S. concessions on 17 products with a 1974 trade value with Mexico of $60.6 million. The fact that the agreement provides slightly greater coverage for Mexico, in current dollar terms, reflects our MTN commitment to provide "special and more favorable treatment" for developing countries, where appropriate and feasible.

The agreement also requires Mexico to guarantee unlimited quantitative access to its market for nine products, quantitative access up to a specified level for nine products, and in other respects imposes greater discipline on Mexico's treatment of imports than has existed previously. The tariff benefits of the agreement will be extended by the United States and Mexico to virtually all countries, under the most-favored-nation principle.

The agreement has been examined carefully and approved by all agencies of the Executive Branch that are concerned with international trade policy. We have kept the Congressional trade subcommittees informed throughout the negotiations that led to the agreement. Although implementation of the agreement does not require formal Congressional approval, we have not been advised of any objections.

If you approve our going forward with this agreement, I will proceed to sign it on behalf of the United States at a time that is convenient for us and for the Government of Mexico, probably during November.

APPROVE ✓

DISAPPROVE ____________

JC

The agreement also requires Mexico to guarantee unlimited quantitative access to its market for nine products, quantitative access up to a specified level for nine products, and in other respects imposes greater discipline on Mexico's treatment of imports than has existed previously. The tariff benefits of the agreement will be extended by the United States and Mexico to virtually all countries, under the most-favored-nation principle.

The agreement has been examined carefully and approved by all agencies of the Executive Branch that are concerned with international trade policy. We have kept the Congressional trade subcommittees informed throughout the negotiations that led to the agreement. Although implementation of the agreement does not require formal Congressional approval, we have not been advised of any objections.

If you approve our going forward with this agreement, I will proceed to sign it on behalf of the United States at a time that is convenient for us and for the Government of Mexico, probably during November.

APPROVE ✓

DISAPPROVE ______

JC

THE WHITE HOUSE
WASHINGTON

June 12, 1978

Frank Moore

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

Rick Hutcheson

cc: Hugh Carter

LORIMER RICH

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

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

ACTION	FYI	
		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

6/12/78

MR. PRESIDENT:

I concur with Frank's recommendation on this.

Hugh Carter

THE WHITE HOUSE

WASHINGTON

June 9, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE F.M.

Lorimer Rich, the architect of the Memorial and Tomb of the Unknown Soldier at Arlington National Cemetery, died on June 2, 1978 at the age of 88.

Mr. Rich's widow has contacted Congressman Donald J. Mitchell (R-NY) asking his assistance in obtaining permission for her husband's cremated remains to be buried at Arlington National Cemetery.

Although Mr. Rich served in the military during World War I (he designed gas masks for use in trench warfare), he does not qualify for burial in Arlington under the present regulations, unless you make an exception.

I believe that Mr. Rich's contribution to the beauty of Arlington warrants his burial there.

APPROVE ✓

DISAPPROVE ____

JC

5:00 pm

THE WHITE HOUSE

WASHINGTON

June 12, 1978

MEETING WITH SENATOR MARYON ALLEN AND FAMILY

Monday, June 12, 1978
5:00 p.m. (10 minutes)
The Oval Office

From: Frank Moore F.M./BR

I. PURPOSE

To greet the new Senator and her family.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: Mrs. Maryon (Mary-ahn) Allen was sworn in by the Vice President this morning to succeed her husband, the late James B. Allen. A special election will be held concurrent with the general election in November. Alabama will be electing two Senators at the same time. Less than an hour after Governor Wallace announced that he was appointing Mrs. Allen, she issued a press statement accepting the appointment and announcing that she would run for the 2-year unexpired term of her late husband. Governor Wallace had apparently considered running for the unexpired term himself but, at this time, he is probably inclined not to seek that seat. A recent secret poll showed him losing to Mrs. Allen by a margin of 69 to 21. Therefore, Mrs. Allen will almost certainly be in the Senate for at least the next 2½ years.

Shortly after Senator Allen had his heart seizure, he regained consciousness for a brief period during which he asked Mrs. Allen to carry on his work. We understand that Mrs. Allen will follow through on commitments the Senator had made. However, on other issues she is expected to be considerably less conservative. She is a bright, intelligent individual who makes up her own mind. She will, therefore, not be a surrogate or a shrinking violet. From information we have gathered on her, we believe that her philosophy will be moderate; she will support the Administration fairly frequently, but we will have to make our case with her every time.

At least through the remainder of this session of Congress, she will keep her late husband's committee assignments (Agriculture, Judiciary, and Rules).

Senators Kennedy and Metzenbaum lead an unsuccessful effort to have her removed from the Rules Committee. Senator Byrd kept her on that committee even though she promised only to "listen" to the view of the southern Democrats with respect to proposed changes in the Senate rules. When the opportunity presents itself, Mrs. Allen will probably leave the Judiciary Committee and her staff believes that she is now inclined to ask for assignment to the Banking, Housing, and Urban Affairs Committee.

Maryon Allen was a newspaper reporter at the time she met and married Senator James Allen. During her early years in Washington as a Senator's wife she wrote a newspaper column for an Alabama paper. The column was called "Reflections of a News Hen." After a few years she discontinued her writing. Now she is interested in interior design and decoration. She also has been active in efforts to preserve historical places. She is an arrested tuberculosis victim. In 1968 she spent four months in a sanitorium for treatment of the disease and, since that time, there has been no recurrence.

When Maryon and James Allen were married, it was the second marriage for each. Her first ended in divorce. She has three children by that previous marriage: Sanford (Sandy) Mullins is a lawyer who works in the trust department of a Birmingham bank; John Pittman Mullins (Pitt) is a non-denominational preacher who we understand is an admirer of your sister, Ruth; Maryon (Monie) Mullins is a law student at the University of Alabama.

The Senator's only child by his previous marriage, Jim Allen, Jr. will not be with Mrs. Allen this afternoon.

Accompanying Mrs. Allen and her relatives will be Tom Coker who is Senator Allen's Administrative Assistant and to whom Mrs. Allen will look for advice and guidance. You may want to single him out for a handshake and something more than the usual courtesies (Coker had volunteered to be of appropriate assistance to us in acquainting Mrs. Allen with our interest in issues as they arise.)

B. Participants: The President; Mrs. Maryon Allen; Mrs. J. D. Pittman (Mrs. Allen's Mother); Mr. and Mrs. J. Sanford (Sandy) Mullins (Mrs. Allen's son and daughter-in-law); Mr. and Mrs. James (Jim) Pittman (brother and sister-in-law); Mrs. Jack L. Ray (former business partner and close friend of the late Senator Allen); Mrs. James D. Hillhouse (Mrs. Allen's sister); Bruce Robertson (personal friend of Mrs. Allen); Tom and Maxine Coker and their children, Louise and Susan, and Toni Michael who lives with the Cokers (Tom Coker is Senator Allen's Administrative Assistant); Frank Moore and Dan Tate.

C. Press Plan: Full photo opportunity.

III. TALKING POINTS

1. At this time Mrs. Allen has indicated a preference to continue to be addressed as Mrs. Allen. You may want to call her by her first name to avoid any awkwardness.

2. Routine courtesies.

meeting with senator magnuson 6/12/78

THE WHITE HOUSE
WASHINGTON

> Magnuson / Jermaine
> We proposed record Ed budget
> House added $ 890 M ($400m Ed)
> Need Senate support for BOG
Hold down health manpower (+ $123m)
> NIH over financing
> Serve poor, etc - inflation hurts
Hold on Cancer institute
> Call other bill before Labor/HEW
> Will veto tax credit - Need
$1 B BEOG cut + $233m
> Ignore Michel
> Title I Adm. $244m + H $100m
> Business Week. Maggie - hold line
> Restraints on personnel management
2 years? Fish processing in 200 mi (S.3050)

trilateral commission 6/12/78

THE WHITE HOUSE
WASHINGTON

Influence - Spec responsibilities
— Sought to export unemp - c̄
trade barriers etc ⇒ WW II
— Must share oppor. - probs
oil - inflation. unemp -
seas - resources - trade
— Bonn summit
— Leaders, LDC's. Trilat villain
— (Nyerere, Desai, Arns)

PRES - VP: ST - DEF - TR -
NSA + Econ adv St, Tr, NSA, Com
DEP SecSt, Amb Italy - Amb at Large (Nuclear)

HOUSE REPORTED BILLS FOR FY 1979

	Over / Under Budget Request	
Foreign Assistance	- 1,091,559,436	
HUD-Independent Agencies	- 1,308,686,000	
Interior	- 174,213,000	
Labor-HEW	+ 643,330,000	~~\$~~ 885 —
Legislative	- 25,657,700	
Military Construction	- 408,113,000	
Public Works	- 53,724,100	
State-Justice-Commerce	- 84,202,000	
Transporation	- 211,217,000	
Treasury-Post Office	- 28,861,000	
TOTAL	- 2,742,903,236	

Bills Yet to be Reported:
- Agriculture
- Defense
- District of Columbia

ID 782974

THE WHITE HOUSE

WASHINGTON

DATE: 07 JUN 78

FOR ACTION: FRANK MOORE (LES FRANCIS)

attached response to C's?

Frank Press — attached

INFO ONLY: STU EIZENSTAT JACK WATSON

SUBJECT: MCINTYRE MEMO RE REORGANIZATION OF DISASTER HAZARD MITIGATION FUNCTIONS

+++++++++++++++++++ +++++++++++++++++++ +++++++++++++++++++

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

+ BY: 1200 PM FRIDAY 09 JUN 78 +

+++++++++++++++++++ +++++++++++++++++++ +++++++++++++++++++

ACTION REQUESTED:

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

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

June 12, 1978

Stu Eizenstat
Jack Watson

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 8, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT Stu

SUBJECT: Memo to Cabinet Members and Selected Agency Heads: White House Conference on Small Business

Attached for your review is a memorandum to be sent to Cabinet Members and selected agency heads in support of the White House Conference on Small Business. You announced your intention to issue such a memo at the Small Business Awards Ceremony in the Rose Garden on May 2.

Vernon Weaver has requested that, if possible, he be allowed to attend the Cabinet meeting at which you discuss this memo.

ok
J

Fallows has edited the proposed memo.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HEADS OF

EXECUTIVE DEPARTMENTS AND AGENCIES

Last month, I announced plans for a White House Conference on Small Business, in January 1980. It has been several decades since any Administration has focused upon the role of small business in the economy. By the time of the Conference, I would like to be able to show that the relationship between the Federal government and the small business sector has improved significantly.

In order to further the objectives of that Conference, your agency should select, in cooperation with SBA, at least one important advance to report to the Conference. Ideally, this means developing an initiative that will be visible and completed or well underway by December 1979.

The initiative you select should be relevant and important to your constituency, and to the small business community in general. An agency involved in regulation of small companies might, for example, simplify their regulations. Agencies with substantial procurement activity might increase their procurement from small businesses. Other areas for programs include: capital development, government regulation/paperwork, technology and industrial innovation, management assistance, minorities/women enterprise, antitrust/consumer affairs/competition, international trade policy, agricultural policy, manpower and human resources development, natural resources/energy tax policy.

To coordinate this project, please delegate as a liaison either an Assistant Secretary or Personal Assistant, to deal directly with the Honorable A. Vernon Weaver, the Small Business Administrator. He will discuss this request directly with you soon. You should develop preliminary options, in conjunction with SBA, by the end of August 1978. It may be useful to first select a few alternatives for discussion with SBA, and agree on the most acceptable program. The Domestic Policy Staff will conduct the final review of all options.

Thank you for your participation in this important effort to assist our country's small businesses.

Jimmy Carter

ID 783016

THE WHITE HOUSE

WASHINGTON

DATE: 08 JUN 78

FOR ACTION: JIM FALLOWS

Patti – have typed

INFO ONLY: THE VICE PRESIDENT

JACK WATSON

H. JORDAN (STEVE SELIG)

FRANK MOORE (LES FRANCIS)

JIM MCINTYRE

SUBJECT: EIZENSTAT MEMO RE MEMO TO CABINET MEMBERS AND AGENCY HEADS: WHITRE HOUSE CONFERENCE ON SMALL BUSINESS

++

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

\+ BY: 1200 PM SATURDAY 10 JUN 78 +

++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

ID 783016

THE WHITE HOUSE

WASHINGTON

Eric Schnurer
X 2657
speechwriting

DATE: 08 JUN 78

FOR ACTION: JIM FALLOWS

INFO ONLY: THE VICE PRESIDENT

FRANK MOORE (LES FRANCIS)

JACK WATSON

JIM MCINTYRE

H. JORDAN (STEVE SELIG)

SUBJECT: EIZENSTAT MEMO RE MEMO TO CABINET MEMBERS AND AGENCY HEADS: WHITRE HOUSE CONFERENCE ON SMALL BUSINESS

++++++++++++++++++++ ++++++++++++++++++++ ++++++++++++++++++++

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

+ BY: 1200 PM SATURDAY 10 JUN 78 +

++++++++++++++++++++ ++++++++++++++++++++ ++++++++++++++++++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

RETURNED WITH REDRAFT. (Schnurer)

THE WHITE HOUSE

WASHINGTON

June 8, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT Stu

SUBJECT: Memo to Cabinet Members and ~~Selected~~ Agency Heads: White House Conference on Small Business

Attached for your review is a memorandum to be sent to Cabinet Members and selected agency heads in support of the White House Conference on Small Business. You announced your intention to issue such a memo at the Small Business Awards Ceremony in the Rose Garden on May 2.

Vernon Weaver has requested that, if possible, he be allowed to attend the Cabinet meeting at which you discuss this memo.

MEMORANDUM TO CABINET MEMBERS
AND ~~SELECTED~~ AGENCY HEADS

Earlier this spring, I announced that the Administration will hold a White House Conference on Small Business in January 1980. It has been several decades since any Administration has focused major attention on the role of small business in the economy and by the time of the Conference I would like to show that the relationship between the federal government and the small business sector has improved significantly.

In order to further the objectives of that Conference, I would like your agency to select, in cooperation with SBA, at least one specific and significant improvement which will be in place or far enough along to warrant reporting to the Conference. Ideally, this means developing an initiative that will be visible and significantly underway or in place no later than December 1979.

You know the ways in which your department or agency are important to small business and the initiative you select should be significant to your constituency and to the small business community in general. For example, if your agency is involved in the regulation of small companies, the development of a simplified system for small business may be appropriate. If procurement is a major activity, substantially increasing your small business procurement may be appropriate. As a checklist from which to select possibilities, the following list may be helpful: capital development, government regulation/paperwork, technology and industrial innovation, management assistance, government procurement, minorities/women enterprise, antitrust/consumer affairs/ competition, international trade policy, agricultural policy, manpower and human resources development, natural resources/ energy tax policy.

In coordinating this request, it would be helpful for you to delegate as liaison one person at the policy level, either an Assistant Secretary or Personal Assistant, who can deal directly with the Honorable A. Vernon Weaver, our Small Business Administrator. He will discuss this request directly with you and your colleagues in the near future. We expect preliminary options to be developed in conjunction with SBA by the end of August 1978. As a first step, it may be useful to select a few alternatives for discussion with SBA and mutually agree on the most acceptable alternative. Final review of all options will be done by the Domestic Policy Staff.

Thank you for your participation in this important effort to assist small business in our country.

6/12/78

THE WHITE HOUSE
WASHINGTON

18 - Speaker = Veto
Restore 8 Bob Edgar
Newstarts 25/+6 Geo Miller
Fully fund Butler Derrick
+ $ 100 accelerate
Letter re veto
delay

2974

2971

THE WHITE HOUSE
WASHINGTON

June 12, 1978

Jim McIntyre

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

Rick Hutcheson

cc: Stu Eizenstat
Charlie Schultze
Greg Schneiders
Frank Moore
Press
Richard Pettigrew

REORGANIZATION OF DISASTER HAZARD MITIGATION FUNCTIONS

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

Patti - where is original of memo?

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

ACTION	FYI	
		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

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

To McJ
J

June 6, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre, Jr. Jim

SUBJECT: Reorganization of Disaster Hazard Mitigation Functions

This is in response to your request for a summary of the considerations involved in deciding whether or not to include the two major hazard mitigation programs in the new emergency preparedness agency you approved last week (Tab A). These programs are (1) The Federal Insurance Administration (FIA) in HUD, and (2) The National Fire Prevention and Control Administration (NFPCA) in Commerce.

The new agency that you approved as a result of your decisions on my May 25 memorandum can stand alone without FIA and NFPCA, and indeed will correspond to organizational patterns that have worked relatively well in the past. It is quite similar to the recommendations of Senators Proxmire and Percy and a host of House Members resulting from a year-long investigation of emergency preparedness by the former Joint Congressional Committee on Defense Production. Its focus will be on preparedness for both nuclear and natural disasters, and disaster relief.

My supplementary recommendation—that the new agency be given an organizational theme as the focal point of hazard mitigation authorities—is a bolder and more farsighted initiative.

"Hazard mitigation" (or "hazard reduction" as the concept is often called) is a new thrust in the Federal Government's involvement in disaster assistance. It is the principle that potential disasters can be averted by formulating land use and building standards in such a way that people and property are made less vulnerable to the effects of destructive phenomena such as fires, storms, floods, and earthquakes. The central idea is that if these events cannot be prevented entirely, their effects can be minimized by building structures that can withstand them or by keeping people away from zones where the danger is predictable.

Frank Press, with whom the PRP worked closely in its study, is a strong proponent of hazard mitigation and is writing you a separate memorandum on the subject.

Hazard mitigation has gained support in the environmental and academic communities, and has been applied by Congress in several laws passed since 1973 (including the Flood Insurance Act of 1973, the Fire Prevention and Control Act of 1974, the Earthquake Hazard Reduction Act of 1977, and parts of the Federal Disaster Relief Act of 1974). It is a different concept from "disaster preparedness" (planning to rescue lives and property when a disaster occurs or is imminent) and "disaster relief" (cleaning up after a disaster has taken place), both of which will clearly be responsibilities of the new agency you have approved.

This reorganization provides an opportunity to incorporate and balance the major Federal preparedness, relief and mitigation authorities in one agency, within which more rational decisions can be made on the relative costs and benefits of these alternative approaches to dealing with disasters. In order to have a critical mass of hazard mitigation authorities and resources, the FIA and NFPCA must both be included in the new agency. They are the only operational mitigation programs (the Earthquake Hazard Reduction program and the FDAA authorities have not yet been implemented). This proposal is controversial, because it is opposed by the parent Department of each program and will meet probable objections from several key Senators on the Commerce (NFPCA) and Banking and Currency (FIA) Committees.

As spelled out in the May 25 memorandum, and in an excerpt from the PRP task force report attached as Tab B, the FIA devotes almost all of its resources to identifying flood hazards and stimulating local ordinances which regulate future flood plain development. The FIA also carries out several non-mitigation activities (contracting for insurance sales and claims work, urban crime and riot reinsurance, insurance consulting and industry investigations) that we recommend also transfer—at least temporarily—since the approximately 10 percent of the FIA staff devoted to them would be too small a nucleus to carry on independently.

The NFPCA is also a mitigation program, concentrating on research, data collection, and fire education. It is not involved in fire suppression. The program is described in an appendix to the PRP Report at Tab C. We have agreed that the program will retain its identity in the new agency, a necessary condition to preserve the prospect that fire service organizations and Members of Congress sympathetic to them will support transfer of the program.

The following additional considerations are relevant to your final decision:

- o Separation of the major mitigation programs results in overlapping and occasionally inconsistent Federal directives regarding mitigation standards.

- o There is no pressure now from the public or Congress to consolidate the mitigation programs; while the FIA and NFPCA have some problems, their locations in HUD and Commerce are not the cause of them.

- o In order to preserve your options, we have as yet made no effort to sell the hazard mitigation package to the Congress. Five Senators (Cannon, Ford, Magnuson, Pearson, Stevens) have opposed transfer of NFPCA. Only Senator Proxmire has opposed transfer of the FIA. No House Members have opposed either transfer. Two explanations for this opposition are (1) possible threats to Committee jurisdictions, and (2) heavy Commerce and HUD lobbying against the transfer.

- o Some proponents of the mitigation principle (including environmentalists, the insurance industry, and Secretary Harris) may argue that associating it with the disaster relief function could result in weakening rather than strengthening the mitigation concept, although FIA and disaster relief (FDAA) are already co-located in HUD. They will want assurances from the Administration that mitigation will be emphasized in appointments, authorities, and internal structure.

- o The benefits of moving towards a mitigation strategy will be reaped in the future; the costs, in political controversy and jurisdictional disruption, will be incurred right away.

- The problem of where to assign the FIA's non-statutory insurance investigatory and consulting role has been troublesome. Our recommendation that the FIA be transferred intact may be only a temporary resolution, and is open to criticism on those grounds.

Our recommendation is indeed a bold one and substantively valid, but passing it successfully will involve the expenditure of some political capital. If you do not approve the transfer of FIA and NFPCA, we shall still have, on the basis of the decisions you have already made, a workable and relatively non-controversial organizational initiative which will be readily embraced by Congress and the public.

Decision ?

Hold open ? of Fire academy. We'll work for approval of complete plan.

✓ ______ Include the FIA and NFPCA in the new agency, weighting disaster mitigation as a central organizational theme (OMB recommendation). J

______ Limit the new agency to preparedness and relief activities, with disaster mitigation a minor and limited responsibility.

Mr. President:

Senator Magnuson has informed us today that he will definitely oppose the transfer of the Fire Prevention and Control Administration. We also have informal word that the fire service unions will oppose the transfer. There is still a chance to turn it around - but it is becoming more difficult.

Jim

FRANK PRESS MEMO

THE WHITE HOUSE

WASHINGTON

June 8, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK PRESS FP

This memorandum comments on and supports Jim McIntyre's memo on reorganization of disaster hazard mitigation functions.

There are two essential approaches to reducing the adverse effects of large-scale natural disasters. The first is by planning for and providing post-disaster relief and rehabilitation to individuals, businesses and communities that have suffered damage. In some type of disasters -- notably those caused by wind and, increasingly, those caused by flooding -- insurance also plays a significant role. The second approach consists of taking a variety of mitigation actions before the event.

Relief and rehabilitation (and preparedness to undertake these post-event responses) have heretofore been the principle Federal apppoach. Advances in science and technology, however, now give us an option to pursue the mitigation approach with more assurance of success, especially in the long run. The advances are in several areas:

- Our scientific and technological understanding of the causes and patterns of natural disasters has improved greatly. While control or amelioration of events, e.g., seeding hurricanes, does not yet hold much promise, more accurate forecasting of severe storms, short-term climate variation, earthquake hazards, etc., is becoming possible. This significant increase in our understanding will give us a capability to furnish more timely warning of impending disaster to affected populations, and hence reduce loss of life.

- Advances in the engineering sciences have given us a deeper understanding of the responses of structures to the loads and stresses associated with natural hazards and significant opportunities to increase the capability of these structures to protect more fully its occupants during a disaster and withstand forces of a natural event. This increased knowledge is beginning to be reflected in construction standards, building codes, and local development and siting decisions of States and municipalities.

Mitigation actions are becoming particularly urgent because of two major recent developments. One is the increasing concentration of our population in high-hazard coastal, river, and mountain areas in response to the attractive life styles that such areas offer. The other is the increasing cost of relief and rehabilitation for natural disasters, a cost that is averaging about one quarter of a billion dollars per year for the past five years from the President's Disaster Relief Fund alone. It is, therefore, clearly in our best interest to take advantage of our improved knowledge to start reducing this burden by taking actions before the events occur.

Several Federal Departments are now playing a significant role in sponsoring these scientific and engineering advances. A large number of organizations in the private and public sectors are participating in this effort. However, a coordinating function for mitigation is essential. I believe the proposed Federal Emergency Management Administration (FEMA) is the proper entity to perform this function.

Post-disaster relief and rehabilitation and pre-disaster mitigation are complementary and not mutually exclusive strategies. Both long-range and day-to-day- decisions often should take both into consideration. Today, however, that is not always the case, because the decision-making responsibility is fragmented among several Federal entities. The single coordination agency proposed by OMB could start handling this and similar problems in a comprehensive way, mindful of competing resource requirements and following flexible strategies to suit differing hazards and appropriate Federal, State, local, and private roles.

FRANK MOORE MEMO

THE WHITE HOUSE

WASHINGTON

June 9, 1978

MEMORANDUM TO THE PRESIDENT

FROM: FRANK MOORE FM/BR

SUBJECT: Congressional Reaction to Transfer of Federal Insurance Administration and National Fire Prevention and Control Administration

You asked us to do a congressional assessment of key members to the transfer of the two above-mentioned units to a new Emergency Preparedness Agency.

Federal Insurance Administration (FIA): In the Senate only Proxmire is opposed to the transfer of the FIA. In a May 24 letter to Harrison Wellford, Proxmire stated he does not see any compelling reasons to transfer this unit to a new agency at this time. His staff feels he is not irretrievably opposed however if given reassurances that FIA would maintain its "prevention" mission and not be dominated by an agency whose central focus is disaster "response". Additional concerns regarding the placement of this unit in the agency, as well as some discussion of budget and personnel, might prevent Proxmire from opposing the transfer.

Senator Muskie, who will chair the hearings on this plan, supports the transfer of FIA and would like to see you approve the move.

In the House, Congressman Ashley opposes the FIA transfer, feeling it was placed in HUD due to HUD's ability to administer a unique set of standards that are attached to the program. Ashley and Henry Reuss have recently sent you a letter expressing their strong reservations about the transfer.

National Fire Prevention Control Administration (NFPCA): Muskie supports the transfer of NFPCA, feeling its role in the new agency would be compatible with the new agency's mission. Senator Magnuson, as well as Senators Stevens, Cannon, Pearson and Ford, all oppose the transfer of the Fire Prevention unit. They co-signed a letter sent to you a few weeks ago outlining their specific concerns. A recent check reveals no change in their opposition. Their concerns center around the "prevention vs. response" issue. Cannon, Stevens and others remain unpersuaded that the submersion of NFPCA can be avoided if placed in an agency having a "response" orientation.

Discussions with several of these Senators and their staffs reveal, however, an opportunity to bring some if not all of them around on this issue. The single most important issue to Magnuson, Stevens and others is the National Fire Academy proposal pending before OMB. This proposal requests a funding level of approximately $6 million dollars. OMB is currently reviewing the proposal but has several concerns about the program. Magnuson would like the Administration to approve the funding immediately. Resolution of this issue would go a long way toward resolving congressional problems with the transfer of the NFPCA.

In the House, we talked with several members of the Science and Technology Committee, including the staffs of Chairman Teague, Congressman Thornton, Congressman Hollenbeck and others. There seems to be no strong opposition to the transfer if "prevention" can be established as a central focus of this agency. Additionally, the funding of the proposed Fire Academy is a crucial item with them. Staff feels that if the Academy is not approved, opposition to the transfer in the House will harden and be magnified by the Administration's refusal to grant this funding. Their position was not negative but the Academy approval question and other general assurances regarding the mission of the new agency will play a key role in the amount of opposition or support to this transfer.

One final note: Neither Chairman Brooks nor Frank Horton have any concerns over the transfer of these programs.

TAB A

TAB A

C

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MAY 25 1978

MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre, Jr. Jim

SUBJECT: Reorganization of Emergency Preparedness and Response Programs

This memorandum summarizes the attached reorganization study of Federal emergency preparedness programs. The objective of the study was to develop an appropriate organization of Federal authorities to deal with events that physically threaten the lives and property of the civilian population. We recommend that certain emergency preparedness and response authorities now segregated in eight Federal agencies be consolidated by reorganization plan into a new independent agency reporting to the President. This action would permit the elimination of four of these agencies and streamline the operations of the other four, without diminishing the effectiveness of their remaining functions. 7

I. CURRENT STRUCTURE

Since 1973, three agencies have had responsibility for broad planning and coordinating missions in anticipation of and in response to civil emergencies, under authorities vested in the President:

- The Federal Preparedness Agency (FPA) in the General Services Administration (GSA) coordinates civil preparedness policies and programs.
- The Defense Civil Preparedness Agency (DCPA) in the Department of Defense (DOD) administers the civil defense program through financial assistance to State and local governments.
- The Federal Disaster Assistance Administration (FDAA) in the Department of Housing and Urban Development (HUD) coordinates Federal natural disaster relief operations and administers a small natural disaster preparedness State grant program.

At least 20 Federal agencies have specific emergency research, prevention or disaster operational assignments, and most other agencies have the responsibility to plan for the performance of their regular missions under emergency conditions. Further complicating the organizational picture is the fact that State and local governments are the front line of civilian preparedness, mitigation, and response for natural, accidental, and wartime civil emergencies.

II. STATEMENT OF PROBLEM

Our technology-dependent civilian society is vulnerable not only to natural phenomena, but also to military and terrorist action and to manmade disasters which range from dam failures and blackouts to chemical and radiological accidents. Recognizing this, the States and local governments have equipped themselves with authorities and organizations which permit an "all-hazard" approach to emergency planning.

However, the Federal Government's organization for carrying out its responsibilities in civil emergency preparedness, mitigation and response has historically been unstable and is currently in disarray.

It has been the target of severe criticism by Congress, GAO, Federal agencies, and especially State and local governments. A long list of problems (on pages 5-6 of the background memorandum and pages 2-10 of its Appendix A) has been documented, including:

- Lack of accountability for performance below the Presidential level.
- Duplication and overlap in relations with the States.
- Conflicts over authority and jurisdiction.
- Indecision on policy questions, such as the "dual use" of resources for both natural and wartime civil emergencies or the relative emphasis on disaster hazard reduction versus disaster relief.
- Frequent Executive Office intervention to devise responses on an *ad hoc* basis.

III. POLICY ASSUMPTIONS

The recommendations which follow are based explicitly on a set of policy principles which are controversial but essential to an understanding of the recommended changes:

- Dual Use. Civil defense should not depend on a segregated and reserved set of resources. The communications, warning, evacuation, and education planning processes involved in preparedness for a nuclear attack should be developed, tested, and used for natural and accidental disasters as well.

- Executive Responsibility. Anticipation of and planning for civil emergencies is an important executive responsibility, deserving regular attention and emphasis at the highest levels of the Federal structure including the White House.

- State and Local Role. Both attack and natural disaster preparedness programs must be founded on existing civilian organization and resources which are primarily at State and local levels.

- Use of In-Place Federal Resources. Emergency responsibilities should be extensions of regular agency missions whenever possible; the primary organizational task is to coordinate, under emergency conditions, resources that have other uses on a day-to-day basis.

- Mitigation. Hazard mitigation--reducing vulnerability of people and property through sensible regulation of land use and building standards--should be a central long-term thrust of Federal involvement in natural disasters as an alternative to disaster relief.

IV. RECOMMENDATIONS

A. Consolidate FPA, FDAA, and DCPA

The new agency (see Appendix E of attachment) would develop and coordinate Federal programs for the protection of civilian population, resources, and governmental authority at all stages preceding, during, and following a major natural, accidental, or wartime civil emergency.

The benefits expected from this consolidation (stated more fully on pages 10-11 of the attachment) include:

- Creating a single accountable official and point of contact for State and local governments.
- Providing greater visibility and coherence for preparedness functions.
- Ending the present separation of authorities for dealing with various types and stages of disasters.
- Responding to an urgent need for consolidation voiced by State and local interest groups, all 50 governors, and several dozen members of Congress, including all who have actively investigated the issue.
- Providing significant economies through combining duplicative regional structures and redundant data processing and policy analysis systems.

The costs and potential drawbacks include:

- Possibly deemphasizing either natural disaster or attack preparedness in an agency combining both.
- Disrupting, for a brief period, established capabilities and requiring one- time dollar costs during process of change.
- Possibly increasing budget pressures from the States who might expect a more sympathetic hearing from an agency organized along the same "all hazard" principles that State organizations follow.

We believe that the political and management benefits substantially exceed the costs and that the latter can be minimized by determined and effective leadership by the head of the new agency.

In reaching this conclusion, we considered other alternatives. Option 1 would create a policy planning and coordinating group attached to an existing agency or to the Executive Office to respond to some of these problems. Such a body would not respond to State and local needs and would be unlikely to be more successful than prior coordination attempts have been.

Option 2 would separate natural disaster and nuclear preparedness programs, placing the latter in Defense (including the civil defense policymaking responsibilities now lodged in FPA). The revamped program would center on evacuation and fallout protection. This option avoids the possibility of having one function deemphasized in favor of the other. It also avoids Defense's concern that moving DCPA out of Defense will be seen as downgrading the function. We feel strongly that this alternative is the wrong choice and will be decisively opposed by State and local governments and Congress. It ignores the fact that State and local governments must carry out a civil defense program, and they have little interest in devoting resources to a program that is unresponsive to their own primary concerns about natural and accidental disasters. We feel that the civil defense program can be (as it was, from 1950 to 1961) carried out more effectively under civilian leadership than by DOD, which has no other significant grant programs.

Agency Views

All agencies except those losing programs favor this recommendation. HUD expresses reservations about the consolidation but does not oppose it. Its reservations include a fear that the proposal may increase pressures for increased disaster spending, that it may submerge either civil defense or natural disaster preparedness in favor of the other, and that it may expose the President to more direct criticism when relief operations do not go well. GSA will support the recommendation, but prefers a more limited policy planning and coordination group attached to an existing agency. DOD opposes the loss of DCPA and favors Option 2 above. DOD has rejected a proposed agreement under which DOD would retain civil defense policy guidance and budget review authority.

DECISION

___✓___ Consolidate FPA, DCPA, and FDAA (OMB, DPS, NSC, CEA recommend)

_______ Create policy planning and coordination group (GSA recommends)

_______ Separate natural disaster and nuclear preparedness programs (Defense recommends)

B. Create an independent agency to house the consolidated units.

(This and subsequent decisions are relevant only if you have approved the OMB recommendation in Decision No. 1.)

We considered several locations for a consolidated agency (see pages 15-18 of the attachment). Incorporation within the EOP, preferred by most groups and some proponents of the consolidation in Congress, was rejected because it would almost triple the size of the EOP and is not necessary.

Attaching the new agency to an existing parent agency (DOD, GSA, or HUD) or another agency would allow access to the administrative resources of a large organization.

The disadvantages, however, outweigh the advantages. Subordinating coordinative authorities to the sub-departmental level has not worked in the years since the 1973 reorganization. Layering, low visibility, and inevitable conflicts with other departmental priorities make this alternative unacceptable to Congress and State and local governments. Further, subordination to a domestic agency (HUD or GSA) would be seen by Defense as an unacceptable downgrading of attack preparedness in favor of natural disaster activities. Assignment to Defense would be just as strongly resisted by State and local governments and voluntary groups, and is not advocated by DOD either.

We long resisted the third alternative--independent agency status--because it adds one to the already large number of agencies reporting to the President. I am now convinced, however, that this alternative is inescapable. To the advantages of accountability, visibility, policy control, and a direct reporting line to the President in times of crisis, must be added the fact that all 50 governors and 59 members of Congress have explicitly endorsed independent status. In this case, we would expect considerably more Congressional opposition from failure to create a new independent agency than from our recommendation to do so. Independence is also supported by voluntary sector organizations such as the Red Cross and the United Way, and by all key public officials' groups, including limited purpose groups such as the State Disaster Preparedness Directors and the Civil Defense Council.

There has been no agency opposition, apart from the consolidation question, to the creation of an independent agency. Although some members of Congress have expressed reservations about creating new agencies in general, we believe that they will support this recommendation.

DECISION

✓ Approve new independent agency (OMB recommendation)

________ Disapprove

Reluctantly

C. Create a White House Emergency Management Committee.

The interagency and intergovernmental coordinative and planning responsibilities of the new agency, as well as the fact that the President must exercise direct control in some civil emergency situations, argue for a formal link to the White House (see pages 18-19 of attachment). We recommend that the Administrator of the new agency chair an Emergency Management Committee created by Executive Order and composed of Assistants to the President for National Security, Domestic Affairs, and Intergovernmental Relations as well as myself. The committee would replace the inactive Crisis Management Committee, set policy for the new agency, and advise the President in civil emergency situations. We further recommend that the Administrator of the new agency be invited to relevant NSC and all Cabinet meetings.

There has been no agency opposition to these recommendations, though the National Security Advisor believes the Vice President should chair the committee.

DECISION

___✓___ Approve White House Emergency Management Committee (OMB recommendation) Tentative ok

________ Disapprove

________ Approve Invitee Status at Relevant NSC and all Cabinet Meetings (OMB recommendation)

________ Disapprove Will decide later

D. Add several other hazard mitigation programs to the new agency.

Although the new agency could stand alone, we believe that several other responsibilities should be added to it--both to minimize separate contacts at the State and local level, and to strengthen the new agency by giving it some operational resources and an organizational theme as the central locus of disaster hazard mitigation authorities. In the long run, as Frank Press has emphasized, hazard mitigation offers a necessary and cost-effective alternative to rising disaster relief expenditures (see pages 18-20 of attachment).

Specifically, the supplementary functions we recommend for consolidation in the new agency are:

- The community preparedness program now carried out by the National Weather Service in Commerce.
- The functions of the Federal Insurance Administration in HUD.
- The fire prevention and control program located in Commerce.
- The earthquake hazard reduction and dam safety coordinating functions now assigned to the Office of Science and Technology Policy.
- The emergency broadcast system (EBS) planning responsibilities of the former Office of Telecommunications Policy.
- The coordination of emergency warning systems and Federal response to consequences of terrorist incidents both of which responsibilities are not now assigned.

Three of these recommendations have sparked controversy.

(1) <u>Federal Insurance Administration (FIA)</u>

The Federal Insurance Administration in HUD devotes almost all of its resources to discouraging the building of structures in flood plains through stimulation of local ordinances. It also subsidizes flood insurance, though the sales and claims work is contracted out. It has a small (8 staff years) crime/riot insurance program as well, and occasionally does non-statutory investigative and consultative work on insurance matters (see pages 23-25 and Appendix L of attachment).

We believe that the Flood Insurance Program is essential to giving the new agency the lead role in hazard reduction. Most Presidentially declared disasters are floods and this is by far the most significant hazard mitigation program. It has not fared well lately in a series of disputes with Congress.

HUD opposes the transfer of flood plain hazard reduction and insurance, arguing that flood relief should be kept totally separate from hazard reduction and insurance. HUD forecasts a decline in status for the program if it were to be included with other hazard reduction programs in a sub-Cabinet agency. Since separation of the Flood Insurance Program would leave only about 10% of FIA in HUD, we are recommending transfer of all the FIA functions pending a broader decision on how to handle insurance questions throughout the Government. This transfer will face some opposition in Congress from environmentalists, the insurance industry, and the Banking Committees unless it is convincingly presented as a strong commitment to strengthening the mitigation principle. Without this commitment, they will worry that the land use provisions of the flood insurance program will suffer by association with FDAA's disaster relief authorities, notwithstanding the fact that both programs are now co-located in HUD.

(2) NOAA/NWS Community Disaster Preparedness Program

The National Weather Service in the Department of Commerce administers a community-level disaster preparedness program confined to weather-related disasters like floo[illegible], tornados, and hurricanes (see page 23 and Appendix K of [illegible]achment). Although small (43 staff years budgeted for F[illegible] [illegible]9), it is in fact the largest natural disaster prepared[illegible] staff in the Federal establishment.

The NWS program is staffed by meteorologists who encourage and assist communities to develop natural disaster preparedness plans. In carrying out this responsibility, NWS works with the same local emergency officials contacted by other Federal preparedness and mitigation programs, lending weight to the perception of program fragmentation based on the cause of a potential disaster.

Commerce argues that the program is a logical extension of the NWS warning system and NWS technical capabilities and that it neither duplicates nor conflicts with the programs of the new agency. Commerce opposes any transfer of the 21 new positions recommended for this program in your FY 1979 budget, arguing that meteorologists are needed in order to expand the program to areas not now covered.

These arguments notwithstanding, we believe that the new agency should have an "all hazards" focus and we recommend that you approve the transfer of the non-meteorological aspects of the community preparedness function in principle and leave the exact division of resources for my resolution in the next few weeks.

(3) National Fire Prevention and Control Administration (NFPCA)

The NFPCA was created in the Department of Commerce in 1974. Its principal activities are data collection and analysis, research, fire education and training, planning, and public education aimed at fire loss reduction. It is not involved in fire combat, since this is local responsibility. About 15% of local civil defense units are fire departments (see pages 25-26 and Appendix M of attachment).

We recommend transferring the program to the new agency. By doing so, we would strengthen the hazard reduction/prevention perspective of the new agency, consolidate Federal agencies that deal with local officials on emergency preparedness, and start to establish links between the agency and the communities with which it must deal. The NFPCA is not central to Commerce's principal responsibilities, though there is a strong lateral link to the Fire Research Center (National Bureau of Standards), which gets 60% of its funding from NFPCA.

Commerce strongly opposes the transfer, arguing that: "(1) the functions and objectives of the NFPCA are not the same as those of key elements in the new agency; (2) the character of the new agency will lead NFPCA to focus on fire suppression rather than fire prevention, a focus which will create pressure for funding of a large grant program; and (3) the transfer would disrupt the funding control mechanism which allows NFPCA to see that NBS research activities mesh with the rest of the NFPCA program."

The fire service groups are well organized and vocal. The Joint Fire Council has promised support for the transfer, but has made this support contingent on funding of the National Fire Academy. The funding issue has not yet been resolved. Groups representing local government officials, e.g., the National League of Cities, are on record as opposing the transfer, but we believe they will follow the lead of the fire services groups.

DECISIONS

Approve	Disapprove	
✓		Earthquake Hazard Reduction Program (OSTP)
✓		Dam Safety Coordination (OSTP)
✓		Warning and EBS Policy Oversight (OTP)

✓	✓	Response to Consequences of Terrorist Incidents
✓	✓	Community Disaster Preparedness (NWS)
	?	Federal Insurance Administration (HUD)
	?	National Fire Prevention and Control Administration (Commerce)

Check w/ Key Congress members

V. IMPLEMENTATION

A detailed reorganization plan incorporating your decisions can be prepared for submission to Congress within one month. Should you approve all of the recommendations above, the new agency will have an initial staff of approximately 2,300 and a budget of roughly $475 million. Our reorganization plan will show a potential reduction of from 200 to 300 staff spaces (achieved through attrition) and a budget savings of $10 to $15 million.

TAB B

6. National Flood Insurance Program (NFIP)

With the earthquake hazard reduction program still in development, the major nonstructural hazard mitigation program now in effect is the NFIP. It is administered by the Federal Insurance Administration (FIA) in HUD. The flood insurance program requires the establishment of local flood plain zoning and building standards as a condition for availability of subsidized flood insurance. The NFIP constitutes 85 to 90 percent of FIA's workload. The rest is a small (8 budgeted staff years) urban crime and riot insurance program and consultative, nonstatutory actuarial work for other Federal agencies on such matters as no-fault automobile insurance, insurance red-lining and product liability insurance. FIA contracts all of its flood plain mapping, actuarial and insurance sales/claims work to other Federal agencies and private concerns.

Three out of four major disaster declarations are for floods, which absorb 84 percent of all individual assistance funds expended by FDAA. Flood insurance and flood plain management are alternatives to disaster relief. While HUD argues that relief, insurance, and mitigation are incompatible concepts and should be separated, we believe that consolidation of policymaking and operational authority for these approaches would cement their relationship and highlight the cost-effectiveness of the latter. Alone, FIA lacks broader mitigation authority or oversight of hazard reduction in allied areas such as earthquakes or civil defense. FIA and the new agency would have co-located field offices and duplicate involvement with State and local government on natural hazard-related matters.

The program has not fared well in a series of disputes with Congress. Builders and developers, who concentrate much attention on HUD and its oversight committees in Congress, oppose its basic thrust. Support for the program in the private insurance sector was weakened when HUD made a controversial move from a jointly operated program with the industry to a wholly government program this year. HUD failed to prevent Congressional repeal of a crucial section of the program's legislation—the sanctions on government regulated mortgage loans within the flood plains of noncomplying communities. Further Congressional attacks on the program's legislation are likely.

HUD presents the counter argument that removing NFIP from HUD would be disruptive at a time when the program is even more vulnerable than usual. HUD maintains that flood insurance fits in well with the Department's other local community development responsibilities (though this relationship has been tenuous in the past). HUD also maintains that the 10 to 15 percent of FIA's staff not included in the transfer would be too small a remainder to carry out their insurance oversight and consultation activities effectively. Finally, HUD worries about a decline in status and visibility for NFIP in the new agency.

PRP recommends inclusion of NFIP in the new agency to give it the central role in hazard mitigation responsibilities. Some Congressional opposition to the proposal may emerge, and Congressional critics may use the reorganization proposal as an avenue to attack the program. Environmental groups will scrutinize the proposal carefully. They should support it unless they perceive that transfer would mean a decline rather than enhancement of hazard reduction as a basic principle in opposition to disaster relief. (Appendix L)

TAB C

Function/Program: National Fire Prevention and Control Program

Parent Agency Location: Commerce (National Fire Prevention and Control Administration)

Background/Function Description

The NFPCA was established in October 1974 to carry out the authorities of the Federal Fire Prevention and Control Act (P.L. 93-298). The functions provided for in that legislation, which were assigned specifically to the NFPCA in the Department of Commerce by statute, include:

1. Establish and administer a public information program on fire prevention, mitigation and control.

2. Establish a National Academy of Fire Prevention and Control to advance professional development in fire prevention and control through training and education.

3. Administer a technology research program carried out by the National Bureau of Standards (Fire Research Center) to develop and test systems and equipment, including advanced technology for improved fire suppression, prevention, mitigation and control, including the issuance and administration of grants and contracts to support such efforts.

4. Conduct studies and planning of operational and systems techniques for fire management, suppression and control

5. Operate the National Fire Data Center for the selection, analysis, publication and dissemination of information on fire prevention, occurrence, control and results of fires.

6. Encourage and assist States to develop and implement master plans for fire prevention and control.

7. Coordinate fire prevention and control standards with other Federal agencies (e.g., CPSC, Forest Service, Fire Research Center in NBS).

The program is funded for FY 79 at just under $18 million with 124 full-time personnel.

Recommendation: Transfer the program to the new agency.

The Project has discussed the proposed transfer extensively with the Council of National Fire Service Organizations whose membership consists of:

- International Society of Fire Service Instructors
- International Association of Black Professional Firefighters
- Fire Marshals Association of North America
- National Fire Protection Association
- International Fire Service Training Association
- International Association of Fire Chiefs
- International Municipal Signal Association
- International Association of Firefighters
- National Association of Fire Science Administration
- Metropolitan Committee of the International Association of Fire Chiefs
- International Association of Arson Investigators

The Council's principal interests concern maintaining the integrity and national focus of the fire prevention program, and the creation and funding of a Fire Service Academy. They are concerned that fire programs and resources are not diffused by combination with other program elements of the new agency or by regionalization of the program and are seeking assurance that the program be transferred intact from Commerce. We antici- ~~pate their strong endorsement of the recommended transfer provided~~ final organizational arrangements in the new agency meet these objectives.

The Project believes that the nature and legislative authorities of the fire program warrant a separate and intact organizational identity in the new agency, with the program's director, at the Assistant Administrator level, reporting directly to the Administrator. This action will assure that the program's identity and thrust are preserved and at the same time, provide an important emergency prevention and control authority to support the new agency's overall objectives.

There may be some opposition to the transfer in the Congress. Senators Ford, Stevens, Pearson, and Cannon have sent a letter stating their opposition.

The Department of Commerce recommends against the transfer of NFPCA to the new agency. In its view, this action would:

— diminish the attention now given to the fire prevention program by merging it in an agency with other disaster mitigation programs (e.g., floods, earthquakes);

— separate it from its key institutional linkage with the Fire Research Center (NBS) in Commerce;

— weaken the program's focus on <u>all levels of fire by</u> transfer in an agency dealing to a large extent with major emergencies.

Commerce also cites the probability that reorganization would not be acceptable to the Congress and the fire service community.

The Project does not concur with the Commerce views that NFPCA's transfer to the new agency will diminish its effectiveness or focus particularly in light of the organizational treatment to be given to this program as outlined above. The program should be significantly enhanced by the authorities and resources of the new agency in such areas as interagency coordination and planning for fire mitigation standards and intergovernmental efforts with State and local governments.

We do not believe that separation of the program from Commerce will adversely affect its performance in any way. The agency's programs are not integral to DOC's principal responsibilities for business development and removal would cause no detriment to other departmental programs. The only significant program linkage to DOC activities is the administration of the fire technology research program performed by the Fire Research Center (NSB). While the center assists the agency in evaluating research priorities, actual projects undertaken by the Center are very similar to its research efforts undertaken in support of other Federal agency fire responsibilities (e.g., HUD, CPSC), State and local government and the private sector on a funded reimbursable basis which comprise forty percent of the FRC's activities. In the Project's view, this linkage can be established and maintained by the new agency in much the same manner as now exists and without any detrimental effects to program performance.

Additionally, the Project's view, transfer of NFPCA is advantageous because:

a. The agency's functions and objectives are similar in scope and definition to those to be assumed by the new agency, namely:

- Coordination, planning and administration of a program whose principal goals are hazard prevention and control through enhanced training and education, technology, planning and standards.

- Extensive interagency coordination and planning within Federal agencies sharing responsibilities for fire mitigation, prevention and control (e.g., HUD, HEW).

b. Fire prevention and suppression resources (fire departments) are key elements of State and local government for both planning and response to all forms of emergencies. Consolidation of the program will provide a vital linkage for the new agency within these resources to meet its fire prevention and control responsibilities as well as complement and support its full-range of emergency functions.

c. Transfer to the new agency will provide a basis for better assessing the competing Federal resources commitments for the full range of emergency functions and responsibilities (mitigation, preparedness, relief and recovery) and making adjustments to priorities to meet those threats which are most demanding.

3070

THE WHITE HOUSE
WASHINGTON

June 12, 1978

Frank Moore

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

Rick Hutcheson

WEEKLY LEGISLATIVE REPORT

Frank -
Keep distribution
very tight -
J

THE WHITE HOUSE

WASHINGTON

June 10, 1978

PERSONAL AND ~~CONFIDENTIAL~~

MEMORANDUM FOR: THE PRESIDENT

FROM: FRANK MOORE F.M.

SUBJECT: Distribution and Classification of the Weekly Legislative Report

As you know, we've never had a leak of a Weekly Legislative Report. The current distribution of the Report is the President, Vice President, Hamilton, Stuart, and Jack Watson. Jody occasionally gets one if he asks for it but it does not go to him on a routine basis. The copy with your comments is restricted to WH CL staff unless your comments require action. In that case, the pertinent page or paragraph is xeroxed and distributed to the appropriate person.

This practice has whetted appetites for a larger distribution of the entire Report.

In submitting weekly reports to me, the agencies are completely candid about highly sensitive strategy and personalities. An excellent example is the ongoing negotiations on Civil Service Reform which, if leaked, could blow the whole effort in the House Committees. Your marginal comments back to me are very candid. This is as it should be. If the agencies, the White House CL staff or the President have to become guarded in internal and confidential communications, it would seriously affect our ability to take guidance from you on a wide range of subjects which we often have a short time to accomplish.

For the last two weeks, I have ignored requests from Tim Kraft, Anne Wexler, Midge Costanza, Jerry Rafshoon and Herky Harris for copies of the Report with your marginal comments. I do not fear that any of the above would directly cause the Report to leak. I do fear multiple copies being made for staff and I'm particularly concerned about copies floating around the EOB. From painful past experience, I've learned that when the existence of any document with your handwriting becomes known, the press conducts an unrelenting campaign until they gain a copy.

I have a suggestion. I would like for you to instruct me to continue the current distribution of my Report. I feel comfortable with this. Hamilton does not even let Landon see it;

PERSONAL AND CONFIDENTIAL

Jack is very cautious with his; Stu only shares his with David and Bert, but it never leaves Stu's West Wing office -- and no copies are made.

I propose keeping CL's copy with your comments in Les Francis' office and let staff whom you additionally designate, to stop and read it at their convenience in Les' office and a log will be kept to record those individuals who read it. I additionally proposed to raise the classification from Administratively Confidential to Confidential which means it cannot be left lying out on a desk at night.

One final suggestion: The person who previously prepared the Report is Ann Dye and she has left the staff. We have not found a replacement yet. I propose that the replacement do an abstract of the Report to be distributed to Anne Wexler, Tim Kraft, Jerry Rafshoon, John White and others, to use with their outside groups.

ok - if it is assumed it will be in the news

J